

**CANNOCK CHASE COUNCIL**

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

**CABINET**

**HELD ON THURSDAY, 29 JANUARY, 2015 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 11 February, 2015)**

**PART 1**

PRESENT: Councillors:

Adamson, G.	Leader of the Council
Holder, M.J.	Deputy Leader and Crime and Partnerships Portfolio Leader
Mitchell, Mrs. C.	Culture and Sport Portfolio Leader
Bennett, C.	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

**101. Apologies**

Apologies were received from Councillors G. Alcott, Economic Development and Planning Portfolio Leader, and A. Lovell, Corporate Improvement Portfolio Leader.

**HOUSING REVENUE ACCOUNT**

**109. Review of the Housing Revenue Account Capital Programme 2014-15**

Consideration was given to the Report of the Head of Housing and Waste Management (Item 9.1 – 9.14 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) The position regarding the estimated availability of Housing Revenue

Account capital resources as set out in Appendix 1 to the report be noted.

- (B) The position regarding actual and estimated expenditure in respect of the 2014-15 Housing Revenue Account Capital Programme as set out in Appendix 2 to the report be noted, and approval be given to incur £120,000 of additional scheme costs in respect of the following schemes:-
- (i) Central Heating Up-grading Programme - £50,000
  - (ii) Void Properties (Decent Homes) - £50,000
  - (iii) Asbestos Testing and Removal - £20,000
- (C) The position regarding uncommitted Housing Revenue Account Capital Resources be noted and that £3,017,658 of uncommitted resources be carried forward to 2015-16.
- (D) The following targets in respect of dwelling improvements within the 2014-15 "Place" Priority Delivery Plan be revised:-
- (i) Central Heating Up-grades - 350
  - (ii) Kitchen Replacements - 65
  - (iii) Electrical Up-grading - 580
  - (iv) Double Glazing and Window Refurbishment - 1090

### Reasons for Decisions

The report presented the quarter three review of the 2014-15 HRA Capital Programme.

Estimated resources for 2014-15 were now forecast to be £14,501,418 as set out in Appendix 1. This compared to the estimate of £17,610,418 when the programme was last reviewed on 20 November 2014. The reasons for the £3,109,000 reduction in resources were set out in Appendix 3. The reduction primarily related to a re-phasing of the £3.022m borrowing to later years as advised by the Head of Finance reflecting the prevailing conditions in relation to Treasury Management.

Actual expenditure at 31 December 2014 totalled £6,121,547 and represented 53.4% of the previously agreed expenditure target.

Estimated expenditure for 2014-15 was now forecast to be £11,483,760. This compared to the estimate of £11,460,290 when the programme was reviewed on 20 November 2014. The reasons for this net increase of £23,470 were set out in Appendix 4. Approval was sought for £120,000 of additional expenditure in respect of three schemes.

Following the financing of the estimated 2014-15 HRA Capital Programme it was now anticipated that £3,017,658 of uncommitted resources would be available. This compared to the estimate of £6,150,128 when the programme was reviewed on 20 November 2014, a decrease of £3,132,470. The £3,017,658 of uncommitted resources would be carried forward to assist in financing the HRA

Capital Programme for 2015-16 and future years.

As a result of the expenditure variations and other factors set out within the report it was necessary to amend certain dwelling outputs within the 2014-15 "Place" Priority Delivery Plan.

#### **110. Housing Revenue Account (HRA) Budgets 2014-15 to 2017-18**

Consideration was given to the Joint Report of the Head of Housing and Waste Management and the Head of Finance (Item 10.1 –10.14 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) The revised position with regard to estimated income and expenditure in respect of the 2014-15 Housing Revenue Account Budget and base Housing Revenue Account budgets for the period 2015-16 to 2017-18 as summarised in Appendix 1 to the report be noted.
- (B) Council, at its meeting to be held on 11 February, 2015, be recommended to:-
  - (i) Determine a minimum level of working balances of £1,551,180 for 2015-16 and indicative working balances of £1,559,630 and £1,705,770 for 2016-17 and 2017-18 respectively.
  - (ii) Not to implement any rent increase for 2015-16.
  - (iii) Enhance the base three-year Housing Revenue Account budgets through the provision of:-
    - (a) £400,000 for interest and loan repayment charges for additional potential borrowing approval;
    - (b) An additional £1,940,000 Revenue Contribution to Capital outlay.
  - (iv) Approve the Housing Revenue Account Revenue Budgets for 2015-16, 2016-17 and 2017-18 (and note the estimated outturn for 2014-15) as summarised in Appendix 2 of the report.

#### Reasons for Decisions

The report considered proposed three-year HRA budgets for 2015-16, 2016-17 and 2017-18, which had been formulated within the framework provided by the revised HRA Business Plan considered by Cabinet on 20 November 2014.

A review of the 2014-15 HRA budget, together with base HRA budgets for the period 2015-16 to 2017-18 were attached as Appendix 1. The base 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 below.

	<b>2015-16</b> <b>£000's</b>	<b>2016-17</b> <b>£000's</b>	<b>2017-18</b> <b>£000's</b>
Estimated Income	20,782	21,132	24,413
Estimated Expenditure	20,584	20,444	20,587
Surplus (Deficit) in year	198	688	826
Working Balance	3,853	4,051	4,740
Minimum Working Balance	(1,551)	(1,559)	(1,706)
Estimated Surplus	2,500	3,180	3,860

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.

