

CANNOCK CHASE COUNCIL

**EXTRACT FROM
MINUTES OF THE MEETING OF THE**

CABINET

HELD ON THURSDAY 19 JANUARY 2017 AT 4:00 P.M.

IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK

**IN RESPECT OF BUDGET RESOLUTIONS:
HOUSING REVENUE ACCOUNT AND GENERAL FUND**

**(NB The Minutes are presented in the order in which they will be considered at
Council on 8 February, 2017)**

PART 1

PRESENT: Councillors:

Alcott, G.	Deputy Leader of the Council and Economic Development and Planning Portfolio Leader
Kraujalis, J.T.	Corporate Improvement Portfolio Leader
Bennett, C.	Crime and Partnerships Portfolio Leader
Mitchell, Mrs. C.	Culture and Sport Portfolio Leader
Preece, J.P.T.L.	Environment Portfolio Leader
Davis, Mrs. M.A.	Health and Wellbeing Portfolio Leader
Allen, F.W.C.	Housing Portfolio Leader

85. Apologies

Apologies were submitted for Councillors G. Adamson, Leader of the Council and Mrs. D.M. Todd, Town Centre Regeneration Portfolio Leader. In the Leader's absence, the meeting was chaired by the Deputy Leader.

HOUSING REVENUE ACCOUNT

92. Housing Revenue Account Budgets 2016-17 to 2019-20

Consideration was given to the Joint Report of the Head of Finance and the Head of Housing and Waste Management (Item 8.1 – 8.8 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) The revised position with regard to estimated income and expenditure in respect of the 2016-17 Housing Revenue Account Budget and Housing

Revenue Account Budgets for 2017-18 to 2019-20 as summarised in Appendix 1 of the report, be noted.

- (B) Council, at its meeting to be held on 8 February, 2017, be recommended to:
- (i) Determine a minimum level of working balances of £1.706 million for 2017-18, and indicative working balances of £1.730 million and £1.750 million for 2018-19 and 2019-20, respectively.
 - (ii) Note the further 1% reduction in rents in 2017-18 in accordance with the Government's Social Rent Policy.
 - (iii) Approve the Housing Revenue Account Revenue Budgets for 2017-18, 2018-19 and 2019-20 (and note the estimated outturn for 2016-17) as summarised in Appendix 1 of the report.

Reasons for Decisions

The report considered proposed three-year Housing Revenue Account (HRA) budgets for 2017-18, 2018-19 and 2019-20, which had been formulated within the framework provided by the Approved Housing Revenue Account Business Plan considered by Cabinet on 10 December, 2015.

A review of the 2016-17 HRA budget, together with base HRA budgets for the period 2017-18 to 2019-20 were attached to the report as Appendix 1. The budgets had been formulated in accordance with the assumptions set out in the HRA Business Plan, with projected levels of income and expenditure as summarised as below:

Table 1: HRA Summary Budget 2017-18 to 2019-20			
	<u>2017-18</u> £000's	<u>2018-19</u> £000's	<u>2019-20</u> £000's
Income	-19,868	-19,460	-19,166
Expenditure	17,066	17,299	17,496
Revenue Contribution to Capital Outlay	2,620	2,138	1,650
Working Balances Change	182	23	20

Rent income continued to reflect an annual rent reduction of 1% per annum (including the new 2019-20 budget), reflecting the revised national rent policy as determined by the Government's 2015 Summer Budget (the rent policy would revert to the Consumer Price Index +1% with effect from 2020-21).

No material changes to date had arisen from the Housing and Planning Act 2016 that impacted directly on the assumptions contained in the Business Plan. No account had been taken in the indicative budgets, as set last year, for the impact of Vacant High Value Housing Payments and High Income Social Tenants: Mandatory Rents (Pay to Stay) pending an analysis of the detailed regulations.

Although the Government had rescinded the Pay to Stay mandatory requirement, the Council was still awaiting details re: High Value Vacant Payments. The Budgets therefore maintained the net reduction in properties due to voids at 2% for 2018-19 onwards as compared with an actual level of

some 0.7%. Additional rental income of £151,000 was therefore assumed for 2016-17 and 2017-18 only. The full impact of the actual High Value Baseline would be assessed following publication of the proposed regulations and would then be subject to a further report.

The Budgets did however reflect the savings attributable to the HRA from Corporate and Support Services savings as contained in the General Fund Financial Recovery Plan and amounted to £207,000 per annum.

Capital financing charges were also lower than anticipated due to the prevailing low interest rates and this had enabled both a rescheduling of principal repayments and ongoing savings of £130,000 per annum.

In considering the HRA Revenue Account, consideration needed to be given to the HRA Capital Programme and the level of Working Balances. A key consideration of the capital programme was the Revenue Contribution to Capital Outlay (RCCO). In accordance with the Approved Business Plan the RCCO represented the net surplus on the Revenue Account after determining the level of Working Balances.

