

## **Report of the Leader and Cabinet – Items for Decision**

Cabinet Member: Cllr D Fothergill – Leader of the Council

Division and Local Member: All

Lead Officer: Scott Wooldridge, Strategic Manager-Governance & Democratic Services and the Monitoring Officer

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### **1. Summary**

- 1.1** This report sets out the Leader's and Cabinet's recommendations to Council arising from their consideration of reports at the Cabinet meetings on 22 January and 10 February 2020.

**Note: The references in this report to Papers A and B relate to the relevant reports considered by the Cabinet containing specific recommendations to the County Council meeting on 19 February.**

- 1.2 Paper A (the Medium Term Financial Plan 2020/21 – 2022/23, including the Revenue Budget, the Capital Strategy, the Minimum Revenue Provision statement and the Section 25 Statement from the Section 151 Officer)** was considered by the Council's three scrutiny committees during January ahead of the Cabinet meeting on 10 February.

All three Scrutiny Committees received an update and overview that summarised the key messages from the Medium-Term Financial Plan (2020-23) Strategy Report considered and approved by Cabinet on 18 December 2019. It also included an overall assurance narrative from the Cabinet Member for Resources and the Section 151 Officer alongside more details about the key areas of focus for transformation in the next few years, and further explanation of the reasons for movements in levels of spend and funding between years over the MTFP period.

All three Committees considered the information presented in detail and provided challenge to both the Cabinet Member for Resources, the Section 151 Officer and other Cabinet Members and Directors present. All of the Committees noted the report and none made any formal recommendations to the relevant Cabinet Member or the wider Cabinet, however each Committee made comments and observations regarding the proposed MTFP that they wished to be noted:

### **Scrutiny for Children and Families Committee:**

- Supported the financial strategy and welcome the long-term view as presented;
- Noted that the Director of Children's Services was content with the rebasing of the budget for the 2020/21 financial year, representing a 7.9% on year increase;
- Noted the uncertainty of some grant funding, as this represented about 4% of the Children's Services budget and the potential impact on future funding/spending;
- Supported the Director of Children's Services and staff and to encourage the Director and Cabinet to continue to seek and develop innovative solutions

### **Scrutiny for Adults and Health Committee:**

Welcomed the fact that the budget did not include any further cuts (apart from those previously announced) and agreed that the Committee would raise the need for the costs of the 'Agenda For Change' to be funded by Central Government and not be sliced from local budgets. The Committee requested whether the Cabinet Member could write to the appropriate Government Minister to request that any additional costs incurred as a result of the Government's Policy 'Agenda for Change' are met from central government funding.

### **Scrutiny for Policies and Place Committee:**

The Committee, who have overall responsibility for corporate scrutiny, noted that whilst full and final details for the funding that the Council expected to receive would be included in the Cabinet and Full Council reports being prepared for February 2020, all funding known at this stage was included in the report.

Members further noted the on-going risks within approved budgets, the levels of reserves, balances and contingencies, as well as the mitigations aimed at limiting the impact on core services, especially those prioritised in the County Plan. The report included the relevant service pressures and movements within the balanced budget position as well as the relevant service transformation activities.

During discussion the committee questioned the forecast around the Minimum Revenue Provision for future generations and were advised that historic debt was forecast until 2070 to gauge a long term view. Emphasis was placed on the pressure around Children's and Adult's Services and what could be done to mitigate pressures around demographic demands and that a decision was still to be made in relation to continue the existing Small Improvement Schemes (SIS).

The Cabinet considered the MTFP paper, feedback from Scrutiny and at its meeting on 10 February it endorsed the recommendations in Paper A and further agreed for these to be recommended to Full Council for approval.

Members are reminded to consider the Section 151 Officer's statement in Appendix L regarding the robustness of the estimates and the adequacy of the reserves and balances.

**1.3 Paper B (Treasury Management Strategy Statement 2020-21)** was considered by the Audit Committee on 30 January. No specific recommendations were made by the Audit Committee to the Cabinet meeting on 10 February. The Cabinet agreed at their meeting on 10 February for the proposals in Paper B to be recommended to Full Council for approval.

## 2.0 Recommendations

2.1 **Medium Term Financial Plan 2020/21-2022/23** - see Paper A and its appendices that Cabinet considered and endorsed at its meeting on 10 February 2020.

