

# EXECUTIVE

An excerpt of the Minutes of the meeting held on 4 February 2009 at the Town Hall, Royal Leamington Spa at 6.00 pm.

**PRESENT:** Councillor Michael Doody (Chairman); Councillors Mrs Bunker, Caborn, Mrs Grainger, Hammon, Kinson, Kirton, and White.

**ALSO PRESENT:** Councillor Crowther (Labour Group Observer); Councillor Ms De-Lara-Bond (Liberal Democrat Group Observer); Councillor Gifford (Chair of Overview and Scrutiny Committee); and Councillor Mrs Knight (Chair of Audit and Resources Scrutiny Committee).

An apology for absence was received from Councillor Shilton.

## 1. **DECLARATIONS OF INTEREST**

### Budget 2009/10 and Council Tax – Revenue and Capital

Councillors Caborn, Doody and Kirton all declared a personal interest because they were Warwickshire County Councillors.

## 2. **MINUTES**

The minutes of the meeting held on 3 December and 22 December 2008 having been circulated were taken as read and signed by the Chairman as a correct record.

### **PART 1**

(Items which a decision by Council is required)

## 3. **ELECTION OF CHAIRMAN AND VICE-CHAIRMAN OF THE COUNCIL 2009/10**

### **RECOMMENDED** that

- (1) Councillor Pratt be appointed Chairman of the Council for 2009/2010; and
- (2) Councillor MacKay be appointed Vice-Chairman of the Council for 2009/2010.

## 4. **BUDGET 2009/10 AND COUNCIL TAX – REVENUE AND CAPITAL**

The Executive considered a report from the Section 151 Officer and Head of Finance that reviewed the overall financial position of the Council for 2009/10 onwards, including the General Fund Revenue budget and the Capital Budget.

The recommendations relate to the setting of the level of council tax for 2009/10 and to agree the revenue and capital budgets.

The Council was required to set a budget and council tax each year taking into account the many factors that were set out in section 5 and onwards of the report. These areas were:-

- The revenue and capital budget were being considered together;
- The Council was required to determine an affordable borrowing limit in accordance with The Local Government Act 2004, Section 3, and to agree prudential indicators in accordance with the CIPFA Code for Capital Finance in Local Authorities; and
- The Chief Financial Officer was required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. (This statement is made at Appendix 2).

The financial strategy and capital strategy were revised in the light of the proposed revenue and capital budgets, and the issues that these budgets addressed.

No specific alternative to the recommendation was made, however the information given would enable members to propose variations to the proposals. The key recommendations on the revenue budget were set out in paragraphs 7.2 and 8.1 of the report, and paragraph 12 for the capital budget.

Members had a duty to consider all possible options. The proposals in the report reflected the Portfolio holder priorities as put to the last Executive and consulted on with the Scrutiny Committees and others.

The Overview and Scrutiny Committee noted the recommendations in the report.

The Audit and Resources Scrutiny Committee reviewed the balances and reserves as requested and were satisfied with this element of the report. Members of the Committee expressed some areas of concern, those being: the high level of payments from the early retirement reserve over recent years; the potential for a continued freeze on members allowances, detracting new potential Members from standing, and; that Building Control might be affected by the number of planning applications and would be faced with competition from less scrupulous operators.

The Audit and Resources Scrutiny Committee also reviewed a suggestion from the Deputy Chief Executive concerning the volatile elements of the budget that they will give special attention to in budget monitoring next year.

The Audit and Resources Scrutiny Committee noted the remainder of the report.

The Chairman of the Executive explained that there were a few amendments to the recommendations in the report that he would propose to enable an informed debate at Council and therefore thanked the scrutiny committees for their comments which could be debated in full at Council.

The Chairman of the Executive then proposed the recommendations in the report with the following amendments:

(17) (additional sentence at the end of the recommendation) Subject to both the Police and County Council being prepared to see some of the benefit that they will also receive being directed towards services provided by this Council;

(22) To make an allocation of £4,000 per neighbourhood for each of the eight neighbourhood areas from the contingency fund subject to the County matching this in the spirit of joint partnership; and

(23) To agree a pre-emption of carrying forward of underspend of £24,000 in 2008/09 to 2009/10 in the policy budget. This is in order to fund a systems thinking pilot aimed at both improving customer satisfaction and achieving cost savings.

**RECOMMENDED** that:

- (1) the 2008/09 Revised General Fund Revenue Estimated net expenditure of £17,523,700 as summarized in Appendix 1 to the report, after taking into account the allocations in paragraph 6.10 of the report. The treatment of any balance upon closure of the accounts to be considered by the Executive in June 2009;
- (2) the changes to the 2009/10 General Fund revenue base budget in paragraph 7.2 of the report, together with the Portfolio holder proposals for savings in paragraph 8.1 of the report be agreed with net expenditure of £17,956,521, as summarised in Appendix 1 (and the formal resolution to this effect be contained in the further budget report that will be prepared for the 23 February Council meeting. This report is to include the parish, county and police precepts.);
- (3) the Council Tax for Warwick District Council for 2009/10 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police Authority precepts be agreed at £144.38. This increase is made up of 2.3% related to the increased costs of assisted travel and 2.3% to other increased costs, giving a total increase of 4.6% (£6.35) on 2008/09;
- (4) the Council Tax charges for Warwick District Council for 2009/10 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police Authority precepts, for each band be as follows:-

