

EXECUTIVE

An excerpt of the minutes of the meeting held on Wednesday 12 February 2014 at the Town Hall, Royal Leamington Spa at 6.00 pm.

PRESENT: Councillor Mobbs (Chairman); Councillors Caborn, Coker, Cross, Mrs Grainger, Hammon, Shilton and Vincett.

ALSO PRESENT: Councillor Barrott (Chair of Finance & Audit Scrutiny Committee), Councillor Mrs Blacklock (Chair of Overview and Scrutiny Committee), Councillor Boad (Liberal Democrat Group Observer), Councillor Wilkinson (Labour Group Observer) and Councillor Williams.

127. **DECLARATIONS OF INTEREST**

There were no declarations of interest in relation to the items contained in Part 1 of the agenda.

128. **MINUTES**

The minutes of the meeting held on 8 January 2014 were agreed and signed by the Chairman as a correct record.

PART 1

(Items on which a decision by Council is required)

130. **BUDGET 2014/15 AND COUNCIL TAX – REVENUE AND CAPITAL**

The Executive considered a report from Finance which updated members on the overall financial position of the Council. It included the latest position in respect of the 2013/14 General Fund Revenue Budget and the future implications of the proposed changes within.

For 2014/15 onwards, the report considered both the General Fund Revenue budget and the Capital Programme. The information contained within the report supported the recommendations to Council in respect of setting next year's budgets and the Council's level of Council Tax for 2014/15. It also updated members on the latest projections and assumptions in the Medium Term Financial Strategy, identifying the on-going savings required by 2018/19 and gave an update on the Council's Reserves and General Fund.

The Council was required to set a budget and council tax each year taking into account many factors including determining an authorised borrowing limit in accordance with The Local Government Act 2004, Section 3, agreeing prudential indicators and the Chief Financial Officer was required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves.

The report advised that by considering the 5 Year Medium Term Financial Strategy at the same time as the latest and next year's Budget, the Council had a full understanding of their implications on the long term implications.

The report was divided into sections which dealt individually with the 2013/14 Revenue Budget, the 2014/15 Revenue Budget, Government Grants, the 2014/15 Council Tax, 2014/15 Budget Surplus, New Homes Bonus, the Medium Term Financial Strategy, Reserves and Balances, General Fund and Housing Capital Programmes and Prudential Indicators.

In addition, each section was supported by coordinating appendices numbered 1 to 12.

No specific alternatives to the recommendations had been made, however, the information given enabled Members to propose variations to the proposals.

Members had a duty to consider all possible options and the proposals in the report reflected the Portfolio Holder priorities and were reflected in the Fit For the Future programme.

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Members noted that the recommendations had been incorrectly numbered in the report and accepted that the figure detailed in paragraph 3.5.4 of the report, should have read £49,836.88, as per the addendum circulated prior to the meeting.

Having read the report and having heard the representations from the Scrutiny Committees, the Executive decided to propose the recommendations as written.

RECOMMENDED to Council that

- (1) the 2013/14 latest General Fund Revenue Estimate of net expenditure, including the proposed adjustments in section 3.2, at £16.4m, after the projected £661,000 surplus has been appropriated, as summarised in Appendix 1 to the report, be agreed;
- (2) the £40,000 previously agreed be slipped to improve the open space in the vicinity of the old gasworks/fire station site in Warwick from 2013/14 to 2014/15 by way of the Earmarked Reserve;
- (3) the 2013/14 projected surplus of £661,000 is allocated to:-

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- Early Retirement Reserve £200,000
 - Equipment Renewal Reserve £200,000
 - Corporate Assets Reserve £261,000 (subject to recommendation 2.4)
- (4) a new Corporate Assets Reserve be established and the Sports & Culture Facility Reserve be closed and its balance of £300,000 be transferred to this new Reserve;
- (5) should there be further requests for funding for 2013/14 or 2014/15 which have not been accommodated within this report, either within other reports on this Agenda, or before the financial year end which are not significant in terms of the Council's overall Budget, the funding for these will need to be addressed as part of the Final Accounts report in June;
- (6) the changes to the latest 2014/15 General Fund revenue budgets (as previously agreed by the Executive on 11th December 2013) below and as discussed in paragraph 3.3 with net expenditure of £16.0m after the appropriations, be agreed, as summarised in Appendix 1 to the report,:-
- a) the creation of £200,000 Contingency Budget for 2014/15;
 - b) the two Senior Project Co-Ordinator Posts being extended to March 2016, subject to the agreement of the Employment Committee, and the additional non-recurrent costs £79,000 be built into the 2014/15 budget and £103,400 being factored into the Medium Term Financial Strategy for 2015/16;
 - c) the extension to the 2 Organisational Development Posts for a further 2 years to 31 March 2016, subject to the agreement of the Employment committee, being financed from the earmarking of £19,000 salary underspend in 2013/14 and re-phasing of Service Transformation Reserve contributions;
 - d) £10,000 Health and Well Being Budget being built into the 2014/15 Budget on a recurrent basis;