In view of the risks associated with the management of the HRA under self-financing, minimum working balances of 10% of net operating expenditure had been assumed throughout the three-year budget period.

93. Housing Revenue Account Capital Programme 2016-17 to 2019-20

Consideration was given to the Joint Report of the Head of Finance and the Head of Housing and Waste Management (Item 9.1 – 9.7 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) The estimated availability of Housing Revenue Account capital resources for the period 2017-18 to 2019-20, as set out in Appendix 1 to the report, be noted.
- (B) Council, at its meeting to be held on 8 February, 2017, be recommended to approve the three-year Housing Revenue Account Capital Programme for the period 2017-18 to 2019-20, as set out in Appendix 2 to the report.

Reasons for Decisions

The report considered the draft proposed three-year HRA Capital Programme for the period 2017-18 to 2019-20, together with the forecast outturn for 2016-17, compiled within the financial framework provided by the Approved HRA Business Plan.

Details of the estimated availability of HRA capital resources during the three-year period were set out in Appendix 1 to the report, whilst a three-year HRA Capital Programme was set out in Appendix 2.

A comparison of estimated resource availability with the proposed HRA capital expenditure programmes was also set out as below:

	<u>2016-17</u> £000's	<u>2017-18</u> £000's	<u>2018-19</u> £000's	<u>2019-20</u> £000's
Net Resources Brought Forward	3,333	1,897	1,875	2,299
New Resources	9,992	10,173	5,897	5,422
Total Resources:	13,325	12,070	7,772	7,721
Less: Expenditure Programme	11,428	10,195	5,473	5,734
Resources carried forward to future years	1,897	1,875	2,299	1,987

GENERAL FUND

91. **General Fund Revenue Budget and Capital Programme 2017-18 to 2019-20**

Consideration was given to the Report of the Head of Finance (Item 7.1 – 7.77 of the Official Minutes of the Council).

An additional document summarising the feedback from the second stage public consultation, which closed on 15 January, 2017, had been circulated in advance of the meeting and placed on the Council's website.

The Culture and Sport Portfolio Leader moved a minor amendment that any references to Savings option B14 should read "Review Staffed Parks Contract", which was agreed.

RESOLVED:

That the following be recommended to the meeting of Council on 8 February, 2017, as part of the formal budget setting process:-

- (A) The level of net spending for the General Fund Revenue Budget for 2017-18 be set at £11.056 million; with indicative net spending for 2018-19 and 2019-20 of £11.524 million and £11.607 million, respectively.
- (B) The detailed portfolio budgets as set out in Appendix 2 of the report;
- (C) The forecast outturn net budget of £11.423 million including a Revenue Contribution to Capital Outlay of £0.350 million be approved.
- (D) The use of Government Grants in 2017-18 of £1.015 million with indicative figures of £1.000 million and £1.083 million for 2018-19 and 2019-20, respectively.
- (E) The working balances be set at £0.615 million; £0.633 million and £0.856 million for 2017-18 to 2019-20, respectively.
- (F) That a Council Tax of £208.87 be recommended to the Council for 2017-18; with indicative increases of 1.95% to the level of Council Tax for 2018-

19 and 2019-20.

- (G) The Council's Tax base be set at 27,571.88.
- (H) No change be made to the current Local Council Tax Reduction Scheme.
- (I) The revised capital programme, including new schemes, as set out in Appendices 3 and 4 of the report.

Reason for Decisions

The report set out a draft budget for 2017-18 as well as indicative budgets for 2018-19 and 2019-20 and associated issues, and also included current indications of the impact this would have on Council Tax. It also set out the updated capital programme and set out the capital resources available to the Authority to finance the capital programme.

94. Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy 2017-18

Consideration was given to the Report of the Head of Finance (Item 10.1 – 10.29 of the Official Minutes of the Council).

The Head of Finance circulated an update in respect of paragraph 5.24 of the report ('Ratio of financing costs to net revenue stream'), and an additional paragraph to be inserted at the end of Appendix 2, as follows:

"Local Authority Mortgage Scheme. Under this scheme the Council is required to place funds of £2 million with Lloyds Bank plc for a period of 5 years. This is classified as being a service investment, rather than a treasury management investment, and is, therefore, outside of the Specified / Non specified categories."

Neither item affected the recommendations contained in the report.

RESOLVED:

That Council, at its meeting to be held on 8 February, 2017, be recommended to approve:

- (A) The Prudential and Treasury Indicators.
- (B) The Minimum Revenue Provision (MRP) Policy Statement.
- (C) The Treasury Management Policy.
- (D) The Annual Investment Strategy for 2017-18.

Reasons for Decisions

The Council was required to approve its treasury management and investment strategies to ensure that cash flow was adequately planned and that surplus monies were invested appropriately.

The meeting closed at 4.35 p.m.