

## **CABINET**

**Decision Notices and Minutes of a meeting of the Cabinet held on Thursday, 10th January, 2013 at 5.00 p.m. at the AFC Telford Learning Centre, Haybridge Road, Wellington, Telford**

**PUBLISHED ON WEDNESDAY, 16<sup>th</sup> JANUARY, 2013**

**(DEADLINE FOR CALL-IN: MONDAY, 21st JANUARY, 2013)**

**PRESENT:** Councillor K.S. Sahota (Leader and Chair), E.A. Clare, S. Davies, A.R.H. England, W.A.M. McClements, R.A. Overton, H. Rhodes, C.F. Smith and P.R. Watling

**ALSO PRESENT:** Councillor A.J. Eade (Conservative Group Leader), Councillor W.L. Tomlinson (Liberal Democrat/Independent Group Leader)

### **CB-83      MINUTES**

**RESOLVED** – that the minutes of the meeting of the Cabinet held on 20th December 2012 be confirmed and signed by the Chairman.

### **CB-84      APOLOGIES FOR ABSENCE**

None

### **CB-85      DECLARATIONS OF INTEREST**

Councillor E A Clare declared a personal non-pecuniary interest in Agenda item 6 – Representation on Outside Bodies – as a governor of one of the schools involved in the Telford Co-operative Multi Academy Trust.

### **CB-86      FINANCIAL MONITORING 2012/13**

**Key Decision** identified as **2012/13 Financial Monitoring** in the Notice of Key Decisions published on 14 September 2012.

Councillor W.A.M. McClements, Cabinet Member: Resources & Service Delivery, presented the report of the Assistant Director: Finance, Audit & Information Governance, which provided Members with the latest financial monitoring information for 2012/13.

Revenue spending for the year was projected to be within budget at year end, which, within the context of having to make unprecedented savings of £19m, was a very positive position. Since the last report to Cabinet in October 2012, the overall position had improved by £4.1m following rigorous financial review and management over the past few months. This meant the amount of unused contingency which could potentially be carried forward to support the

2013/14 budget on a one-off basis was now £4.607m. There were still a number of significant pressures on the budget, including the cost of Children in Care placements and use of agency staff in the Safeguarding service (projected variation of £2.8m overspent); the cost of Adult Care and Support services following withdrawal of PCT funding (projected overspend of £0.194m); and the cost of Specialist Education, along with income shortfalls of £1.7m relating to a number of services. Projected variances of over £0.100m for individual service delivery units were detailed in the report. There were benefits from active treasury management, a one-off refund of £0.351m from the Government in relation to academies funding, and savings against employee budgets relating to vacant posts totalling £1.5m.

The capital programme totalled £98m, which included approved changes for slippage and new approvals. Spend was currently standing at 30%, and robust programme management and monitoring was in place to ensure schemes were delivered. Appended to the report were a number of new allocations, virements and slippage for approval. The capital programme over the next few years relied on a significant amount of capital receipts as part of its funding, and the position was being closely monitored. There was no variation from receipts delivered compared to expectation to date.

Collection levels for NNDR, Council Tax and Sales Ledger debt were all behind target, while NNDR income was ahead of target at the end of November 2012.

The report also detailed an ongoing liability that the Council, along with many other authorities, had in relation to Municipal Mutual Insurance (MMI) Ltd which ceased trading in 1992 and who had been declared insolvent in November 2012. The MMI Board had confirmed that an element of outstanding claims costs would be charged via a levy to local authorities. The amount of this levy was not yet known, but it was proposed that initially the cost be covered from the Council's self-insurance fund. In order to maintain the adequacy of this fund, it was also proposed to transfer £0.350m from freed-up reserves and balances to the Insurance Fund along with the other transfers to reserves set out in the report.

#### **RESOLVED –**

- (a) that it be noted that 2012/13 revenue spend is currently projecting to be within budget at year end, and that there has been significant improvement since the last report;**
- (b) that the pending insurance liability relating to Municipal Mutual Insurance Ltd be noted, and the approach to meeting the costs, as outlined at paragraph 7 of the report, be approved;**
- (c) that the carry-forward of any remaining balance in the budgeted contingency to 2013/14 to create a one-off contingency, as detailed in paragraph 6 of the report, and the use of reserves identified in paragraph 8 of the report, be approved;**

- (d) that the position in relation to capital spend be noted, and to **RECOMMEND to Council the approval of the slippage, virements and new allocations identified at Appendix 3 of the report;**
- (f) that it be noted that collection rates are behind target for NNDR, council tax and sales ledger.

**CB-87      SERVICE AND FINANCIAL PLANNING 2013/14 – 2015/16**

**Key Decision** identified as **Service & Financial Planning 2013/14 – 2015/16** in the Notice of Key Decisions published on 7 December 2012.

**Council decision – not subject to Call-in**

Councillor W.A.M. McClements, Cabinet Member: Resources & Service Delivery, presented the report of the Managing Director and the Chief Financial Officer, which set out the proposed service and financial planning strategy for the period 2013/14 to 2015/16 with specific budget proposals for 2013/14, and the proposed engagement and consultation activities with the community. He thanked the Chief Financial Officer and his team for all their hard work in preparing the draft budget, particularly given the late announcement by central Government of the grant settlement. Information on the grant for Public Health had only been received that day, and therefore further work was needed on this element of the budget.