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- e) the new Private Sector Housing fees and charges, including Houses in Multiple Occupation, applicable from 1 April 2014, as set out in Appendix 3 to the report, and associated income budget of £75,000;
 - f) £75,000 one-off budget being included for costs associated with complying with Payment Card Industry Data Security Standards (PCI DSS);
 - g) £50,000 one-off budget to support Employment Initiatives with consideration of this within a forthcoming report on the prosperity agenda;
 - h) £30,000 (part year) effect of the introduction of the National Living Wage from October 2014, with full £60,000 per year being factored into the Medium Term Financial Strategy thereafter, subject to the agreement of the Employment Committee;
 - i) £15,000 one off funding to Coventry and Warwickshire Local Enterprise Partnership;
 - j) £10,500 to increase Community Forum Grant funding (£1,500 per Forum) in view of potential requests for funding in respect of World War One commemorations;
- (7) the Council's share of the Collection Fund Surplus for 2013/14, £142,000, is utilised as part of General Fund 2014/15 financing;
- (8) the Grant Settlement for 2014/15 is noted and should there be a non-material change to the final grant settlement for 2014/15 when the announcement is made, this would be accommodated within the Contingency Budget in 2014/15;
- (9) the Council Tax of a Band D property for Warwick District Council for 2014/15 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts is agreed by Council at £146.86, representing a zero increase on 2013/14;

- (10) the Council Tax charges for Warwick District Council for 2014/15 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band is agreed by Council as follows:-

Band 2014/15	
A	£97.91
B	£114.22
C	£130.54
D	£146.86
E	£179.50
F	£212.13
G	£244.77
H	£293.72

- (11) the 2014/15 projected surplus of £238,500 is allocated to the Corporate Assets Reserve;
- (12) the Statement of New Homes Bonus Use, within Appendix 11 of the report, is agreed and the New Homes Bonus allocation due for 2014/15 of £1,221,765 (Provisional), is noted, of which £59,000 will be allocated to the W2 (Waterloo/Warwick District Council) Joint Venture and £24,000 to Coventry and Warwickshire City Deal, and the balance of £1,139,000 is appropriated as follows:
- Corporate Assets Reserve £539,000
 - Public Amenities Reserve £300,000
 - Planning Reserve £300,000
- (13) the changes to the financial projections be agreed, and the significant future forecast deficit, currently estimated to rise to over £1.04m by 2018/19 on net expenditure of £16m is noted, and that further on-going savings/ increased income of this amount must be secured in order for the authority to be able to set balanced budgets in the future without impacting on the range and quality of services provided;
- (14) the latest schedule in respect of the Equipment Renewal Reserve (£4.180 million required by 2026/27) is agreed and this Reserve, estimated to have an unallocated balance of £1.458m as at the 1st April 2014, will be exhausted during

2017/18 should all the indicated projected requests be fully funded;

- (15) a new Biodiversity Contributions Reserve be established with authority to spend from this reserve delegated to the Head of Neighbourhood Services in agreement with the Head of Finance;
- (16) the General Fund Capital Programme and the Housing Investment Programme, together with their financing, as set out in Section 3.9 of the report and Appendix 8 to the report, are agreed;
- (17) the Fen End highways improvements scheme, funded by way of Government Grant of £559,000 is included within the Capital Programme;
- (18) the loan to Warwick Town Council is extended so as to be repaid by 30 September 2014;
- (19) the Prudential indicators are agreed as shown within Appendix 10 to the report and the annual adoption of the Code of Practice, are approved and endorsed;
- (20) if there is any future mismatch between the proposed General Fund budgets and subsidiary strategies and action plans, officers would bring forward proposals for managing service provision within the agreed budgets;
- (21) the risks that may impact upon the Council's financial position and the mitigations and controls in place to manage these risks, are noted; and
- (22) the updated Financial Strategy as set out in Appendix 12 to the report, is agreed.

(The Portfolio Holder for this item was Councillor Mobbs)
(Forward Plan reference 536)

131. HOUSING REVENUE ACCOUNT BUDGET 2014/15 AND HOUSING RENTS

The Executive considered a report from Finance which presented the latest Housing Revenue Account (HRA) budgets in respect of 2013/14 and 2014/15.

The report explained that the Council was required to set a budget for the Housing Revenue Account (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 budgets for the HRA, strategic aspirations for the Housing Service and current Government guidance on rent restructuring.

The report recommended that housing dwelling rents for 2014/15 be increased by an average of 3.7% which would allow the provision of new homes and remain affordable within the Housing Business Plan without compromising service quality.

A further recommendation was that void homes be moved to capped formula social rent when re-let. Not moving vacant homes to social formula rent would significantly reduce Business Plan resources, by approximately £160m over 50 years. Capped Formula rent was on average 7.3% (£6.43) higher than the proposed 2014/15 rents. Further details were included in Appendix 1 to the report.

