

## **EXECUTIVE FUNCTIONS DECISION RECORD**

The following decisions were taken on Tuesday, 14th February, 2017 by Cabinet.

Date notified to all Members: Tuesday, 21<sup>st</sup> February, 2017

With the exception of Decisions 1 to 5 which are subject to Full Council approval on the 2nd March, 2017 the end of the call in period is 5.00 p.m. on Thursday 2<sup>nd</sup> March, 2017 and therefore, the decisions can be implemented on Friday 3<sup>rd</sup> March, 2017.

Present:

Chair - Mayor Ros Jones (Mayor of Doncaster with responsibility for Budget and Policy Framework)

Vice-Chair - Councillor Glyn Jones (Deputy Mayor and Portfolio holder for Adult Social Care and Equalities)

### **Cabinet Member for:**

Councillor Joe Blackham	Portfolio holder for Regeneration and Transportation
Councillor Nuala Fennelly	Portfolio Holder for Children, Young People and Schools
Councillor Pat Knight	Portfolio holder for Public Health and Wellbeing
Councillor Chris McGuinness	Portfolio holder for Communities, the Voluntary Sector and Environment
Councillor Bill Mordue	Portfolio holder for Business, Skills, Tourism and Culture
Councillor Jane Nightingale	Portfolio holder for Housing

Apologies:-

An apology for absence was received from Councillor Tony Corden.

### **PUBLIC MEETING – SCHEDULE OF DECISIONS**

#### Public Questions and Statements

Councillor Nick Allen asked the Mayor Ros Jones the following question:-

'Do you think your budget demonstrates value for money? How much of the report was officer led and does the budget reflect your manifesto commitments or the policies of national government?'

In the absence of Councillor Nick Allen, the Mayor said she would provide a written response to his question. The written response sent is:-

“These budget proposals continue to deliver my priority of ensuring the Council is able to provide efficient and effective public services, whilst investing in the future of the borough and its residents, despite the harsh austerity measures imposed on Doncaster by central Government.

The punitive Government cuts will not lower my ambitions for our borough and its people. I have made clear my priorities, to help drive forward our economy, increase job creation, raise education standards, build more homes and support residents and communities across Doncaster. In developing the budget we set a remit to protect, and indeed improve, vital front line services, particularly those which support vulnerable people. To do this, we are living within our means, modernising services and striving to deliver value for money in all of our work. I am proud of the effectiveness we have already achieved, improving services through initiatives like our Smart light programme, whilst making savings that minimise the impact of the Government cuts on our residents.

That said, I am extremely disappointed at the Government’s complete failure to deal with the national funding problems facing adult social care and the health service. Their answer, which is to underfund vital services and yet increase the financial burden on local taxpayers, is frankly outrageous. It places strain on to those who can least afford it, through a regressive tax system that benefits wealthy areas over places like Doncaster and South Yorkshire.

The budget has been developed collaboratively to deliver my priorities and those agreed by the Council and I am grateful for members of Overview and Scrutiny for their input and support for the proposals. I have received no feedback from any other political groups on the Council, which I would have been willing to consider. Given that I published the draft proposals in November to allow for input from all Councillors and it is now mid-February, I assume that there will be no late political games from the opposition and that the budget will be supported unanimously in the Council Chamber in two weeks time.

We are seeing the highest levels of employment for more than 10 years, record house building, improved school standards and a transformation of Council services. All have been positively influenced by our work and these proposals build on the solid foundations that we have put in place over the last three years.

We are sticking to that plan and it is paying dividends for Doncaster”.

Decision records dated 31st January, 2017, were noted.

#### **DECISION 4.**

<b>1. AGENDA ITEM NUMBER AND TITLE</b>
--

9. Treasury Management Strategy 2017/18 to 2020/21.
---

<b>2. DECISION TAKEN</b>
--------------------------

- (1) Cabinet noted and recommended the Treasury Management Strategy 2017/18 to 2020/21 and the Prudential Indicators to Council on the 2<sup>nd</sup> March, 2017;
- (2) Cabinet recommended to Council to approve the Minimum Revenue Provision (MRP) policy as set out in paragraphs 21-22 and in Appendix B; and
- (3) Cabinet note and recommend to Council the contents of the attached Treasury Management Annual review for 2015-16 and in Appendix F.

### **3. REASON FOR DECISION**

Cabinet considered the Treasury Management Strategy for 2017/18-2020/21. The report detailed the strategy for management of the Council finances and provided a framework for the operation of the treasury management function within the Council. It was reported that treasury management makes sure that sufficient cash is available to meet service delivery in line with the approved Capital and Revenue budgets. It was noted that key prudential indicators were contained within the body of the report and further detail was within Appendix A.

Cabinet were advised of the key messages which were as follows:-

1. Borrowing – This would increase during the period covered by the report but the Council would remain under-borrowed against its borrowing requirement to avoid the higher cost of carrying debt. As the borrowing rates were forecast to only rise gently over the next 4 years, the primary borrowing strategy for new and replacement debt would be to take cheaper short term loans to maximise interest savings over the period of the report. The borrowing strategy was detailed in paragraphs 23-58 of the report.
2. Investments – Securing the return of investment funds remained paramount when selecting counterparties and the strategy reflects this. The investment strategy would continue to manage the balances available and support cash flow requirements. Following on-going benchmarking work, the Council had identified ways to reduce risk profile of investments and at the same time increase its potential yield. The Investment Strategy was outlined within paragraphs 59-78 of the report.
3. A low risk policy had been established to protect the Council from losses caused by financial institutions failing to repay investments when due. The policy allows the Council to spread the risk amongst a number of approved lenders and financial instruments, covered in detail at paragraph 79-90 of the report.

The Mayor and Cabinet welcomed the report and stated that the report was clear, concise and an excellent piece of work. It complied with CIPFA standards and showed that Doncaster was making the most of its finances to ensure economic growth.

### **4. ALTERNATIVES CONSIDERED AND REJECTED**

Other options that had been considered and members needed to be aware of, that would affect the investments and borrowing decisions were as follows:-

Options	Like impact on income and expenditure	Likely impact on risk management
Invest in a narrower range of institutions and shorter terms	Interest income will be lower	Reduced risk of losses from credit related defaults, but any single loss could be magnified.
Borrow additional sums at long term fixed interest rates	Debt interest costs will rise this is unlikely to be offset by higher investment income	Reduced interest rate risk. But higher investment balance could lead to a higher impact in the event of a default.
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income. Premium to be paid if debt paid down (avoided if the reduction is done by not replacing maturing debt).	Reduced investment balance leading to a lower impact in the event of default, however long term interest costs become less certain.
Increase level of borrowing	Additional cost of debt interest is likely to exceed additional investment income received	Under borrowing uses a combination of reserves and working capital. Any adverse changes to either could lead to cash not being available to fund expenditure. Leading to increased levels of borrowing.
Borrow sufficient funds to clear the under borrowed position	Additional interest costs of up to £2.134m per annum	Reduced interest rate risk, but significantly higher costs. In addition the higher investment balance could lead to a higher impact in the event of a default.

## 5. DECLARATIONS OF INTEREST AND DISPENSATIONS

There were no declarations.

**6. IF EXEMPT, REASON FOR EXEMPTION**

Not Exempt

**7. DIRECTOR RESPONSIBLE FOR IMPLEMENTATION**

Steve Mawson, Chief Financial Officer & Assistant Director Finance