### The Council is recommended to:

1. Take account of the Section 151 Officer's assessment of the robustness of budget and adequacy of reserves on the budget proposals as set out in **Appendix L**.
2. Agree the net revenue budget in 2020/21 of **£338,370,800**.
3. Agree to increase the level of the general Council Tax by 1.99%, which will provide a further £4.924m to support the Councils expenditure on services.
4. Agree to increase Council Tax by a further 2% for the adult social care precept, which will provide a further £4.949m to support the growth in demand for services.
5. Agree to continue the Council Tax precept of £12.84 within the base budget for the shadow Somerset Rivers Authority (representing no increase). This results in a Council Tax Requirement of £2,562,543.
6. Agree the precept requirement of **£257,292,090** for 2020/21 and set the County Council precept for Band D council tax charge at **£1,289.20** for 2020/21. This is a rise of £0.95 per week for a Band D property.
7. Note that the amount of council tax payable for dwellings listed by valuation band, calculated in accordance with the proportion set out in Section 5(1) of the Local Government Act 1992, shall be as follows:

<b>Valuation Band</b>	<b>Amount £</b>
A	859.47
B	1,002.71
C	1,145.96
D	1,289.20
E	1,575.69
F	1,862.18
G	2,148.67
H	2,578.40

8. Approve the use of earmarked reserves as follows:
  - a. Contribution to Social Care Transformation Reserve £4.472m
  - b. Contribution to Insurance Fund Reserve £2.067m
  - c. Contribution to Budget Equalisation Reserve £4.562m
  - d. Contribution to Social Care Volatility Reserve £2.343m
  - e. Draw from Corporate Priorities Reserve £5m (£4.831m in 2020/21, and £0.169m in 2021/22)
  - f. Draw from various service Earmarked Reserves £2.047m.
9. Agree the proposals for transformation (as set out in **Appendices A to G**), and delegate the implementation to the relevant Director(s) following due process.
10. Agree that due regards have been taken to any equalities implications identified and risk implications prior to any decision being taken in relation to the recommendations in this report, noting the initial equalities impacts.
11. Agree to keep the current Members' Allowances Scheme unchanged for 2020/21, noting the work being undertaken ahead of the County Council elections in 2021.
12. Note that the Leader of the Council, Cabinet Member for Resources, Chief Executive and Section 151 Officer will oversee and monitor the delivery of the proposals for transformation and report on progress as part of the budget monitoring reports.
13. Delegate authority for the development of any additional alternative proposals for transformation that may be necessary to the Chief Executive in consultation with the Section 151 Officer and relevant Director(s).
14. Delegate powers to the Section 151 Officer following consultation with the Leader of the Council, to finalise budget proposals following analysis of the final Local Government Financial Settlement and confirmation of the Business Rates income.
15. Approve the allocation of the Schools' Block element of the dedicated schools grant (DSG) as set out in **section 6** of the report.
16. Delegate approval of the final formula factors for individual schools 2020/21 to the Cabinet Member for Children and Families, the Cabinet Member for Education and Transformation and the Cabinet Member for Resources.
17. To note the Capital Strategy and adopt the Prudential Code Indicators set within the document.

18. Approve the proposed additions to capital programme for the period 2020/21 to 2023/24 of £123.961m, as set out in **section 9** of the report.

19. Approve that the Chief Executive and the Senior Leadership Team, following appropriate consultation and after giving due regard to the information contained within any associated impact assessments, are given delegated authority to decide on the individual capital projects to be delivered within block allocations.

20. Approve that the Section 151 Officer is given delegated authority to accept any additional grants or funding that is made available to the County Council together with authority to consequently expand the approved capital programme, providing there are no negative revenue budget implications as a result of that action.

21. Approve the continuation of the current MRP Policy for 2020/21.

**2.2 Treasury Management Strategy Statement 2020/21** – see Paper B and its appendices that Cabinet considered and endorsed at its meeting on 10 February 2020.

**The Council is recommended to :**

- 1. Adopt the Treasury Management Strategy (as shown in Section 2 of the report);**
- 2. Approve the Treasury Investment Strategy (as shown in Section 3 of the report) and proposed Lending Counterparty Criteria (attached at Appendix B to Paper B);**
- 3. Adopt the Prudential Treasury Indicators in section 4 of the report.**

**3. Options considered and consultation undertaken**

**3.1** Options considered and details of consultation undertaken in respect of the recommendations set out above are set out in the reports and appendices within Papers A and B.

**4. Implications**

**4.1** Financial, legal, Human Resources, equalities, human rights and risk implications in respect of the recommendations set out in this report are detailed within Papers A and B.

In accordance with the requirements of the Localism Act 2011 the Authority is required to approve a Council Tax Requirement on an annual basis. In order to calculate a balanced budget the Council has to calculate its Budget Requirement by estimating all future revenue income and forecasting future expenditure requirements and taking into account movements to or from reserves.

The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council Taxpayer.

It is essential that consideration is given to the legal obligations and in particular to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed.

The duties placed on public bodies do not prevent difficult decisions being made such as, reorganisations and service reductions, nor does it stop decisions which may affect one group more than another. What the duties do is require consideration of all of the information, including the potential impacts and mitigations, to ensure a fully informed decision is made.

## **5. Background Papers**

- 5.1 These are set out within Papers A and B and their appendices.