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Meeting	Cabinet
Date	11 February 2014
Present	Councillors Alexander (Chair), Crisp, Cunningham-Cross, Levene, Looker, Merrett, Simpson-Laing (Vice-Chair) and Williams

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## **PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS**

### **95. Declarations of Interest**

Members were asked to declare, at this point in the meeting, any personal interests, not included on the Register of Interests, or any prejudicial or disclosable pecuniary interests they may have in respect of business on the agenda. No further interests were declared.

### **96. Minutes**

Resolved: That the minutes of the last Cabinet meeting held on 7 January 2014 be approved and signed by the Chair as a correct record

### **97. Public Participation**

It was reported that there had been five registrations to speak at the meeting under the Council's Public Participation Scheme, details of which are set out below:

#### **5. The Co-operative Council: A Community Benefit Society for Libraries and Archives**

Andrea Dudding spoke on behalf of UNISON to raise concerns over the protection of the Council's statutory duty to provide a comprehensive and efficient library service following transfer of the service to a Community Benefit Society. She questioned why reading was not the first priority of the Explore and how the proposed savings would be made.

## 9. Financial Strategy 2014/15 to 2018/19

Christopher Brace, spoke on behalf of the York People's Assembly, raising concerns at current Government austerity measures, highlighting the reasons for the current economic crisis. The Assembly called on Cabinet to reject austerity and support vulnerable residents of the city by making no further budget cuts.

Garry Jones, as Chief Executive of York CVS spoke to express support for the authorities funding of the Living Wage and the York Financial Assistance Scheme which would help relieve the burden on the voluntary sector. He also indicated his support for the community hubs arising out of the Community Benefit Society for Libraries and Archives. Concerns were raised however, regarding consultation on the proposed additional increase of £25 per week for Gypsy, Roma and Traveller Community pitch rents and regarding the implications and challenges for residents regarding future Council budgets.

Denise Craghill, Chair of York Green Party, spoke to raise concerns at the size of the cuts required to services over a number of years. She requested more publicity in relation to specific cuts and the impact of these on local residents. Support was expressed for budget growth in adult social care but not to cuts relating to flood prevention and air quality.

Heather McKenzie, also on behalf of UNISON, spoke to request continued dialogue with Unions and staff in respect of future proposals for service changes. She reiterated support for the areas of budget growth but raised concerns at financial pressures to privatise and over reliance on community and voluntary organisations. She highlighted the effects of reducing preventative services and made a request for an examination to be made of in house provision of services to prevent the loss of democratic control and accountability. She also expressed support for the earlier speaker's comments to fight the austerity measures.

## 11. Transformation Programme – “Re-wiring Public Services”

Garry Jones, as Chief Executive of York CVS, requested clarification regarding the reference in the report to investment in the voluntary and community sector. He also asked for reassurance regarding youth service provision.

Heather McKenzie, on behalf of UNISON, expressed concerns at the proposed savings and the effect on jobs. She emphasised the need for continued engagement with staff and residents and questioned the robustness of community delivery of services. An examination of in house delivery of these services was requested in the first instance.

**98. Forward Plan**

Members received and noted details of those items on the Forward Plan for the next two Cabinet meetings, at the time the agenda was published.

**99. The Co-operative Council: A Community Benefit Society for Libraries and Archives**

Consideration was given to a report which updated Cabinet on progress with the establishment of Explore Libraries and Archives Mutual (Explore). Since agreement to the establishment of Explore as a Community Benefit Society in July 2013 an implementation plan had been taken forward by a project board with the key areas of work set out at paragraph 4 of the report.

It was confirmed that staff and the public had been kept updated with progress on the setting up of Explore and the new mechanism for service delivery through community hubs within the libraries to provide flexible spaces for a wide range of activities and events.

Information on the legal agreements including, the Contract for Services, Transfer Agreement, leases and the Collections Loan and Management Agreement were reported in the Annexes and at paragraphs 17 to 37 of the report.

