

CANNOCK CHASE COUNCIL

EXTRACT FROM MINUTES OF THE MEETING OF THE

CABINET

HELD ON THURSDAY 25 JANUARY 2018 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 7 February, 2018)

PART 1

PRESENT: Councillors:

Alcott, G.	Deputy Leader of the Council and Economic Development and Planning 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
Todd, Mrs. D.M.	Town Centre Regeneration Portfolio Leader

69. Apologies

Apologies were submitted for Councillors G. Adamson, Leader of the Council and J.T. Kraujalis, Corporate Improvement Portfolio Leader.

In the Leader's absence, the meeting was chaired by the Deputy Leader.

HOUSING REVENUE ACCOUNT

75. Housing Revenue Account Budgets 2017-18 to 2020-21

Consideration was given to the Joint Report of the Head of Finance and the Head of Housing and Partnerships (Item 7.1 – 7.9 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) The revised position with regard to estimated income and expenditure in respect of the 2017-18 Housing Revenue Account Budget and Housing Revenue Account Budgets for 2018-19 to 2020-21 as summarised in Appendix 1 of the Report be noted.

- (B) Council, at its meeting to be held on 7 February, 2018, be recommended to:
- (i) Determine a minimum level of working balances of £1.671 million for 2018-19, and indicative working balances of £1.706 million and £1.731 million for 2019-20 and 2020-21, respectively.
 - (ii) Note the further 1% reduction in rents in 2018-19 in accordance with the Government's Social Rent Policy.
 - (iii) Approve the Housing Revenue Account Revenue Budgets for 2018-19, 2019-20 and 2020-21 (and note the estimated outturn for 2017-18) as summarised in Appendix 1 of the Report.

Reasons for Decisions

The Report considered the proposed three-year Housing Revenue Account (HRA) Budgets for 2018-19, 2019-20 and 2020-21, which were formulated within the framework provided by the Approved HRA Business Plan.

A review of the 2017-18 HRA Budget, together with base HRA Budgets for the period 2018-19 to 2020-21 were attached to the Report as Appendix 1. The Budgets were formulated in accordance with the assumption set out in the HRA Business Plan, with projected levels of income and expenditure as summarised in Report paragraph 3.2.

Rent income continued to reflect an annual rent reduction of 1% per annum for 2018-19 and 2019-20, reflecting the revised national rent policy as determined by the Government's 2015 Summer Budget (the rent policy was due to revert to the Consumer Price Index plus 1% with effect from 2020-21).

No material changes were made in relation to inflation and cost pressures, with the exception of pay awards. Provision of 1% existed within the indicative budgets for 2018-19 and 2019-20, however as a result of the National Employers for Local Government offer, made of 5 December 2017, the provision now amounted to 2.47% in 2018-19, rising to a combined impact of 4.9% in 2019-20 as compared to the 2% originally provided.

No direct account had been taken at this stage for the impact of Vacant High Value Housing Payments associated with the Housing and Planning Act 2016. The Council was still awaiting details re. the threshold for High Value Vacant Payments however it was considered that its implementation would not impact until after the 2018-19 financial year. 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.

In considering the HRA Revenue Account, consideration also 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) and Major Repairs Allowance (MRA). The latter had been replaced with a Depreciation Charge and although this was lower than the previous MRA a compensating increase in RCCO had been made. In accordance with the Approved Business Plan the RCCO also 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.

76. Housing Revenue Account Capital Programme 2017-18 to 2022-23

Consideration was given to the Joint Report of the Head of Finance and the Head of Housing and Partnerships (Item 8.1 – 7.8 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) The estimated availability of Housing Revenue Account capital resources for the period 2018-19 to 2022-23, as set out in Appendix 1 of the Report, be noted.
- (B) It be noted that the Capital Programme now also included an allocation of £12 million for new social housing.
- (C) Options to increase social housing based upon the housing needs of the District and land availability be developed and the subject of a separate Cabinet report as soon as practically possible.
- (D) Council, at its meeting to be held on 7 February, 2018, be recommended to approve the five-year Housing Revenue Account Capital Programme for the period 2018-19 to 2022-23 (as set out in Appendix 2 of the Report).

Reasons for Decisions

The Report considered the draft proposed five-year HRA Capital Programme for the period 2018-19 to 2022-23, together with the forecast outturn for 2017-18, compiled within the financial framework provided by the Approved HRA Business Plan.

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

A comparison of estimated resource availability with the proposed HRA capital expenditure programmes was set out in Report paragraph 3.3.

In addition to the above, the voluntary Minimum Revenue Provision (Debt Repayment) set aside from 2017-18 will by 2022-23 have effectively created a headroom in capital financing of £9.672 million that could be used in the medium term to supplement resources available without impacting upon long term sustainability.

The use of the Minimum Revenue Provision headroom together with the uncommitted capital resources provided in excess of £12.0 million for new council build / estate regeneration.

EXTRACT FROM MINUTES OF THE MEETING OF THE CABINET cont'd

GENERAL FUND

74. General Fund Budget and Capital Programme 2017-18 to 2020-21

Consideration was given to the Report of the Head of Finance (Item 6.1 – 6.70 of the Official Minutes of the Council).

RESOLVED:

- (A) The following be recommended to Council, at its meeting to be held on 7 February, 2018, as part of the formal budget setting process:-
- (a) The level of net spending for the General Fund Revenue Budget for 2018-19 be set at £11.645 million; with indicative net spending for 2019-20 and 2020-21 of £12.265 million and £12.764 million, respectively.
 - (b) The detailed portfolio budgets as set out in Appendix 2 of the Report.
 - (c) The forecast outturn net budget of £10.994 million be approved.
 - (d) The use of Government Grants in 2018-19 of £1.093 million, with indicative figures of £1.198 million and £1.282 million for 2019-20 and 2020-21, respectively.
 - (e) The working balances be set at £0.638 million; £0.672 million and £1.032 million for 2018-19 to 2020-21, respectively.
 - (f) A Council Tax of £212.94 for 2018-19, with indicative increases of £1.95% to the level of Council Tax for 2019-20 and 2020-21.
 - (g) The Council's Tax Base be set at 28,396.76.
 - (h) The revised Capital Programme, including new schemes, as set out in Appendices 3 and 4 of the Report.
- (B) It be noted that the Government has indicated that an amendment will be made to Provisional Local Government Finance Settlement for all authorities in relation to the Business Rates Tariff adjustment.

Reason for Decisions

The Report set out a draft standstill budget for 2018-19, as well as indicative budgets for 2019-20 and 2020-21 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.

The Business Rates Tariff adjustment amounted to a reduction in Business Rates of £4,700 in 2017/18, rising to £4,900 in 2020/21. The adjustment impacted upon the transfer to/from Working Balances but did not require any change to the recommendations to 7 February Council.

77. Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy 2018-19

Consideration was given to the Report of the Head of Finance (Item 9.1 – 9.28 of the Official Minutes of the Council).

RESOLVED:

That Council, at its meeting to be held on 7 February, 2018, 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 2018-19.

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 4:45 p.m.