Garage rent increases were not governed by the guidance for rent restructuring, therefore any increase could be considered. The recommendation was that garage rents for 2014/15 should be increased by 3.7%.

Finally, the 2014/15 Supporting People charges for Housing tenants receiving housing related support was recommended to be increased by 1%, the 2014/15 weekly Lifeline charges for clients was recommended to be increased by 25p and the latest 2013/14 and 2014/15 Housing Revenue Account (HRA) budgets, required approval, as set out in Appendix 3 to the report.

There were a number of alternative options detailed in section 6 of the report including alternative housing rent increases, not increasing the rents when a property became void and alternative garage rent increases, Lifeline and Supporting People charges. Each alternative was followed by an explanation as to the consequences it would have and why it had been discounted.

The Finance & Audit Scrutiny Committee supported the recommendations, except to put forward an alternative to recommendation 2.2 as detailed below, which the Committee suggested as an incentive to encourage tenants to downsize.

Finance & Audit Scrutiny Committee recommended an alternative to recommendation 2.2 to read 'that if an existing District Council tenant transfers to a void property, the tenant should still be eligible for their current level of rent and not the capped formula ('target') social rent.'

In response, the Portfolio Holder, Councillor Vincett felt that this could result in a two tier rent system and the Council may have to advertise properties at two different rent levels.

Councillor Vincett advised Members that Housing and Property Services were in the process of revisiting their policies, including their Tenants Incentive Grant Scheme and assured Members that their suggestions and concerns would be taken on board during the review. He stated that he would report back to the Executive in May 2014 and update them on the revised policies. Whilst he understood The Finance and Audit Committees concerns, he did not feel that the recommendation would incentivise tenants any more than the existing Tenant Incentive Grant scheme and the monetary assistance already available.

Councillor Vincett, therefore, proposed that the recommendation be rejected because it could potentially complicate the administration process and increase the risk of the incorrect rent being charged or housing benefit being applied.

Having read the report and having heard the representations from the Scrutiny Committees, the Executive decided to propose the recommendations as written.

RECOMMENDED to Council that

- (1) housing dwelling rents for 2014/15 be increased by an average of 3.7%;
- (2) void homes are moved to capped formula ('target') social rent when re-let;
- (3) garage rents for 2014/15 be increased by 3.7%;
- (4) 2014/15 Supporting People charges for Housing tenants receiving housing related support be increased by 1%;
- (5) 2014/15 weekly Lifeline charges for clients be increased by 25p; and
- (6) the latest 2013/14 and 2014/15 Housing Revenue Account (HRA) budgets, as set out in Appendix 3 to the report, be agreed.

(The Portfolio Holders for this item were Councillors Mobbs and Vincett)
(Forward Plan reference 537)

132. **HEATING, LIGHTING AND WATER CHARGES 2014/15 – COUNCIL TENANTS**

The Executive considered a report from Finance which set out the proposed recharges to council housing tenants for 2014/15, for the provision of communal heating, lighting and water supply.

The report advised that recharges were levied to recover costs of electricity, gas and water supply usage to individual properties within one of the sheltered and the five very sheltered housing schemes, which were provided as part of communal heating and water supplies. The costs of maintaining communal laundry facilities were also recharged at those sites benefitting from these facilities under the heading of miscellaneous charges.

The charges necessary to fully recover costs were calculated annually from average consumption over the past three years, updated for current costs and adjusted for one third of any over-recover or under-recovery in previous years.

In February 2013 the increase required to meet projected Heating & Lighting costs was felt unaffordable for tenants, so Members agreed to implement a lower increase and aim to fully recover costs within 5 year. Due to environmental measures taken, credits received and lower than expected price rises the proposed charges for three sites were able to meet costs with a decrease or modest increase in charges.

The report recommended that the heating, lighting, water and miscellaneous charges for the rent year commencing 6 April 2014, attached as appendices 1 and 2 to the report, be agreed.

One alternative option, if Members felt that any proposed charges were thought to be unaffordable for tenants, charges could be set at any level between no increase and the proposed charges.

For those Heating/Lighting charges which had been set below the level necessary to recover the full cost, a higher charge could be set to better reflect the costs, however, this could make the increase unaffordable for tenants.

The final alternative was that charges could be set above the real costs of recovery. This would mean tenants of these schemes would have no choice but to pay above the real cost of these utilities, as the communal nature of these services meant they could not choose their own energy suppliers. However, officers were mindful that this would not be fair to the tenants.

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Having read the report and having heard the representations from the Scrutiny Committees, the Executive decided to propose the recommendations as written.

RECOMMENDED that the revised recharges for Council tenants relating to heating, lighting, water and miscellaneous charges for the rent year

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commencing 6 April 2014, as set out in Appendix 1 & Appendix 2 to the report, be agreed.

(The Portfolio Holders for this item were Councillors Mobbs and Vincett)
(Forward Plan reference 538)