

13 February 2014

This record relates to Agenda Item 121

RECORD OF POLICY & RESOURCES COMMITTEE

DECISION

SUBJECT: GENERAL FUND REVENUE BUDGET &
COUNCIL TAX 2014/15

AUTHOR: MARK IRELAND

THE DECISION

RESOLVED TO RECOMMEND:

- (1) That the core elements of the 2014/15 General Fund Revenue Budget proposals contained in the body of this report which have been based on a threshold council tax increase, subject to recommendation (4) below, be approved, including:
 - The 2014/15 budget allocations to services as set out in appendix 1.
 - The council's net General Fund budget requirement for 2014/15 of £225.3m.
 - The budget savings package as set out in appendix 4.
 - The contingency budget of £4.37m as set out in table 8.
 - The reserves allocations as set out in paragraph 3.39 and table 6.
 - The borrowing limit for the year commencing 1 April 2014 of £380m.
 - The annual Minimum Revenue Provision statement as set out in appendix 10.
 - The Prudential Indicators as set out in appendix 11 to this report.
 - The proposed responses to the scrutiny recommendations as set out in appendix 16.
- (2) That the Equalities Impact Assessments set out in Appendix 13 to the report be noted;
- (3) That the revised Medium Term Financial Strategy and resource projections for 2014/15 to 2019/20 as set out in appendix 8 to the report be noted;
- (4) That it be noted that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.4 of the report; and

- (5) That for the purposes of enacting the Business Rates discount and relief changes announced in the government's Autumn Statement 2013, delegated authority be granted to the Executive Director of Finance & Resources to design and administer the scheme in accordance with government guidelines as set out in paragraph 3.17 of the report.

ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

The council is under a statutory duty to set its budget and council tax before 11 March each year. The recommendations to Budget Council contained within this report together with the recommendations to follow in the supplementary report to full Council, should enable the council to meet its statutory duty.

CONCLUSION

The budget process allows all parties to put forward viable alternative budget and council tax proposals to Budget Council on 27 February 2014. Budget Council has the opportunity to debate both the proposals recommended by Policy & Resources Committee at the same time as any viable alternative proposals. All budget amendments must have been "signed off" by finance officers no later than 12 noon on Monday 24th February 2014.

Proper Officer:

Date: 17/02/2014

Mark Wall, Head of Democratic Services

Signed:



CALL-IN FOR SCRUTINY

Note: This decision will come into force at the expiry of 5 working days from the date of the meeting at which the decision was taken subject to:

- (i) any requirement for earlier implementation of the decision or,
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13 February 2014

This record relates to Agenda Item 122

RECORD OF POLICY & RESOURCES COMMITTEE

DECISION

SUBJECT: HOUSING REVENUE ACCOUNT
BUDGET 2014/15

AUTHOR: MONICA BROOKS, SUSIE ALLEN

THE DECISION

RESOLVED TO RECOMMEND

- (1) That the budget for 2014/15 as shown in Appendix 1 to the report according to the final year of rent convergence to be confirmed by the government in its rent restructuring guidance for 2014/15 be approved;
- (2) That individual rent increases and decreases in line with rent restructuring principles as determined by the Government and detailed in paragraphs 3.12 to 3.16 in the report and according to the final year of rent convergence to be confirmed by government in its rent restructuring guidance for 2014/15 be approved;
- (3) That the changes to fees and charges as detailed in Appendix 2 to the report, subject to the mobility scooter storage charge being set at £3.00 per week rather than £4.00 be approved; and
- (4) That the new service charges outlined in Appendix 2 to the report, subject to the revision in (3) above, including the phased implementation of the new Intensive Housing Management charge be approved; and
- (5) That the Equalities Impact Assessment shown in appendix 3 to the report be noted.

ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

The Local Government and Housing Act 1989 requires each local authority to formulate proposals relating to income from rent and charges, expenditure on repairs, maintenance, supervision and management and any other prescribed matters in respect of the HRA. In formulating these proposals using best estimates and assumptions the Authority must present a balanced account. This budget report provides a breakeven budget and recommends rent increases in line with current government guidance.

