

EXECUTIVE

Minutes of the meeting held on Monday 13 February 2006 in the Town Hall, Royal Leamington Spa at 6.00 p.m.

PRESENT: Councillor Crowther (Chair), Councillors Mrs Begg, Boad, Gifford, Gill, Mrs McFarland and Tamlin.

ALSO PRESENT: Councillor Caborn (Chairman of the Audit and Resources Overview and Scrutiny Committee)

Councillor Mrs Compton (Chairman of the Environment and Economic Policy Committee)

Councillor Doody (Chairman of the Executive Overview and Scrutiny Committee);

Councillor Kirton (Chairman of the Culture and Social Policy Committee)

Councillor Hammon (Conservative Group Observer); and

Councillor Coker.

David Whitehouse (District Commander for Warwickshire Police)

1. **DECLARATIONS OF INTEREST**

Minute Number 2 – Budget 2006/2007 and Council Tax – Revenue and Capital

Councillor Mrs McFarland declared a personal interest because she was a Warwick Town Councillor.

2. **BUDGET 2006/2007 AND COUNCIL TAX – REVENUE AND CAPITAL**

The Executive considered a report from Strategic Director (Community Resources) and Chief Financial Officer on the Budget for 2006/2007 and council tax.

The Council was required to set a budget and council tax each year taking into account the many factors that were detailed in paragraphs 5 and onwards of the report. In particular:-

- 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.
- The Chief Financial Officer was required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves.

The financial strategy and capital strategy had been 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 enabled members to propose variations to the proposals.

Members had a duty to consider all possible options. The proposals detailed in the report reflected the Portfolio Holder priorities as put to the last meeting of the Executive and consulted on with the Scrutiny Committees and others. Amendments had been made as a result of consultation comments made.

The Audit & Resources Scrutiny Committee supported the financial strategy, the financial criteria used and prudence of this Council. The Committee had requested a report back over the concerns expressed about the collection fund and questioned if the additional allocation of resources to be spent on the Harbury Lane sports pavilion should have been a separate report to the Executive.

The Executive Overview and Scrutiny Committee supported the recommendations in the report and made the following comments:

- Para 8.1.14 - The Executive should not proceed with the pigeoncote in Old Town as it is unlikely to solve the problem and resources could be better spent elsewhere
- Para 8.1.16 – Support for the Bid for £10,000 for Warwick Market Place
- With regard to the Residents magazine, before a decision is taken by the Executive, other channels of distribution be investigated, such as it being circulated with the council tax bills and electoral registration forms, to see if these are viable.

The Executive had a lengthy debate with regard to the budget and in particular the pigeoncote and issues with Warwick Market Place. They felt that the officers had done enough research to justify the expenditure for the pigeoncote as other ways of dealing with the problems with the pigeons would not be successful.

With regard to Warwick Market Place there was already budget provision for maintenance of the benches and they felt that promotions of the town centre was a wider issue for the town centre initiative in Warwick and a one-off payment was not appropriate.

The Chief Executive circulated information and costs on various channels of distribution for the residents magazine. This showed that the proposals were the cheapest viable option.

RECOMMENDED that

- (1) the 2005/06 Revised General Fund Revenue Estimated net expenditure of £14,294,407 (as summarised within revised Appendices 1 and 3a to the report), after £97,307 contribution to the General Fund Balance, be approved;
- (2) the changes to the 2006/07 General Fund revenue base budget in paragraph 7.2 of the report, together with the Portfolio Holder proposals for new growth and savings in paragraph 8.1 be approved, with net expenditure of £15,909,000 as summarised in Appendix 1 to the report (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 2006/07 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police Authority precepts be agreed at £125.87, an increase of 4.94% on 2005/06;

- (4) the Council Tax charges for Warwick District Council for 2006/07 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police Authority precepts, for each band be as follows:-

A	£83.91
B	£97.90
C	£111.88
D	£125.87
E	£153.84
F	£181.81
G	£209.78
H	£251.74

- (5) the General Fund Capital Programme and the Housing Investment Programme as set out in Appendix 8 to the report and Paragraph 12 of the report, be approved together with their financing as shown in paragraphs 12.4 and 12.5 of the report;
- (6) If there is any mismatch between the Council's subsidiary strategies and action plans officers bring forward proposals for managing within the agreed budgets;
- (7) the proposals to develop the grass land at Chantry Green by the Gap, be approved;
- (8) A further report be submitted to the Executive on the operation of a rent deposit loan scheme;
- (9) The Head of Member Services and the Head of Revenue and Customer Services conduct a risk review with an independent person in order to decide a way forward on security for Riverside House;
- (10) The implications for future year's taxes as set out in Paragraph 9 and Appendix 3 of the report be noted;