It was noted that the future pensions contribution rates had now been assessed, with Explore paying a contribution rate of 14.5% with an additional cap of 5% with a new valuation due in 3 years' time.

The financial, legal, equalities, human resources, and property implications and the key risks of transferring the service to Explore had been identified in the report together with any mitigation measures.

The Cabinet Member referred to Explore, the first staff led community enterprise in the country which would be tailored to meet the needs of York residents. She made reference to the safeguards put in place, consultation undertaken and staff support and to the challenging business plan which would deliver the required savings.

Officers confirmed the extensive work undertaken to implement the proposals and to continued work with the Council to create the Community Hubs and improve library services in the city.

The Cabinet Member and Leader thanked all those involved including the non executive and staff director for all their hard work in bringing this proposal to fruition.

Following further discussion it was

Resolved: That Cabinet agree to:

- (i) Approve the award of a contract to Explore Libraries and Archives Mutual through a single tender action.
- (ii) Approve the key principles of the founding legal agreements set out in the report together with Schedule 2 of the Contract for Services set out at Annex 2, and delegate to the Director of Communities and Neighbourhoods in consultation with the Director of Customer and Business Support Services authority to conclude:
  - The Transfer agreement.
  - The Contract for Services between the Council and Explore.
  - Leases to be used for the premises.
  - The Collections Loan and Management Agreement.
  - Targets against the indicators set out in Annex 3 of the report.<sup>2</sup>
- (iii) Approve 1 April, 2014 as the earliest date on which to transfer the operation of the Council's libraries and archives services to Explore.<sup>1</sup>

Reason: To create the best delivery model for libraries and archive services in York.

Action Required

1. Award contract and transfer of operations from 1 April 2014. CC, FW
2. Authority to conclude the necessary agreements, contracts and leases for the transfer. SB, IF

**100. Finance Monitor 3 2013-14**

Members considered a report which provided details of the headline financial performance issues for 2013/14, covering the period 1 April 2013 to 31 December 2013. The report assessed performance against budgets, progress of the Council's savings programme, the Council's revenue reserves and provided an update on the localisation of business rates.

With the Council's net General Fund budget for 2013/14 at £127,778k forecasts indicated financial pressures of £1,937k an improvement of £1,427k on the previous forecast. Details of the financial position in relation to individual directorates were reported at paragraphs 2 to 23 of the report. The anticipated year end balance of the General Rate Fund reserve was reported as £6.8m with commitments from the Delivery and Innovation Fund set out in the table at paragraph 32, showing £306k unallocated.

Members referred to improvements made since the last Monitor and to continuing in year pressures across Directorates however it was still felt that the authority would come in within budget.

Resolved: That Cabinet note the current projected pressures of £1,937k and that strategies are being prepared to mitigate this position.

Reason: In order to ensure expenditure is kept within budget.

**101. Capital Programme Monitor 3 2013-14**

*[See also Part B minute]*

Consideration was given to a report which set out the projected capital programme outturn position for 2013/14, including any

under/overspends and adjustments and requests for re-profiling of budgets.

With the 2013/14 capital programme budget at £72.573k, this monitor had shown a decrease of £11.659m resulting in a revised capital programme of £60.914m. The net decrease being made up of a reprofiling of schemes of £12.136m to 2014/15 and an increase of budgeted schemes at £477k. The variances against each profile area and a summary of the exceptions and implications on the programme were reported at Table 1, paragraphs 7 to 38 and at Annex A. It was also noted that reprofiling requests had been made for two Economic Infrastructure Fund schemes, Access to York and the Better Bus Fund to 2014/15. Details of the revised 5 year capital programme were summarised at Table 2 and information on the Capital Programme financing to 2017/18 at Table 3.