A	£96.25
B	£112.30
C	£128.34
D	£144.38
E	£176.46
F	£208.55
G	£240.63
H	£288.76

- (5) the General Fund Capital Programme and the Housing Investment Programme as set out in Appendix 9 and Paragraph 12 to the report are agreed together with their financing as shown in paragraph 12.4 and 12.5 of the report, and should the Executive receive viable self –funded business cases, amendments be made to the budget;
- (6) a report is brought to members in March 2008 detailing the statutory and non-statutory elements of the Housing Investment Programme, and how the Programme can be reduced to be within the resources available. (paragraph 12.3.4 of the report);
- (7) if there is any mismatch between these subsidiary strategies and action plans officers bring forward proposals for managing within the agreed budgets (Para 5.1 of the report);
- (8) the release of monies from the Equipment Renewal Reserve continue to be supported by a report to the CMT, and made subject to CMT agreeing the need for the allocation in consultation with the relevant service Portfolio holder and the Corporate and Strategic Leadership Portfolio holder (Para 7.2 (f) of the report);
- (9) the Benefits Administration budget for 2009/10 is increased for any additional subsidy received, for which notification is currently awaited (Para 7.6 of the report);
- (10) £147,100 be allocated to the contingency budget in 2009/10 in addition to the £200,000 in the contingency maintained solely in respect of concessionary fares until all costs are certain. (Paras 7.2 (d) and 11.3 of the report);
- (11) the concurrent services scheme, which reimburses parishes for services provided in the towns by the District, should be reviewed during 2009/10 ahead of any changes to the 2009/10 allocations. (Para 8.1.7 (a) of the report);
- (12) the implications for future year's taxes as set out in Paragraph 9 of the report and Appendix 3 to the report are noted;
- (13) Audit and Resources be asked to pay particular Scrutiny attention to the reserves and balances set out in Appendix 6 (Para 10) to the report;

- (14) the Prudential indicators as set out in Appendix 7 to the report and highlighted in Paragraph 13.1 of the report are agreed and recommended to Council for approval;
- (15) the revised financial strategy as set out in Appendix 11 to the report is agreed, and further updated in the light of a review of all resource strategies (Para 15 of the report);
- (16) the Executive consider future requests to utilise the £1,033,000 of the General Fund Balance held for “Spend to Save Schemes” (Para 10.1.2 of the report);
- (17) that the level of discounts for council tax applying to “second homes” be set at 10% for prescribed class A & B dwellings from 1 April 2009 and that the level of discount for council tax applying to long term empty properties be set at zero for prescribed class C dwellings from 1 April 2009, and that this decision is duly publicised. (Para 8.1.3.b of the report). Subject to both the Police and County Council being prepared to see some of the benefit that they will also receive being directed towards services provided by this Council;
- (18) the amended Fees and Charges for 2009/10 in Appendix 5 to the report in light of the VAT rate change to 15% be agreed;
- (19) a further review of the Concurrent Services Scheme is undertaken and duly reported to the Executive for consideration (paragraph 8.1.7.a of the report);
- (20) the responsibility for the Capital Budget for Dog Bins be transferred from Environmental Health to Neighbourhood Services;
- (21) in order to implement new search fees from 1 April 2009 it is recommended that the Council delegates authority to the Chief Executive and Chief Finance Officer to implement any fee changes agreed at the March Executive meeting (Para 7.3.3 of the report).
- (22) to make an allocation of £4,000 per neighbourhood for each of the eight neighbourhood areas from the contingency fund subject to the County matching this in the spirit of joint partnership; and

- (23) agree a pre-emption of carrying forward of an underspend of £24,000 in 2008/09 to 2009/10 in the policy budget in order to fund a systems thinking pilot aimed at both improving customer satisfaction and achieving cost savings.

(Portfolio holders for this item were Councillors Mrs Bunker, Caborn, Michael Doody; Mrs Grainger; Hammon, Kinson, Kirton, Shilton, White)

(Forward Plan reference 136)

## **5. HOUSING REVENUE ACCOUNT BUDGET 2009/10 AND HOUSING RENTS**

The Executive considered a report from Housing and Property Services and Finance that set out the latest projections for the Housing and Revenue Account (HRA) revenue estimates in respect of 2008/09 and 2009/10. The report also set out proposed increases to Council tenant rents, garage rents and supporting people charges for 2009/10.

The Council was required to set a budget for the HRA each year, requiring agreement on the level of rents and other charges that were levied. The Executive was therefore required to make recommendations to Council that took into account the base budget revenue estimates for the HRA, the 2009/10 final subsidy determination and the current Government guidance on rent restructuring.

The proposed dwelling rent increase was in accordance with Government guidance and the Council's financial strategy.

