

Meeting	POLICY DEVELOPMENT GROUP
Time/Day/Date	6.30 pm on Wednesday, 7 January 2015
Location	Council Chamber, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

All persons present are reminded that the meeting may be recorded and by attending this meeting you are giving your consent to being filmed and your image being used. You are kindly requested to make it known to the Chairman if you intend to film or record this meeting.

The Monitoring Officer would like to remind members that when they are considering whether the following items are exempt information under the relevant paragraph under part 1 of Schedule 12A of the Local Government Act 1972 they must have regard to the public interest test. This means that members must consider, for each item, whether the public interest in maintaining the exemption from disclosure outweighs the public interest in making the item available to the public.

AGENDA

Item	Pages
1. APOLOGIES FOR ABSENCE	
2. DECLARATION OF INTERESTS	
Under the Code of Conduct members are reminded that in declaring disclosable interests you should make clear the nature of that interest and whether it is pecuniary or non-pecuniary.	
3. PUBLIC QUESTION AND ANSWER SESSION	
To receive questions from members of the public under rule no.10 of the Council Procedure Rules. The procedure rule provides that members of the public may ask any question on any matter in relation to which the Council has powers or duties which affect the District, provided that three clear days' notice in writing has been given to the Head of Legal and Support Services.	
4. MINUTES	
To approve and sign the minutes of the meeting held on 1 October 2014	3 - 8



5.	DRAFT REVENUE BUDGET PROPOSALS AND CAPITAL PROGRAMMES 2015/16	
	Report of the Head of Finance	9 - 32
6.	HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2015/16	
	Report of the Head of Finance and Director of Housing	33 - 46
7.	ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME	
	To consider any items to be included in the work programme. The plan of forthcoming Cabinet decisions and the current work programme are attached for information.	47 - 54

Circulation:

Councillor N Clarke
 Councillor J Cotterill
 Councillor J G Coxon (Chairman)
 Councillor D Everitt
 Councillor J Geary
 Councillor V Richichi
 Councillor A C Saffell
 Councillor S Sheahan
 Councillor N Smith
 Councillor M Specht (Deputy Chairman)

MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 1 OCTOBER 2014

Present: Councillor J G Coxon (Chairman)

Councillors R Adams (Substitute for Councillor N Clarke), J Cotterill, D Everitt, D Howe (Substitute for Councillor J Geary), V Richichi, S Sheahan, N Smith and M Specht

In Attendance: Councillors T Neilson

Officers: Mr R Bowmer, Mr D Gill, Mrs M Meredith, Mr J Richardson and Ms K Talbot

10. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors N Clarke, J Geary and A C Saffell.

11. DECLARATION OF INTERESTS

Councillors J G Coxon and S Sheahan declared a non-pecuniary interest in item 7 – Medium Term Financial Strategy (MTFS) 2015/16 to 2018/19, as Members of Leicestershire County Council, due to the reference in the report in respect of recycling credits.

12. PUBLIC QUESTION AND ANSWER SESSION

There were no questions received.

13. MINUTES

By affirmation of the meeting it was

RESOLVED THAT:

The minutes of the meeting held on 16 July 2014 be approved and signed by the Chairman as a correct record.

14. UPDATE OF THE COUNCIL'S CONSTITUTION

The Deputy Monitoring Officer presented the report to Members, drawing their attention to the main changes proposed as outlined at section 5 of the report. In respect of the Openness of Government Bodies Regulations 2014 he advised that this had now come into effect and a draft protocol had been prepared which set out how the Council would expect members of the public to act when recording meetings. He added that once this was agreed, it was envisaged that a copy would be available at public meetings. He advised that a further consequence of the Regulations was the requirement to publish officer decisions in respect of Council decisions as well as Executive decisions. In respect of Members' interests, he advised that no regulations had been made in respect of non-pecuniary interests; however for the sake of transparency, the Monitoring Officer felt that it would be useful for these interests to be clarified in the Constitution. He highlighted the changes in respect of the Appointments Committee, which had been discussed with Group Leaders. He advised that there had been a suggestion that the Chairman of this Committee should not have a casting vote; he explained that this would not be possible as the Local Government Act could not be dis-applied. He advised that it had also been suggested that a pool of substitutes be appointed, and that it would be appropriate for the pool of substitutes to consist of Cabinet Members and Shadow Portfolio Holders, as

Members in these positions had sufficient experience and knowledge to consider the appointment of senior positions.