A total estimated cumulative surplus of £3,860,000 was available over the three-year budget period and can be utilised to :-

- (i) Reduce the rent increases which have been assumed within the base budgets.

And/or

- (ii) Enhance the provision of the Council's Housing service.

Following consultation with the Housing Portfolio Leader, it was proposed that the surplus be utilised as follows:-

- (i) The 2.5% rent increase included in the base budget of 2015-16 be not implemented. This would result in a reduction in income (and in the cumulative surplus) of £1,520,000;
- (ii) Additional provision was made for:-
  - (a) Interest and loan repayment charges in respect of additional potential borrowing approval (£400,000);
  - (b) Revenue contribution to Capital outlay (£1,940,000).

The financial impact of the above proposals were set out within proposed HRA budgets for 2015-16 to 2017-18 attached as Appendix 2 to the report.

#### **111. Housing Revenue Account Capital Programmes 2015-16 to 2017-18**

Consideration was given to the Joint Report of the Head of Housing and Waste Management and the Head of Finance (Item 11.1 –11.9 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) The estimated availability of Housing Revenue Account capital resources for the period 2015-16 to 2017-18 (as set out in Appendix 1 to the report), the base three year Housing Revenue Account Capital Programme for the period 2015-16 to 2017-18 (as set out in Appendix 2 to the report), and the estimated additional expenditure capacity of £1.94 million during the three year programme period be noted.
- (B) Council, at its meeting to be held on 11 February, 2015, be recommended to:-
- (i) Enhance the base three year Housing Revenue Capital Programme through:-
- (a) A further £1,940,000 for the provision of additional Council housing;
- (b) Re-phasing the double glazing and window refurbishment programme for completion in September 2017.

Reason for Decisions

The report considered the formulation of a proposed three year HRA Capital Programme for the period 2015-16 to 2017-18, within the financial framework provided by the revised 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 base 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 below:-

	<u>2015-16</u> <u>£000's</u>	<u>2016-17</u> <u>£000's</u>	<u>2017-18</u> <u>£000's</u>
Resources Brought Forward	3,018	1,956	167
New Resources	11,562	10,108	10,593
Total Resources:	14,580	12,064	10,760
Less:			
(i) Base Expenditure Programme	(12,379)	(10,692)	(10,270)
(ii) Agreed resources carried forward to future years	(1,956)	(167)	-
Additional Expenditure Capacity	245	1,205	490

A total of £1,940,000 was available to enhance the base three year HRA Capital Programme. Following consultation with the Housing Portfolio Leader, it was

suggested that this be utilised for the provision of additional Council housing potentially by providing “matched funding” for any increases to the national HRA borrowing limits.

It was also suggested that the Council’s double glazing and window refurbishment programme be completed six months earlier and that the agreed base programme budgets be re-phased to achieve this.

The financial impact of the above proposals were set out within a proposed HRA Capital Programme for 2015-16 to 2017-18 attached as Appendix 3 to the report.

## **GENERAL FUND**

### **107. General Fund Revenue Budget and Capital Programme 2015-16 to 2017-18**

Consideration was given to the Report of the Head of Finance (Item 7.1 – 7.81 of the Official Minutes of the Council).

RESOLVED:

That the following be recommended to Council for approval at its meeting to be held on 11 February, 2015, as part of the formal budget setting process:

- (A) The level of net spending for the General Fund Revenue Budget for 2015-16 be set at £12.702 million; with indicative net spending for 2016-17 and 2017-18 of £12.769million and £13.085 million respectively;
- (B) The detailed portfolio budgets as set out in Appendix 2 of the report;
- (C) The forecast outturn net budget of £14.391 million including a Revenue Contribution to Capital Outlay of £1.5 million;
- (D) The use of Government Grants in 2015-16 of £1.347 million with indicative figures of £1.512 million and £1.661 million for 2016-17 and 2017-18 respectively;
- (E) The working balances be set at £0.698 million; £0.879 million and £1.040 million for 2015-16 to 2017-18 respectively;
- (F) A Council Tax freeze for 2015-16; with indicative increases of 1.95% to the level of Council Tax for 2016-17 and 2017-18;
- (G) The Council’s Tax base be set at 26,902.88;
- (H) The revised capital programme, including new schemes, as set out in Appendices 3 and 4 of the report.

#### **Reason for Decision**

The report set out a draft standstill budget for 2015-16 as well as indicative budgets for 2016-17 and 2017-18 and associated issues and also included current indications of the impact that this will have on Council Tax. It also set out the updated capital programme, and the capital resources available to the authority to finance the capital programme.

**108. Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investments Strategy, 2015-16**

Consideration was given to the Report of the Head of Finance (Item 8.1 – 8.28 of the Official Minutes of the Council).

RESOLVED:

That Council, at its meeting to be held on 11 February, 2015, be recommended to approve:-

- (A) The Prudential and Treasury Indicators;
- (B) Thee Minimum Revenue Provision Policy Statement;
- (C) The Treasury Management Policy;
- (D) The Annual Investment Strategy for 2015/16.

Reason for Decision

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 4.55 p.m.

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LEADER