Resolved: That Cabinet:

- Note the 2013/14 revised budget of £60.914m as set out in paragraph 5 and Table 1 of the report.
- Note the restated capital programme for 2013/14 – 2017/18, totalling £205.482m as set out in paragraph 41, Table 2 and detailed in Annex A.
- Approve the use of £66k of contingency to fund the York Explore Roof Replacement and note the use of contingency set out in paragraph 38.<sup>1</sup>

Reason: To enable the effective management and monitoring of the Council's capital programme.

Action Required

1. Adjust the capital programme accordingly.

RB, DM

**102. Financial Strategy 2014/15 to 2018/19**

*[See also Part B minute]*

Members considered a report which presented the financial strategy for 2014 to 2019, including detailed revenue budget proposals for 2014/15 and 2015/16 for Council approval. Following the issuing of the final Local Government Finance Settlement on 5 February 2014 amendments had been made to

the report, a copy of which had been circulated to all Members and published online.

It was noted that the financial strategy delivered a balanced budget over a 2 year period including savings totalling £23.4m and a proposed Council Tax increase of 1.9% for 2014/15. The total council tax increase including the Parish, Police and Fire Authority precepts, would be agreed at the full Council meeting on 27 February 2014.

Members discussed some of the key issues including the proposed growth in adult social care, continued revenue funding for the York Financial Assistance scheme and the Living Wage together with support for Strategic Transport investment and budget provision for business rate discounts.

The Cabinet Member referred to the national context and to significant reductions in funding combined with a range of pressures affecting the budget. It was confirmed that with an increasing demand for council services and rising fuel costs, landfill tax and inflation driving costs up that the budget had had to be prudent whilst protect vulnerable people. The Cabinet Member although expressing sympathy with earlier speakers comments, confirmed that the authority were required to set a council tax or the decision would be taken out of the authorities hands. He referred to the budget strategy for 2015/16 which set out plans for a three strand process of council wide efficiency, prioritisation and the Rewiring of Public Services.

It was noted that an integral part of the development of the 2 year financial strategy had been as a result of feedback on budget priorities to ensure that the decisions had been informed by the views of key groups across the community. Other Members highlighted the scale of the challenges facing the Council and for the need to continue to review all areas of expenditure in addition to considering the type and level of services it provided.

Following further discussion it was

Resolved: That Cabinet approve the average rent increase for 2014/15, as shown in table 14 and paragraphs 83 to 87, of the report, as 4.95%. This rent increase will be applied across council dwellings, hostels and Gypsy, Roma

and Traveller Community sites. It is proposed that in addition to the average rent increase to Gypsy, Roma and Traveller Community pitch rents, a flat rate additional increase of £25 per week per pitch is also applied, to fund increased management of the sites. <sup>1</sup>

Reason: To ensure the ongoing financial stability of the HRA and allow work on improving the quality of the council's affordable housing to continue.

Action Required

1. Implement rent increase from 1 April 2014. DM, AC

**103. Transformation Programme - "Re-wiring Public Services"**

Members considered a report which set out details of a new transformation programme: Re-wiring Public Services being built to manage the major challenges and changes and support the Council in achieving its budget savings.

The programme moved away from service delivery based on consultation to a focus on outcomes with communities empowered to make decisions and commission services. It was noted that partnerships with residents and the voluntary and community sector would require significant investment and change.

The following four major public service areas had been included in the programme, reported in detail at paragraphs 36 to 121:

- Community and Resident Engagement
- Place based public services and public realm
- Children's and Adult Social Care and integrated Public Health
- Business Efficiency Projects

It was confirmed that the business case and options for the development would be presented to Members by July 2014, with implementation by September 2014, if approved.

With the significant impact of budget savings on the Council the establishment of this programme would enable reshaping of the way the Council supported residents to achieve the outcomes and quality of life residents had raised in feedback from the Big York Surveys and the Peer Review recommendations.



- Resolved: That Cabinet agree to:
- the proposed scope of the Re-wiring Public Services programme.
  - a minimum savings target of £5.48m for 2015/16. <sup>1</sup>.
  - to receive updates on the programme aligned to the council performance and financial monitor.
  - that regular updates will be presented to the Corporate and Scrutiny Management Committee. <sup>2</sup>.