Councillor S Sheahan referred to the paragraph in the report regarding shared services and asked how this differed to what was done currently.

The Deputy Monitoring Officer advised that the Members for each authority made the appointments in respect of the Leicestershire Revenues and Benefits Partnership; as such there would still be Member involvement, but not in the sense of an Appointments Committee.

Councillor S Sheahan commented that the proposed procedure for appointments of deputy chief officers seemed a little loose, as it was not indicated at what point in the process a Cabinet Member was to object, or who would decide what was a well-founded objection. He felt that it would have been more appropriate for the Appointments Panel to comment rather than Cabinet.

The Deputy Monitoring Officer advised that it had always been the case that Cabinet had the opportunity to object to an appointment, and this was usually within 48 hours of being notified.

Councillor S Sheahan acknowledged that this was an established practice, but felt however that since the appointment of deputy chief officers was being taken out of the purview of the Appointments Committee, the facility should remain for Members of the Appointments Committee to make objections.

The Deputy Monitoring Officer advised that the points raised would be reported back and considered.

Councillor V Richichi referred to the facility to film meetings and asked if the Council would also be recording meetings. He also asked if he would be protected in any way if he made statements without prejudice that others found offensive.

The Deputy Monitoring Officer advised that the cost of recording meetings had been investigated, and it was prohibitively expensive. He added that at this time, it was not considered to be financially viable or a good use of public money. He advised that there was no protection offered in respect of statements made that others may find rude or offensive. He advised that Members should be careful about what they said and the manner in which they made statements at meetings. He added that the Council could not control what members of the public were filming at meetings.

Councillor V Richichi expressed concerns that comments at meetings could be misinterpreted. He added that there was a risk that Members may not make comments due to this, and the official minutes may be challenged.

The Deputy Monitoring Officer commented that it had always been the position that sometimes statements were interpreted differently to how they had been intended. He added that it was the job of officers to investigate complaints and take a rounded view.

Councillor V Richichi asked if filming could lead to more closed meetings taking place.

The Deputy Monitoring Officer advised that closed meetings could only take place due to exempt information under Schedule 12a of the Local Government Act, and meetings would not go into private session simply because Members did not want to be filmed.

Councillor S Sheahan commented that officers clearly did not see the need to record meetings, however the fact that everyone else was able to do so made it even more important to have a formal record. He added that there was a risk that someone could abuse the privilege of being able to record meetings, post a snippet online which was out of context, and the Council would have nothing to defend against this.

The Deputy Monitoring Officer advised that the Democratic Services Officer was relied upon to produce an accurate set of minutes. He commented that the cost had to be taken into account, however it was a matter for Members if they wanted to put forward a suggestion to Council in this respect.

Councillor D Everitt referred to the issues that used to arise when the press followed every Council meeting and commented that Members might be worrying too much.

Councillor M Specht asked that if the cost of webcasting was too great, could audio recording of meetings be considered instead.

The Deputy Monitoring Officer stated that this could be looked into and a proposal put before Council.

It was moved by Councillor R Adams, seconded by Councillor M Specht and

RESOLVED THAT:

The report be noted.

15. COMMUNITY ENGAGEMENT STRATEGY

The Head of Community Services presented the report to Members. He advised that there had been a request from Members in 2012 to review the Community Engagement Strategy, however as the strategy had just been introduced at that time, it was felt that it would be appropriate for some time to pass before reviewing the strategy. He suggested that the two key areas for review were the strategy itself, and considering from a Member perspective what had worked well and what hadn't in terms of consultation.

Councillor J G Coxon sought clarification on how long the review was likely to take given the elections in May.

The Head of Community Services proposed that the first meeting be held on 22 October. There would be two further meetings, however the timing of these would be dependent upon the outcome of the first meeting.

Councillor S Sheahan asked if there would be any provision to engage with residents and ask them if what the Council was doing was fit for purpose for them.

The Head of Community Services advised that the Community Engagement Strategy intended to set out how the Council would undertake consultations. He added that each service area had ongoing consultations and individual people with whom they consulted, and as such it may be difficult to obtain a reflective sample from all groups. He suggested that a representative sample could be considered and this could be discussed at the first meeting of the group.

Councillor S Sheahan commented that it made sense to make sure that people were happy with the process if the Council was expecting them to engage.