The Cabinet Member set out the background and context to the budget round, particularly in relation to the unprecedented cuts in Government grant funding which had resulted in savings equivalent to more than £500 for every household in the Borough. Despite the extent of the savings, front line services had largely been protected. The Autumn Statement announced on 19<sup>th</sup> December 2012 made it clear that the national deficit recovery period had been extended to 2017/18.

In terms of the base budget position, the Council was facing a funding gap of £10.034m for 2013/14. The report set out the proposals to bridge the gap, including savings proposals and public health funding. It was not proposed to use balances to help offset the shortfall. The proposals had been developed in the light of extensive consultation with the community, and included:

- making it easier for businesses to come to the Borough and grow, offering support to attract new firms and help create new jobs;
- continuing to invest in projects to ensure the future prosperity of the area and its residents – eg: Southwater regeneration, Ice Rink, Building Schools for the Future programme;
- safeguarding children and young people, including an additional £0.6m in revenue funding to protect children at risk, and the most vulnerable adults;
- investing in land stability schemes to protect the Ironbridge Gorge;
- continuing to regenerate areas such as Brookside, Hadley and Oakengates;
- protecting as far as possible key services;

- £150k ongoing revenue funding for further spending on Winter maintenance of the road network;

It was vital for the Council to work with partners to secure economic growth and increase the employment opportunities for local people, many of whom were facing significant financial difficulties. Proposed initiatives included a new one-off £1m Commercial and Business Fund to help new commercial ventures and to invest in businesses in the Borough and a £150k one-off revenue investment in 'Destination Telford'.

Attached to the report were a number of appendices, including updated and additional savings proposals, a Safeguarding and Early Help Cost Improvement Plan, Reserves and Balances and details of the capital investment programme. In relation to Council Tax, a strategy of a 2.5% increase per annum over three years had been agreed by Council in March 2012. However, the proposal for 2013/14 was to increase Council Tax by 1.9% (with similar increases in the following 2 years), as an increase of 2% or more would result in the Council having to carry out a referendum at a significant cost to taxpayers. This was a long-term strategy to ensure the budget was sustainable, and while a government grant equivalent to a 1% Council Tax increase was available for the next two years, it was less than half the rate of inflation and would leave the Council with a further significant budget shortfall in the short term and when the grant ceased.

A programme of community engagement and consultation on the budget proposals would be undertaken until the 10 February 2013. Views would be sought on the overall approach whether there was broad support for the proposed strategy given the very challenging circumstances the Council was now operating in. Details of the communication and engagement plan were appended to the report. Final proposals would be considered by the Cabinet on 28 February 2013 for recommendation to full Council on 7 March 2013.

During the ensuing debate, Councillor W. Tomlinson (Lib Dem/Independent Group Leader) commented on the levels of reserves and balances, and welcomed the proposal not to make one-off use of reserves to help balance the budget in 2013/14. Councillor A. Eade (Conservative Group Leader) stated that there was a lot of detail to look at, but that he welcomed some of the proposals, particularly the continuation of investment projects begun by the previous administration and the initiatives to attract new investment and jobs to the Borough. In relation to this, he suggested that some investment be made in improving existing industrial estates. In respect of expected capital receipts from the sale of assets, there was a major risk that these would not be achieved if the proposed sale of the Station Road, Newport site did not proceed. Concern was also expressed at the proposal not to accept the Government's grant which would allow council tax to be frozen over the next two years. The Cabinet Member: Resources and Service Delivery responded that the Council had a duty to maximize the return from its assets for the benefit of all people in the Borough. In relation to safeguarding, Councillor P.R. Watling, Cabinet Member: Children, Young People & Families, advised that there was a robust plan in place to address the overspend, and this was starting to have an effect. However, he was concerned that a Government cut

of £2m in Early Intervention Grant was likely to be counter-productive by creating longer term problems for safeguarding services.

**RESOLVED** – that the Service and Financial Planning strategy set out in the report be approved for consultation with the community.

**CB-88            REPRESENTATION ON OUTSIDE BODIES**

**Non-Key Decision**

Councillor R.A. Overton, Deputy Leader, presented the report of the Assistant Director: Law, Democracy & Public Protection concerning the appointment of a representative to the Board of the Telford Co-operative Multi-Academy Trust.

Members of the Governing Bodies of Wrockwardine Wood Arts College, Sutherland Business & Enterprise College and the Phoenix School were working with representatives from the Schools Co-operative Society and the Council to set up a multi-academy trust. At present, a shadow trust board was in place, and subject to formal approval from the Department of Education for the schools to convert to academy status, the new board would go live from 1 April 2013. The Cabinet Member: Children, Young People & Families was currently serving on the shadow board by virtue of his role on the Pegasus Trust for Wrockwardine Wood Arts College. Formal approval was now sought for the Cabinet Member to be appointed to the board of the new Multi-Academy Trust.

**RESOLVED** – that the Cabinet Member: Children, Young People & Families be appointed to the Telford Co-operative Multi-Academy Trust Board until the end of the 2014/15 Civic Year.

The meeting ended at 5.55 pm.

**Signed for the purposes of the Decision Notices**

**Jonathan Eatough**  
**Assistant Director: Law, Democracy & Public Protection**  
**Date: 16 January 2013**

**Signed:** .....

**Date:** .....