Garage rent increases were not governed by the guidance for rent restructuring, which used the September 2008 inflation rate of 5% in the calculation. No increase was proposed, as over a third of current garage lettings were to housing tenants who would be experiencing a rent increase for their home that was significantly above the current rate of inflation. The proposal minimised the potential for these tenants to fall into rent arrears without compromising the financial stability and viability of the HRA.

The proposed Supporting People charge increase was equivalent to the inflationary increase, awarded by Warwickshire County Council for all Supporting People contracts, effective from April 2008. The County Council's decision on this increase was received too late for it to be reflected in the 2008/09 charge levied to tenants and became a retrospective inflationary charge to be applied one year in arrears.

The recommendations would enable the proposed Housing Investment Programme for 2009/10 to be carried out, partially funded by a revenue contribution to capital outlay (RCCO) payment from the HRA, whilst maintaining a minimum working balance on the HRA of at least £750,000, in line with Council policy.

There was no alternative option for the setting of housing dwelling rents other than to comply with the Government's rent restructuring criteria.

There were alternative options in relation to garage rents as these were not subject to the Government's rent restructuring guidelines. Any option, from a nil increase to a percentage in excess of the current inflation rate, could be selected. Each option would realise a greater or lesser level of additional income to the HRA. A nil increase would result in a loss of potential income of around £4,460 per 1% of any proposed increase.

The Supporting People charge was also not subject to the rent restructuring criteria. The proposed increase reflected the level of the inflationary increase set by Warwickshire County Council for the financial year 2008/09. If there was an increase, the formal notification would again come too late to be reflected in the rent and charge setting process.

It was not a viable option to wait for the decision on supporting people and set an increase for the year that reflected both the 2008/09 and 2009/10 inflationary awards. If it had been possible, it would mean some of the Council's most vulnerable tenants facing an increase of around 3% in addition to the proposed rent increase of 6.44%.

The Overview and Scrutiny Committee supported the recommendations in the report and requested that the Executive writes to the Housing Minister, local MP's and the Local Government Association, requesting that the monies paid to the national rent pool be retained by the Council to enable building of more social housing in the District.

The Portfolio Holder for Housing, on behalf of the Executive, thanked the Scrutiny Committee for its comments on this matter and proposed this action to the Executive for agreement in addition to the recommendations.

**RECOMMENDED** that:

- (1) housing dwelling rents for 2009/10 be increased by an average of 6.44%;
- (2) garage rents are not increased;
- (3) Supporting People charges be increased by 2%;
- (4) the 2009/10 Housing Revenue Account (HRA) budget, updated with the Final Subsidy Determination information, as set out at Appendix 3 to the report, be agreed; and
- (5) the Executive writes to the Housing Minister, local MP's and the Local Government Association, requesting that the monies paid to the national rent pool be retained by the Council to enable building of more social housing in the District.

(Portfolio Holder for this item was Councillor Grainger)  
(Forward Plan Reference 137)

## 6. **TREASURY MANAGEMENT STRATEGY PLAN**

The Executive considered a report from Finance that detailed the strategy for 2009/2010 that the Council would follow in carrying out its Treasury Management activities including the Annual Investment Strategy and Minimum Revenue Provision (MRP) Policy Statement. The latter item was a new requirement arising as a result of regulations changing MRP provision from a statutory basis of 4% of the Council's General Fund Capital Financing Requirement to one of statutory guidance. Further explanation was provided in appendix C to the report.

The Council was required to have an approved Treasury Management Strategy, including an Annual Investment Strategy and Minimum Revenue Provision Policy within which its Treasury Management operations could be carried out. The Council would invest approximately £9.93 million in new capital in 2009/10 and had average investments of £30.9 million. This level of investment arose from our reserves and provisions, the General Fund and Housing Revenue Account balances, and accumulated capital receipts.

The approval of an annual Treasury Management Strategy was a requirement of the C.I.P.F.A. Treasury Management in the Public Services Code of Practice which had been adopted by the Council.

The Audit and Resources Scrutiny Committee was pleased with assurances given by the Principal Accountant that the Council's investments were being managed as prudently as possible. The Committee decided to monitor the performance of the external cash fund portfolio every other meeting from now on, and supported the recommendations in the report.

The Executive thanked the scrutiny committee for their work on this matter.

### **RECOMMENDED** that:

- (1) the 2009/10 Annual Investment Strategy in Appendix B to the report be approved; and
- (2) the Minimum Revenue Provision Policy Statement contained in paragraphs 3.1 and 3.2 of Appendix C to the report; be approved.

### **RESOLVED** that:

- (1) the Treasury Management Strategy for 2009/10 as outlined in Appendix A to the report be approved, and
- (2) the increase in the counterparty limit from £4 to £5m as outlined in Appendix B paragraph 2.4 to the report be approved; and



- (3) the changes to the relevant Treasury Management Practices (TMP's) as detailed in paragraph 1.5 of Appendix A, to the report ,following the banking crisis during 2008, with regard to investment counterparty limits and credit rating criteria, be approved.

(Portfolio Holder Councillor Michael Doody)  
(Forward Plan Reference 135)

(The meeting ended at 7.57pm)