Councillor R Adams expressed concerns that the working party might not be concluded by the elections in May, which could affect the make-up of the group.

The Head of Community Services advised that Members could decide to delay the review if they wished to do so. He explained that the rules of political balance did not apply to task and finish groups, however he felt it would be prudent to have a representative from both parties.

Councillor N Smith suggested that the review should not be delayed. In terms of the membership he suggested that there be 3 Conservative Members and 2 Labour Members.

The Chairman commented that he did not see that this should be a political group, however he felt it did require a mix of Members.

Councillor D Howe commented that he believed tenants in North West Leicestershire were more involved than any in the country and there were a lot of tenants who were interested.

The Head of Community Services welcomed this feedback and commented that he would be happy to pick this up as part of the report. He added that if there were no suggestions made where consultation had not worked well, issues would be reported from an officer perspective.

The Chairman sought volunteers to sit on the group.

Councillor R Adams commented that 5 Members was only a recommendation. He suggested there should be 4 Members and that there should be 2 from each party.

Councillor M Specht commented that the suggestion of having 2 Members from each group was ideal and he felt that 3 meetings of the group could be achieved before the elections in May.

The Chairman advised any interested parties to put forward their names to the Head of Community Services within the next 7 days.

RESOLVED THAT:

4 Members be nominated for the Community Engagement Task and Finish Group.

16. MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2015/16 TO 2018/19

The Head of Finance presented the report to Members. He stated that the report provided an opportunity to comment to Cabinet on the strategy following a request at the last meeting. He advised that there would be a further report to Cabinet on next year's budget proposals in November, and these proposals would be considered by Policy Development Group at its next meeting. He highlighted the estimated shortfall set out in the Cabinet report at Appendix 1, and the ongoing savings proposed to address this. He advised that the shortfall was not as high as it might have been, due to the year on year efficiencies which had been made. He added that nevertheless it would be a challenge. He advised that in preparing the MTFS, it was necessary to be mindful of the budget proposals of the Council's partners. He referred to the possibility of the withdrawal of recycling credits as proposed by Leicestershire County Council. He advised that if these proposals were to go ahead, this could lead to a shortfall, and therefore a contingency amount had been set aside in the MTFS. He outlined the assumptions that had been made in preparing the MTFS.

Councillor S Sheahan stated that he was disappointed that no Member of Cabinet was present to answer questions, and felt that it was a matter for the Committee to decide whether it wanted a Member of Cabinet present for this purpose. He asked if there was any reason why this had not been arranged. He asked the Head of Finance if he was confident that there would be no need for further cuts.

The Head of Finance advised that the Council operated a Planning for the Future programme, and was therefore constantly undertaking service reviews. He commented that targets could increase or decrease. He added that efficiencies had been made in the current year which would continue in subsequent years. He advised that this was reflected in the budget monitoring report and there would be further modest savings coming forward as part of the report to Cabinet in November.

Councillor V Richichi commented that the Council would be receiving an increase in new homes bonus, yet was still required to make £1.4 million in savings.

The Head of Finance responded that this was possibly a case of central Government giving with one hand and taking away with the other. He explained that the Council had seen very significant reductions in revenue support grants and funding had been reduced by £3 to £4 million over the last few years. He added that the increase in the new homes bonus did not cover the shortfall in funding from central Government, and the Council had been required to make the additional savings.

In response to a question from Councillor V Richichi, the Head of Finance stated that the Council had a good track record of making efficiencies without impacting upon frontline services, however this would be a challenge in the coming years and there could be no guarantees that frontline services would remain unaffected.

Councillor S Sheahan commented that if this amount of money had been identified at the start of the year, the budget could have been planned better and the funding allocated accordingly. He added that better planning and being more honest about resources had to be the way forward. He also commented that the increase in new homes bonus meant an increase in the council tax base and therefore an increased demand on services. He asked the Head of Finance to comment on this. He also asked what impact a 1% increase in council tax would have upon the budget.

The Head of Finance advised that a 1% increase would raise an additional £50,000, which at present was matched by the Government with the council tax freeze grant. He added that increases were capped by central Government and the Council would also be required to pay council tax support.

In response to comments made by Councillor S Sheahan regarding increasing council tax, the Head of Finance explained that the Council retained approximately 15% of income from council tax, whereas it retained 80% of the new homes bonus, and as such, the new homes bonus was much more significant to the Council in terms of the budget than it was to unitary authorities. He acknowledged that an increase in the council tax base would result in an increase in demand for services.

