

Cabinet – Meeting held on Monday, 17th November, 2014.

Present:- Councillors Anderson, Carter, Hussain, Mann, Munawar (from 6.40pm), Parmar, Sharif (from 6.37pm) and Swindlehurst (from 6.46pm)

Apologies for Absence:- None.

PART 1

47. Declarations of Interest

No declarations were made.

48. Minutes of the Meeting held on 13th October 2014

Resolved – That the minutes of the meeting of the Cabinet held on 13th October 2014 be approved as a correct record.

49. Memorandum of Understanding in Relation to Children's Services

The Commissioner for Education & Children introduced a report seeking authority to enter into a Memorandum of Understanding (MOU) with the Secretary of State for Education to enable the externalisation of some of the Council's Children's Services functions to a new organisation.

It was noted that the MOU was not a legally binding agreement, however, it set out what both parties were committed to undertake and the key principles for the establishment of the new organisation such as the timetabling and governance arrangements. The alternative options available to both the Secretary of State and to the Council were noted, and remained available should the programme of work detailed in the MOU not reach a satisfactory conclusion. A number of key issues were yet to be resolved including the specific legal form of the new organisation and the scope of services to be externalised. The ambition was for the new organisation to achieve an Ofsted rating of 'good' within three years of establishment and 'excellent' within five.

(Councillor Sharif joined the meeting)

The Cabinet considered the risks, which included financial risks to the Council and the potential impact on the achievement of ongoing service improvements during the lengthy set up period for the new organisation. There were significant anticipated financial costs in externalising the services and the Council were expected to fund the new organisation to a similar level as the current service. The Secretary of State had confirmed that the Department would offset the set up and additional costs, and Officers stated that the Council would act rigorously and fairly to secure this outcome. The Cabinet agreed the importance of ensuring the new organisation was aligned to the

Cabinet - 17.11.14

Council's budget processes and that a robust approach be taken in relation to these potential additional costs.

After due consideration, Commissioners approved the MOU, delegating authority to the Chief Executive to make textual amendments and sign as appropriate. It was also confirmed that further updates would be brought to Cabinet at each key step to ensure accountability and scrutiny during the externalisation process.

Resolved –

- (a) That the Direction dated 7.10.2014 from the Secretary of State for Education directing the Council to set up an external provider to deliver the Council's Children's Services functions be noted;
- (b) That the Memorandum of Understanding between the Secretary of State and the Council be approved;
- (c) That the Chief Executive be authorised to make any necessary textual and other amendments following consultation with the Leader of the Council and Cabinet member and to sign the Memorandum of Understanding as attached at Appendix A to the report;
- (d) That regular updates on the progress on the externalisation of the Council's Children's Services functions be provided to the Cabinet.

(Councillor Munawar joined the meeting)

50. Medium Term Financial Planning 2015-19

The Assistant Director, Finance & Audit updated Commissioners on the adjustments to the financial planning assumptions set out in the Medium Term Financial Strategy (MTFS) 2014-19 since the previous report to Cabinet in July 2014. Approval was sought to include the savings package totalling £7.62m as detailed in Appendix A to the report in the revenue budget to be recommended to Council in February 2015.

It was noted that the savings requirement for 2015-16 of £14.5m remained relatively unchanged, however, growth in the Council's Business Rates baseline, and to a lesser extent its Council Tax base, was forecast to close the savings gap by circa £4m on current projections. The savings required in 2015-16 were forecast to be the largest of any year of the MTFS, primarily due to the reduction in central Government funding via the Revenue Support Grant which would fall by almost 30% next year. The total savings requirement over the period of the MTFS was £34m which equated to 30% of the Council's current net budget, and this did not take into account any financial implications arising from the new arrangements for Children's Social Care. It was noted that the directorate pressures of £1.6m in 2015-16 were significantly lower than in previous years. The bulk of these pressures were in

social care services arising from the Care Act which came into effect in April 2015.

(Councillor Swindlehurst joined the meeting)

Commissioners considered the risks including the volatility in Business Rates and discussed the key assumptions in the plan including a Council Tax rise of 1% which would be funded throughout by a Council Tax Freeze Grant. The proposed savings, which were itemised in Appendix A to the report, were agreed and it was noted that further savings to close the residual gap would be identified over the Autumn to enable a fully balanced Budget to be presented in February 2015.

Resolved –

- (a) That the current position regarding the MTFs be noted.
- (b) That the savings set out in Appendix A to the report be included in the Revenue Budget 2015-16 to be approved by Council in February, subject to any further adjustments.

51. Financial & Performance Report - Q2 2014-15

The Assistant Director, Finance & Audit introduced a report which provided Cabinet with the latest forecast performance and financial information up to the second quarter of 2014-15 and sought approval for the virements and write-off requests during the period.

An overspend of £0.76m was forecast as at month 6, which was significantly lower than the £1.5m forecast at month 5. The trend mirrored the previous year and further mitigating action was underway to bring the forecast back into line with budget towards the end of the year. It was projected that 80% of the capital budget for 2014-15 would be spent which would be an improvement on the previous year. Commissioners discussed a number of aspects of financial performance, and in particular the level of confidence in delivering the recovery plan for in-year Adult Social Care pressures. The Assistant Director responded that the forecast savings in the recovery plan were being closely monitored and Officers were optimistic that they would be achieved.

Members welcomed the additional income from Business Rates (£1.67m) and Council Tax (£0.23m) in 2014-15 although it was noted that due to local government accounting arrangements this would not be of direct benefit to the Council's budget position until the next financial year. The Cabinet were also updated on the positive performance of the Treasury Management Strategy which had contributed circa £1m to the savings for the current year.

The Cabinet also noted the performance data as set out in the Balanced Scorecard and Gold Project updates, and approved the write-offs as detailed in section 10 of the report and the virements in section 11.

Resolved –

- (a) That the write offs and virements contained within sections 10 and 11 of the report be approved.
- (b) That the current financial forecast position, balanced scorecard and update on Gold projects be noted.

52. References from Overview & Scrutiny

There were no references from Overview & Scrutiny.

53. Notification of Forthcoming Decisions

The Cabinet considered the published Notification of Key Decisions for the forthcoming quarter. It was noted that an updated version had been published since the agenda had been circulated which made the following amendments to the plan for the December Cabinet meeting:

- Subsidiary Housing Company (deferred from November).
- Medium Term Financial Planning (new item).
- A332 and A355 Route Enhancement Schemes (new item).
- Pupil Premium Policy (new item).
- Children's Social Care Workforce Strategy (new item).
- Trelawney Avenue Redevelopment Plan (deferred until January 2015).

Resolved – That the published Notification of Key Decisions for the period December 2014 to January 2015 be endorsed.

Chair

(Note: The Meeting opened at 6.31 pm and closed at 6.58 pm)