CONCLUSION

The budget process allows all parties to engage in the scrutiny of budget proposals and put forward viable alternative budget proposals to Budget Council on 27 February 2014. Budget Council has the opportunity to debate both the proposals recommended by Policy & Resources Committee at the same time as any viable alternative proposals.

Rents have been set in accordance with the government's rent restructuring guidance.

previous years, the Housing Subsidy Determination controlled rent setting increases by removing resources from local authorities through non compliance. Although the subsidy system is now abolished, increases in rents above rent convergence will be subject to rent rebate limitation which sets a limit on the level of rent increases. Any increases above this limit would result in a loss of Housing Benefit Subsidy, which is payable by HRA.

The government's policy for rent restructuring is to ensure rents are fair and equitable nationally. Although the authority can set rents at a lower level than rent restructuring, this would bring the rents out of line with national policy. The government's self financing valuation agreed at April 2012 is based on using the rent restructuring formula and was set at a level to provide a balanced business plan over the next 30 years. Reducing rental increases away from those levels included in the valuation will affect the 30 year Business Plan and therefore reduce the level of resources available to fund future repairs, maintenance and improvement works. For example a 1% reduction in the rental increase for 2014/15 (saving each tenant an average of £0.80 per week in rent increase) would result in a loss of rental income of approximately £1.5 million over the next three years (£5.7m over 10 years, £27m over 30 years).

This budget proposes new service charges for lift servicing and maintenance, electricity for common ways and mobility scooter storage bays. These are estimated to raise £0.108m, £0.276m and £0.006m respectively per annum for the HRA (at 2014/15 prices). There is also an additional charge proposed to be added to the current TV aerial charge to allow for the on-going servicing and maintenance. This raises a further £0.051m per annum. These charges are only for those tenants that directly benefit from these services. The income from these charges will be used for investment in maintenance and improvements to tenants' homes. Over a ten year period, this amounts to £4.410m excluding inflationary increases.

Proper Officer:

Date: 17/02/2014

Mark Wall, Head of Democratic Services

Signed:



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13 February 2014

This record relates to Agenda Item 123

RECORD OF POLICY & RESOURCES COMMITTEE

DECISION

SUBJECT: CAPITAL RESOURCES AND CAPITAL INVESTMENT PROGRAMME 2014/15

AUTHOR: ROB ALLEN

THE DECISION

RESOLVED TO RECOMMEND

- (1) The Capital Investment Programme for 2014/15 in Appendix 1 to the report be approved;
- (2) That the estimated capital resources in future years as detailed in Appendix 1 to the report be noted;
- (3) That the allocation of £0.25m resources in 2014/15 for the Strategic Investment Fund for the purposes set out in paragraph 3.15 of the report be approved;
- (4) That the allocation of £2.0m for the ICT fund be approved;
- (5) That the allocation of £1.0m for the Asset Management Fund be approved; and
- (6) That the proposed use of council borrowing as set out in paragraph 3.31 and appendix 3 to the report be approved.

ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

The council is under a statutory duty to set its council tax and budget before 11 March each year. The recommendations to Budget Council contained within this report together with the recommendations in the revenue budget report, will enable the council to meet its statutory duty.

CONCLUSION

The budget process allows all parties to put forward viable alternative capital investment proposals to Budget Council on 27 February 2014. Budget Council has the opportunity to debate both the proposals put forward by Committee at the same time as any viable alternative proposals. All budget amendments must have been "signed off" by finance officers no later than 12.00 noon on Monday 24th February.

Proper Officer:

Date: 17/02/2014

Mark Wall, Head of Democratic Services
Signed:



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13 February 2014

This record relates to Agenda Item 124

RECORD OF POLICY & RESOURCES COMMITTEE

DECISION

SUBJECT: HOUSING REVENUE ACCOUNT
CAPITAL PROGRAMME 2014-2017

AUTHOR: BENJAMIN BEN'OKAGBUE

THE DECISION

That the HRA Capital Programme budget of £28.876 million and financing for 2014/15 as set out in paragraph 4.1 of the report be approved.

ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

The Local Government and Housing Act 1989 requires each Local Authority to formulate proposals relating to capital expenditure in respect of the HRA. The council's constitution and financial regulations require that capital budgets are approved through the Committee system.

CONCLUSION

No alternative options were considered.

Proper Officer:

Date: 17/02/2014

Mark Wall, Head of Democratic Services

Signed:



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13 February 2014

This record relates to Agenda Item 125

RECORD OF POLICY & RESOURCES COMMITTEE

DECISION

SUBJECT: TARGETED BUDGET MANAGEMENT
(TBM 9)

AUTHOR: JEFF COATES

THE DECISION

- (1) That the total forecast outturn position for the General Fund, which is an overspend of £0.939m be noted. This consists of £0.753m on council controlled budgets and £0.186m on the council's share of the NHS managed Section 75 services;
- (2) That the forecast outturn for the Housing Revenue Account (HRA), which is an underspend of £0.309m be noted;
- (3) That the forecast outturn position for the Dedicated Schools Grant which is an underspend of £1.014m be noted;
- (4) That the forecast outturn position on the capital programme be noted; and
- (5) That the following changes to the capital programme be approved:
 - (i) The variations and reprofiles in Appendix 3 and the new schemes as set out in Appendix 4 to the report.

ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

The underlying position at month 9 has improved considerably since month 7 due primarily to improvements in Adult Social Care and Environment, Development & Housing. At this stage of the year, the use of remaining one-off risk provisions of £0.567m is now appropriate to partially mitigate the position.

Executive Directors will continue to keep the position under close scrutiny and will take appropriate action to reduce spending, manage vacancies and agency expenditure, and develop financial recovery plans where necessary to improve the position as far as possible by the year-end.

For 2014/15, the budget proposals include consideration of current projections which is reflected in risk assessments and provisions, and provision of service pressure funding. The pressures on the Adult Social Care budget have been reviewed further since draft budget proposals for 2014/15 were presented to Policy & Resources Committee on 5th December. Although the current forecast has improved, projections indicate that pressures are likely to be persistent and higher than initially estimated and the revised budget proposals therefore provide for further service pressure funding of £1m; a total of £2.5m. Full details of risk provisions and service pressure funding are provided in the accompanying General Fund Revenue Budget report on this agenda.

CONCLUSION

The provisional outturn position on council controlled budgets is an overspend of £0.753m. In addition, the council's share of the forecast overspend on NHS managed Section 75 services is £0.186m. Any underspend at year-end would release one off resources that can be used to aid budget planning for 2014/15. Any overspend will need to be funded from available general reserves which may need to be replenished if the working balance falls below the approved level of £9.000m.

Proper Officer:

Date: 17/02/2014

Mark Wall, Head of Democratic Services

Signed:



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13 February 2014

This record relates to Agenda Item 126

RECORD OF POLICY & RESOURCES COMMITTEE

DECISION

SUBJECT: PROCUREMENT OF CORPORATE BANKING SERVICES

AUTHOR: DEBBIE SARGENT

THE DECISION

- (1) That the procurement of the corporate banking services contract, following the timeline and evaluation criteria set out in the report with a contract term of 5 years from 1 April 2015 to 31 March 2020 with an option to extend for a further 2 year period to 2022 be approved; and
- (2) That the Executive Director Finance & Resources be granted delegated authority to:
 - (i) award the contract for 5 years following the recommendations of the evaluation panel and the results of the tendering process; and
 - (ii) extend the contract for 2 years subject to satisfactory performance of the provider in respect of the initial 5 year period.

ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

Following withdrawal of the Co-operative Bank from the local authority sector, the early retender of the banking services contract is recommended to enable effective implementation and transfer. The process should be led by the Council to ensure best fit to our requirements but other authorities will be invited to join a collaborative procurement process, which would have potential benefits to all parties to the contract. The recommendations are therefore made to minimise the significant impact of changing banking providers and to secure the most cost efficient tariffs and services within the new contract.

CONCLUSION

The Council requires the services of a banking provider in order to carry out its financial affairs. The decision of the Co-operative Bank to withdraw its services from the local authority market leaves the Council with no alternative option but to re-procure its banking services.