It was moved by Councillor M Specht, seconded by Councillor J G Coxon and

RESOLVED THAT:

The comments made by the Policy Development Group be noted.

17. ITEMS FOR INCLUSION ON THE FUTURE WORK PROGRAMME

Councillor S Sheahan suggested that the items regarding review of housing policies and developing the 2015/16 HRA Budget and HRA Capital Programme be added to the work programme.

Councillor M Specht felt that it would be useful if Councillor T Gillard could provide some information on the superfast broadband programme. He made reference to concerns raised in Coleorton Parish and other rural areas.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.47 pm

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

POLICY DEVELOPMENT GROUP – 7 JANUARY 2015

Title of report	DRAFT REVENUE BUDGET PROPOSALS AND CAPITAL PROGRAMMES 2015/16
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk</p>
Purpose of report	To receive the Committee's comments on the Cabinet's draft Revenue Budget proposals and Capital Programmes for 2015/16.
Council Priorities	All Council Priorities.
Implications:	
Financial/Staff	Financial issues are contained within the appended Cabinet reports.
Link to relevant CAT	All affected.
Risk Management	The revenue and capital budgets are monitored every month by management and reported to Cabinet through the quarterly Performance Reports. Projected over or under spendings are identified and appropriate action taken.
Equalities Impact Assessment	No impacts identified.
Human Rights	None identified.
Transformational Government	None identified.
Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	As report author the report is satisfactory.

Comments of Monitoring Officer	The report is satisfactory.
Consultees	As detailed in the attached Cabinet reports.
Background papers	None.
Recommendations	THAT THE COMMITTEE PROVIDES ANY COMMENTS IT MAY HAVE FOR CONSIDERATION BY THE CABINET WHEN IT MEETS ON 10 FEBRUARY 2015 PRIOR TO THEIR RECOMMENDATIONS BEING TAKEN TO COUNCIL ON 24 FEBRUARY 2015.

1.0 BACKGROUND

- 1.1 General Fund Draft Revenue Budget proposals for 2015/16 were presented to the Cabinet for approval for consultation at its meeting on 18 November 2014. The Council's Draft Capital Programmes were presented to Cabinet at its meeting on 9 December 2014. The Policy Development Committee is invited to consider these proposals and provide any comments for the Cabinet to take into account when it agrees its recommendations on 10 February 2015. These recommendations will be taken to full Council on 24 February 2015.
- 1.2 Further details are included in the attached Cabinet reports:
- Appendix 1 Draft General Fund Revenue Budget Proposals
- Appendix 2 Draft Capital Programmes – General Fund and HRA.
- 1.3 The HRA budget proposals are detailed in a separate report on this Committee agenda.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 18 NOVEMBER 2014

Title of report	GENERAL FUND REVENUE BUDGET PROPOSALS 2015/16
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk
Purpose of report	For Cabinet to approve its 2015/16 draft General Fund Revenue Budget proposals for consultation.
Reason for Decision	To enable the Council to set a balanced budget as required by law.
Council Priorities	The budget assists the Council to achieve all its priorities.
Implications:	
Financial/Staff	As contained in the report.
Link to relevant CAT	The budget is relevant to all Corporate Action Teams (CATs).
Risk Management	The budget will be monitored throughout the year to ensure savings are achieved and services delivered as planned.
Equalities Impact Screening	No requirement for equalities impact screening has been identified.
Human Rights	None identified.
Transformational Government	A number of the budget savings have been achieved through the "Planning for the Future" programme.
Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151	As report author the report is satisfactory.

Officer	
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Policy Development Group Corporate Leadership Team
Background papers	None
Recommendations	<p>CABINET IS RECOMMENDED TO :</p> <ol style="list-style-type: none"> 1. APPROVE THE GENERAL FUND REVENUE BUDGET PROPOSALS AS SET OUT IN THIS REPORT 2. APPROVE THE ALLOCATIONS OF RESOURCES FROM RESERVES DETAILED IN SECTION 5. 3. AGREE IN PRINCIPLE TO CONTINUING THE PAYMENT OF LCTS GRANTS TO TOWN AND PARISH COUNCILS SUBJECT TO CONFIRMATION BY CABINET WHEN IT SETS THE COUNCIL TAX BASE IN JANUARY 2015.

