

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 & Risk and the Monitoring Officer

Author: Scott Wooldridge, Strategic Manager-Governance & Risk

Contact Details: 01823 357628

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 23 January and 11 February 2019.

Note: The references in this report to Papers A, B, C and D relate to the relevant reports considered by the Cabinet containing specific recommendations to the County Council meeting on 20 February.

- 1.2 **Paper A (the Capital Strategy 2019-22 (Investment Strategy) including the Minimum Revenue Provision statement)** was considered by the Audit Committee on 31 January. No specific recommendations were made by the Audit Committee to the Cabinet meeting on 11 February. The Cabinet agreed at their meeting on 11 February for the proposals in Paper A to be recommended to Full Council for approval.
- 1.3 **Paper B (the Capital Programme 2019/20-2021/22)** was considered by the Scrutiny Committee Policies for Place and Scrutiny Committee for Children and Families at their meetings in early December 2018. The Scrutiny for Policies and Place Committee acknowledged the importance of the Council’s ability and necessary resources to negotiate the be possible contributions to infrastructure projects from the development of housing in Somerset. No specific recommendations were made by the Scrutiny Committees to the Cabinet meeting on 23 January. The Cabinet agreed at their meeting on 23 January for the proposals in Paper B to be recommended to Full Council for approval.
- 1.4 **Paper C (the Revenue Budget - Medium Term Financial Plan 2019/20 – 2021/22)** was considered by the Scrutiny Committee Policies for Adults and Health on 30 January 2019, the Scrutiny Committee for Children and Families on 25 January 2019 and the Scrutiny Committee for Policies and Places on 23 January 2019.
- 1.5 The Scrutiny Committee for Policies for Adults and Health made two recommendations to the Cabinet meeting on 11 February regarding proactive lobbying of Government for sustainable long-term funding for adult social care and also for the Cabinet to be aware of the future risk to adult

social care funding, particularly the future capacity to deliver further savings and the impact this will have on preventative services. The Cabinet endorsed the recommendations from Scrutiny Committee for Policies for Adults and Health.

- 1.6** Ahead of the Cabinet meeting, the Section 151 Officer published an addendum and amended recommendations to Cabinet as a result of updated financial information released at the end of January 2019. That addendum reported the latest details, along with the reasons for the variances and the proposed changes to the Medium Term Financial Plan report for members' consideration at the meeting. The Cabinet agreed the revised recommendations set out in the addendum report at their meeting on 11 February. The amended recommendations and supporting information have been incorporated into the attached Paper C as the Cabinet agreed to recommend these to Full Council for approval.
- 1.7** **Paper D (Treasury Management Strategy Statement 2019-20)** was considered by the Audit Committee on 31 January. No specific recommendations were made by the Audit Committee to the Cabinet meeting on 11 February. The Cabinet agreed at their meeting on 11 February for the proposals in Paper D to be recommended to Full Council for approval.
- 1.8** Members are reminded to consider the Section 151 Officer's report on the robustness of the estimates and the adequacy of the reserves and balances that is set out within section 6 of Paper C.

2.0 Recommendations

- 2.1 **Capital Strategy (Investment Strategy) 2019/20-2021/22** – see Paper A, that includes the Minimum Revenue Provision Statement, that Cabinet considered and endorsed at its meeting on 11 February 2019.

The Council is recommended to consider and agree:

1. the **Capital Strategy 2019/20-2021/22**, and the prudential indicators contained within Paper A (as set out in Appendix 1);
2. to delegate authority to the Section 151 Officer, in consultation with the Leader, Deputy Leader, Opposition Spokesperson for Resources, Monitoring Officer and County Solicitor, to design the governance arrangements and remit of the non-treasury investments for recommendation to, and approval by, the Cabinet and the Council before the end of July 2019.

- 2.2 **Capital Programme 2019/20-2021/22** - see Paper B and its appendices that Cabinet considered and endorsed at its meeting on 11 February 2019.

The Council is recommended to agree:

1. **Approval of the proposed capital programme for the period 2019/20 to 2022/23 of £224.121m, shown in Appendix A. Full details of individual schemes are available online as background papers. It is to be noted there is an existing programme approved in 2018/19 that overlaps with this one;**
2. **That the Chief Executive and the Senior Leadership Team Officer, 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 projects to be delivered within block allocations;**
3. **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.**

- 2.3 **Revenue Budget and the Medium Term Financial Plan 2019/20-2021/22** - see Paper C and its appendices that Cabinet considered and endorsed at its meeting on 11 February 2019.