In relation to the options for the procurement process, consideration has been given to the following options:

1. Terminating the current contract with the Co-Operative Bank 6 months early and commencing a new contract with a new provider in September 2014. However, the timeframe required to achieve this would result in a very short implementation period which carries significant risks to the Council given the complexity of business needs for a unitary authority.

2. Joining another authority that had already started the tender process to seek an alternative provider. This was discounted as the Committee's approval would have been required before key documentation was prepared or agreed, therefore placing the Council at risk of committing to a contract that did not fully meet the Council's needs and was not endorsed by members.
3. Undertaking an early procurement process, ensuring that the market can be fully explored and that maximum implementation time is provided to ensure a safe and successful transition to the new provider. This includes exploring with neighbouring authorities the potential for a more collaborative procurement process led by this Council.

It is considered that option 3 will provide the Council with the most suitable contract and provider and allow for the most appropriate implementation time periods for both the Council and any other local authorities that wish to take advantage of a more collaborative procurement process.

Proper Officer:

Date: 17/02/2014

Mark Wall, Head of Democratic Services

Signed:



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13 February 2014

This record relates to Agenda Item 127

RECORD OF POLICY & RESOURCES COMMITTEE

DECISION

SUBJECT: ICT STRATEGY AND RESOURCING
UPDATE

AUTHOR: MARK WATSON

THE DECISION

- (1) That progress in delivering the ICT Strategy 2011-2016 be noted; and
- (2) That the resourcing consequences of that strategy be considered as part of the Council's budget setting processes.

ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

It is requested that the progress of implementing the approved ICT Strategy and the ICT Investment fund be noted.

That the budget position, resource requirements and context for ICT security and investment is noted within the budget setting process.

CONCLUSION

The scope of work by ICT is very substantial and this report is not designed to cover all aspects, in particular it does not cover in detail:

- the Citywide Metro Wifi concession which was the subject of a report to Policy & Resources Committee on 29th November 2012.
- any future investment requirements for major applications - for example OHMS (the housing management system), CareFirst (the social care system), Pier (the HR/Payroll system), Authority Financials (the finance system) and others. However it should be noted that there is a likely necessity to change the existing National Non-Domestic Rates system over the coming year. This will be a vital change to protect the council's Business Rates income and may require resource.

As set out in the approved ICT strategy, a mixed model of sourcing and provision of services has been adopted. In common with the Government's approach led by Government Procurement Service (GPS) and Government Digital Service (GDS), it does not propose adopting a single supplier model.

Rather it advocates a mixture of "buy and build".

- "Buying" is most likely where there is a well developed but affordable commodity type supply market (for example Networking and potentially Data Centres). These are sometimes referred to as Service Towers in the

Government's Service Integration and Management (SIAM) approach.

- "Building" where the focus is on creating innovative, digital services which impact citizens and the public (for example the gov.uk website).

This is considered to be the most agile route to take advantage of new technologies and to respond to changing requirements whether service led, organisational or owing to national drivers. However it does require a high level of skills in ICT procurement and contract management to assess, test and manage the available options. Reliance will therefore continue to be placed on specialist advisors, as well as close collaboration across the SE7.

The results of benchmarking activity show that in line with several other measures, ICT spend as a % of revenue spend and spend per user are both significantly below the average for Unitary authorities. It is clear that the council's costs of ICT are unsustainably low and ongoing revenue and capital investment is required irrespective of the sourcing and provision model. The council's original VFM programme assumed a percentage of savings could be made on ICT contracts through better procurement. While this was not an unreasonable assumption it did not take into account the fact that the baseline spend was very low in the first place.

There has therefore been an ongoing and growing mismatch between actual contractual spend and available budget which needs to be resolved. The ICT service had been managing this pressure through holding vacancies offsetting the overspend as far as possible but this has been putting the service at risk given the scale of investment and change required. The underlying problem of underfunding of contracts therefore needs to be resolved as part of the budget setting process and £175,000 has been included to take account of this.

Proper Officer:

Date: 17/02/2014

Mark Wall, Head of Democratic Services

Signed:



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