- (11) Officers investigate what action can be taken to ameliorate the loss of Housing Benefit income;
- (12) A member working group be set up to look at the options to improve the utilisation of the Town Hall;
- (13) The Portfolio Holder write to the Chair of the Area Committee asking that a cycle path from Heathcote Lane to Harbury Lane be funded;
- (14) £284,000 to be spent on the refurbishment of the former railway arches in Court Street;
- (15) The following capital projects be reviewed during 2006/07 to see if they are viable on a business case basis are:-
 - New personnel system
 - Electronic burial records
 - Spa on-line booking
 - Renewable energy

And if a business case can be demonstrated these projects be considered by the Executive;

- (16) detailed business cases be drawn up for each new capital project and approved by the Executive, with the project plans being agreed by the Officer Capital Working Group;
- (17) the prudential indicators as set out in Appendix 6 to the report be approved;
- (18) the revised financial strategy as detailed in Appendix 10 to the report, be approved; and
- (19) the distribution of the residents magazine be monitored and the Executive respond accordingly.

(The Portfolio Holders for this item were Councillors Mrs Begg, Boad, Crowther, Gill, Mrs McFarland and Tamlin)

3. **HOUSING RENTS AND HOUSING REVENUE ACCOUNT (HRA)
2006/2007**

The Executive considered a report from the Strategic Director (Community Resources) and Chief Financial Officer on the housing rents and Housing Revenue Account 2006/2007.

The Council was required to set a budget for the HRA each year which required agreement on the level of rents to be charged. The Executive was therefore required to make recommendations to Council that took into account the base budget revenue estimates for the HRA, the 2006/07 subsidy determination and the latest guidance from the Government on rent restructuring.

The proposed rent increase followed Government guidance and was in accordance with the Council's financial strategy. The recommendations would enable the proposed Housing Investment Programme to be carried out 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. New guidance, issued in late 2005, required authorities to ensure that the average rent increase for 2006/07 and 2007/08 did not exceed 5% per annum. Technically, it would be possible to set a percentage increase below 5% but this would have an adverse impact on rent convergence and significantly increase the need for higher rent rises in later years. The unfeasibility of such an option was implicitly acknowledged in the Office of the Deputy Prime Minister's (ODPM) commitment to compensate authorities adversely affected by the maximum 5% average increase for lost rental income.

There were alternative options in relation to garage rents as these were not subject to the Government's rent restructuring criteria.

The proposed increase of 5%, incorporated in the estimates within the report, was equivalent to the increase in dwelling rents and would yield an estimated £20,100 of additional revenue income. This was £7,800 higher than the initial 2006/07 budget estimates which assumed a 3% increase. However, any option from a nil increase to a percentage in excess of the proposed 5.0% could be set, each of which would realise greater or lesser levels of additional income. In 2005/06 the approved level of the garage rent increase was pegged at 5.5%, equivalent to the increase in dwelling rents for that year.

The proposed 5% was considered reasonable as it balanced the desire to maximise additional income, which could be recycled into improvements in the housing stock, with the need to ensure that garage rents remained affordable as otherwise the income stream could be diminished. The table set out at 7.3 of the report demonstrated that even with the proposed increase average garage rents would remain amongst the lowest charged in the county.

A 17% increase would be required to achieve parity with the current average garage rent in the local area.

The Executive Overview and Scrutiny Committee supported the recommendations in the report.

RECOMMENDED that

- (1) housing dwelling rents for 2006/07 be increased by an average of 5.0%, as detailed in Appendices 1 and 2A to the report;
- (2) garage rents be increased by 5.0%;
- (3) Supporting People charges be increased by 2.5%; and
- (4) the Housing Revenue Account (HRA), updated with the information from the Final Subsidy Determination, as detailed in Appendix 3 to the report, be agreed.

(The Portfolio Holders for this item were Councillors Boad and Crowther)