The Council is recommended to :

- 1. Agree a gross revenue budget of £780.181m and a net revenue budget in 2019/20 of £327.967m**
- 2. Agree the application of up to £2.791m in 2019/20 of capital receipts to fund the revenue costs associated with reforming services, subject to further development and review of business cases.**
- 3. Delegate authority to the S151 Officer, in consultation with the Chief Executive and the Director for Customers & Communities – Corporate Affairs to review all business cases before agreeing to the use of capital receipts or the Invest to Save reserve.**
- 4. Agree the replenishment of depleted reserves as follows:**
 - a. Create Invest to Save earmarked reserve of £2.852m to ensure resources are available to support further service reform;**
 - b. Addition of £2.000m to the General Fund, from the base budget provision, to bring the balance up towards a reasonable level for a Council of this size, and;**
 - c. Contribute an additional £3.389m to repay the Buildings Maintenance Insurance Scheme (BMIS) deficit reserve as the scheme has now ended;**
 - d. Addition of £0.540m to the Insurance Fund to partially replenish the fund to enable it to support likely claims against the Council.**
- 5. Agree the actions required to manage the gap to be reduced to £15.112m in 2019/20:**
 - the reversal of previously identified savings and technical adjustments totalling £18.154m as set out in paragraph 4.5 and Appendix A**
 - approve the revised Minimum Revenue Provision (MRP) statement and policy (Appendix B), which delivers a saving in 2019/20 of £3.714m;**
 - the reduction of the corporate contingency by £0.575m to £7.226m for 2019/20;**
 - the use of the additional one-off Adult Social Care grant of £2.498m to meet the requirements set out by Government for this grant;**
 - the use of the additional one-off Social Care grant of £4.267m for social care pressures, and;**
 - approve the removal of the staff unpaid leave saving of £0.454m following rejection of the proposal by the Unions.**
- 6. Agree the proposals for change (as set out in Appendices D and E1-E5) necessary to set a balanced budget for 2019/20,**

totalling £8.162m, and delegate the implementation to the relevant director(s) following due process.

7. 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 as set out in Appendix C.
8. Agree that the savings target relating to Waste Disposal costs (£225k) is endorsed to the Somerset Waste Board to consider agreeing to make savings to this value as part of setting its 2019/20 budget.
9. Agree the Strategy for the Flexible use of Capital Receipts (CRF) as set out in this report, in section 4.38.
10. Agree to keep the Scheme of Members' Allowances unchanged for 2019/20.
11. 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 change and report on progress as part of the budget monitoring reports.
12. Delegate authority for the development of any additional alternative proposals for change that may be necessary to the Chief Executive in consultation with the Section 151 Officer and relevant Director(s).
13. Agree that the Cabinet and the Council have reviewed and confirmed that account has been taken of the Section 151 Officer's assessment of the robustness of estimates and adequacy of reserves as set out in section 6 of this report.
14. Agree the Reserves and Balances Policy Statement in Appendix K
15. Agree to increase the level of the general Council Tax by 2.99%, which will provide a further £7.073m to support the Councils expenditure.
16. Agree to increase Council Tax by a further 1% for the adult social care precept, which will provide a further £2.365m to support the growth in demand for services.
17. 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 £2.547m
18. Agree to set the County Council precept for band D Council Tax at £1,239.73 which represents a 3.99% uplift. This is a rise of

£0.91 per week for a Band D property, as set out in Appendix H.

19. 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:

Valuation Band	Amount (£)
A	826.48
B	964.23
C	1,101.98
D	1,239.73
E	1,515.23
F	1,790.72
G	2,066.22
H	2,479.46

20. Agree that the district councils are requested to make payments totalling £245.955m to Somerset County Council of sums due under precepts calculated in proportion to their council tax Band D equivalents as follows:

District	Total Precept (£)
Mendip District Council	50,204,179.15
Sedgemoor District Council	50,839,974.83
South Somerset District Council	74,713,671.47
Somerset West & Taunton	70,196,974.55
Total	245,954,800.00

21. Note that the district councils are required to make payments of precept by equal instalments of the above sums on the following dates:

18	April	2019	18	October	2019
22	May	2019	18	November	2019
21	June	2019	17	December	2019
22	July	2019	20	January	2020
20	August	2019	18	February	2020
19	September	2019	18	March	2020

22. Additionally, note that payments be made by the district councils (or to them) in respect of the estimated surplus/(deficit) on their collection funds by the 31 March 2019 as follows:

District	CT Surplus / (Deficit) (£m)	NNDR Surplus / (Deficit) (£m)
Mendip	1,057,895.00	(203,931.00)
Sedgemoor	1,167,384.67	13,504.00
South Somerset	(169,962.55)	133,579.00
Somerset West and Taunton Council	746,092.00	299,679.00
	2,801,409.12	242,831.00

2.4 Treasury Management Strategy Statement 2019-20 – see Paper D and its appendices that Cabinet considered and endorsed at its meeting on 11 February 2019.

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 D);**
- 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 Paper A, B, C and D.

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, B, C and D.

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, B, C and D and their appendices.