Reason: To allow the initiation of the Re-wiring Public Services programme in support of the Financial Strategy and Council Plan.

Action Required

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| 1. Proceed with Public Services programme.                       | SH |
| 2. Provide regular updates on the programme to Cabinet and CSMC. | SH |

## **PART B - MATTERS REFERRED TO COUNCIL**

### **104. Capital Programme Monitor 3 2013-14**

*[See also Part A minute]*

Consideration was given to a report which set out the projected capital programme outturn position for 2013/14, including any under/overspends and adjustments and requests for re-profiling of budgets.

With the 2013/14 capital programme budget at £72.573k, this monitor had shown a decrease of £11.659m resulting in a revised capital programme of £60.914m. The net decrease being made up of a reprofiling of schemes of £12.136m to 2014/15 and an increase of budgeted schemes at £477k. The variances against each profile area and a summary of the exceptions and implications on the programme were reported at Table 1, paragraphs 7 to 38 and at Annex A. It was also noted that reprofiling requests had been made for two Economic Infrastructure Fund schemes, Access to York and the Better Bus Fund to 2014/15. Details of the revised 5 year capital

programme were summarised at Table 2 and information on the Capital Programme financing to 2017/18 at Table 3.

Following further discussion it was

Recommended: That Council agree the adjustments in the Capital programme of a decrease of £11.659m in 2013/14 as detailed in the report and contained in Annex A. <sup>1</sup>.

Reason: To enable the effective management and monitoring of the Council's capital programme.

Action Required

1. Refer to Council.

JP

**105. Treasury Management Strategy Statement and Prudential Indicators for 2014/15 to 2018/19**

Consideration was given to a report which provided Members with information on the following which required Council approval:

- Integrated treasury management strategy statement including the annual investment strategy and the minimum revenue provision policy statement;
- Prudential indicators for 2014/15 to 2018/19
- Revised treasury management policy statement
- Specified and non-specified investments schedule at Annex B.
- Treasury management scheme of delegation and role of the section 151 officer at Annex D of the report.

It was noted that the Council were required to receive, scrutinise via the Audit and Governance Committee and approve these reports each year

At a strategic level, there were a number of treasury management options available that depended on the Council's stance on interest rate movements. The report set out the Council's stance and recommended the setting of key trigger points for borrowing and investing over the forthcoming financial year.

Recommended: That Council approve:

- (i) The proposed Treasury Management Strategy for 2014/15 including the annual investment strategy and the minimum revenue provision policy statement;
- (ii) The Prudential Indicators for 2014/15 to 2018/19 in the main body of the report;
- (iii) The Specified and Non-Specified Investments schedule at Annex B;
- (iv) The Scheme of Delegation and the Role of the Section 151 Officer at Annex D. <sup>1</sup>.

Reason: To enable the continued effective operation of the Treasury Management function and ensure that all Council borrowing is prudent, affordable and sustainable.

Action Required

1. Refer to Council.

JP

**106. Financial Strategy 2014/15 to 2018/19**

*[See also Part A minute]*

Members considered a report which presented the financial strategy for 2014 to 2019, including detailed revenue budget proposals for 2014/15 and 2015/16 for Council approval. Following the issuing of the final Local Government Finance Settlement on 5 February 2014 amendments had been made to the report, a copy of which had been circulated to all Members and published online.

It was noted that the financial strategy delivered a balanced budget over a 2 year period including savings totalling £23.4m and a proposed Council Tax increase of 1.9% for 2014/15. The total council tax increase including the Parish, Police and Fire Authority precepts, would be agreed at the full Council meeting on 27 February 2014.

Members discussed some of the key issues including the proposed growth in adult social care, continued revenue funding for the York Financial Assistance scheme and the Living Wage together with support for Strategic Transport investment and budget provision for business rate discounts.

The Cabinet Member referred to the national context and to significant reductions in funding combined with a range of pressures affecting the budget. It was confirmed that with an increasing demand for council services and rising fuel costs, landfill tax and inflation driving costs up that the budget had had to be prudent whilst protect vulnerable people. The Cabinet Member although expressing sympathy with earlier speakers comments, confirmed that the authority were required to set a council tax or the decision would be taken out of the authorities hands. He referred to the budget strategy for 2015/16 which set out plans for a three strand process of council wide efficiency, prioritisation and the Rewiring of Public Services.

It was noted that an integral part of the development of the 2 year financial strategy had been as a result of feedback on budget priorities to ensure that the decisions had been informed by the views of key groups across the community. Other Members highlighted the scale of the challenges facing the Council and for the need to continue to review all areas of expenditure in addition to considering the type and level of services it provided.

Following further discussion it was

Resolved: (i) That, having considered;

- Expenditure pressures facing the council as set out in the report.
- Impacts of savings proposals set out in Annexes 3 and 4 of the report.
- Medium term financial factors facing the council as outlined in the report.
- Projected levels of reserves as set out in the report.

- Statutory advice from the Director of Customer and Business Support Services.

It be

- Recommended: (i) That Council approve the budget proposals as outlined in the report, in particular
- The net revenue expenditure requirement of £124.179m.
  - A Council Tax requirement of £71.768m.
  - The revenue growth proposals as outlined in the body of the report.
  - The revenue savings proposals as outlined in Annexes 3 and 4.
  - The fees and charges proposals as outlined in Annex 5.
  - The Housing Revenue Account budget set out in Annex 6.
  - The dedicated schools grant proposals outlined in Annex 7.
- (ii) That Council note that the effect of approving the income and expenditure proposals included in the recommendations would result in an increase in the City of York element of the council tax of 1.9%.<sup>1</sup>

Reason: To ensure a legally balanced budget is set.

Action Required

1. Refer to Council.

JP

## 107. Capital Strategy 2014/15 to 2018/19

Consideration was given to a report which set out the Capital Strategy for the 5 year period covering 2014/15 to 2018/19 and provided information on new capital schemes.

Since current scheme approval in February 2013 a number of amendments had been made resulting in a current approved capital programme for 2013/14 to 2017/18 of £205.482m financed by £126.135m of external funding and £79.347m of Council controlled resources.

Requests in the sum of £38.132m had been made to increase the existing programme, details of which were set out in Tables 2 to 6 in the report. With a summary of the purpose of all the capital schemes set out in Table 9 and in Annexes A and B.

It was noted that all the schemes progressed through for consideration had demonstrated that they directly contributed towards achievements in the Corporate Strategy and that to mitigate risks the programme was regularly monitored by the Capital Asset Board.

Recommended: That Council agree to:

- (i) The revised capital programme of **£182.700m** that reflects a net overall increase of **£38.132m** (as set out in Paragraph 53, Table 7 and in Annex B of the report). Key elements of this include:
  - Extension of prudential borrowing funded Rolling Programme schemes totalling £11.050m as set out in table 2 and summarised in table 7;
  - New schemes totalling £6.120m including an increase in prudential borrowing of £5.325m as set out in table 3 and summarised in table 7;
  - New externally funded schemes totalling £12.003m as set out in table 4 and summarised in table 7;

- An increase in HRA funded schemes totalling £8.959m funded from HRA balances of £8.959m as set out in table 5 and summarised in table 7.

- (ii) Approve the full restated programme as summarised in Annex A totalling **£182.700m** cover financial years 2014/15 to 2018/19 as set out in table 8 and Annex A. <sup>1</sup>.

Reason: To set a balanced capital programme as required by the Local Government Act 2003.

Action Required

1. Refer to Council.

JP

Cllr J Alexander, Chair

[The Meeting started at 5.30 pm and finished at 7.10 pm].

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