1.0 INTRODUCTION

- 1.1 The Cabinet approved the Council's Medium Term Financial Strategy 2015/16 – 2018/19 at its meeting on 23 September 2014. This identified a need to find ongoing savings of £1.4m by 2018/19. A budget shortfall of £365,000 was projected for 2015/16.
- 1.2 This report provides details of the Cabinet's 2015/16 General Fund Revenue Budget proposals, and savings put in place, to meet the projected budget shortfall and explains the broad consultation process to be followed.
- 1.3 The projected budget shortfall for 2015/16 and future year projections previously reported reflect the current understanding but this may change when the Government issues its Provisional Local Government Finance Settlement and Provisional New Homes Bonus allocations next month. For financial planning purposes the Council is still expecting to need to save £1.4m by 2018/19. The Government's Autumn Statement will be announced on 3 December 2014 and the Local Government finance announcements normally follow before Christmas.
- 1.4 Under the revised Business Rates retention mechanism the level of Government funding is not ultimately confirmed until after the end of the financial year when the actual level of Business Rates is reported. This is a significant change from having grant settlements fixed before the start of the financial year and means that the Council's financial planning is impacted on by the volatility of local business rates income.
- 1.5 The approved budget will be rigorously monitored during the financial year through monthly and quarterly performance monitoring so that any potential overspendings can be identified at an early stage and remedial action taken to deal with them. The monitoring

also checks that the required savings are being achieved. Similarly any forecast underspendings can be taken into account when allocating resources.

2.0 GENERAL FUND 2014/15 – QUARTER 2

- 2.1 The second quarter Performance Report is included on this Cabinet agenda. This includes more detailed explanations of budget performance. Cabinet will receive a further update, based on Quarter 3, before it sets the 2015/16 Revenue Budget in February 2015.

An underspending of approximately £800,000 is forecast. The main reasons for this include increases in income in the following areas:

Planning Fees	£568,000
Recycling Income	£ 90,000
Additional Investment Income	£ 49,000

There are also significant budget savings in the following areas:

Employees	£ 150,000
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- 2.2 There is no guarantee that the levels of increased Planning income seen this year and last year will continue in the future. Cabinet's budget proposals for next year do however include a modest increase in the target for Planning income next year.
- 2.3 Ordinarily any in-year under spendings would be transferred to the General Fund balance at the year end. In recent years underspendings have been transferred to the Value for Money Reserve for Invest to Save projects or allocated directly to projects across the district. There may be scope for doing more of this with part of any underspending later in the budget process or when the 2014/15 Financial Outturn is reported to Cabinet. There are however a number of uncertainties over the Council's local income in particular which may necessitate an increase in the level of reserves held by the General Fund.

3.0 FUTURE UNCERTAINTIES

- 3.1 The Cabinet will already be aware of the volatility which the localisation of Business Rates brings to the Council's finances. Under the new arrangements district councils are allocated 40% of increases and decreases in Business Rates. There is also a system of levies and safety nets which reduces our share of increases to 20% but at the same time provides a safety net which limits our losses to 7.5% of our funding baseline which for this authority works out at approximately £165k in 2015/16. If the Council enters into pooling arrangements with other authorities it would depend on local safety net arrangements which are not backed by the national "pool". Other local income including Planning Fee Income and Recycling income also continue to be difficult to project.
- 3.2 Future levels of income projected from New Homes Bonus cannot be guaranteed. The Cabinet will recall that last year the Government consulted on top slicing a significant proportion of New Homes Bonus from 2015/16 to support infrastructure spending by the Local Enterprise Partnerships (LEPs). Whilst this proposal did not go ahead, it had the potential to reduce the Council's ongoing annual funding by around £500k at a stroke. Our MTFS currently assumes a levelling off in New Homes Bonus from the seventh year of the scheme in 2017/18. New Homes Bonus payments are made for six years so by Year 7 of the scheme the earlier years' payments will start to drop out. There is always a risk that changes could be made to the scheme, or it could be discontinued altogether. The MTFS

assumes that all our New Homes Bonus will be used to support the Revenue Budget and this means that in 2015/16 £1.9m expenditure on our mainstream services will be funded in this way. The Council will mitigate this risk through its continuing Planning for the Future project and by holding adequate General Fund reserves.

4.0 REVENUE BUDGET SAVINGS 2015/16

- 4.1 The following savings have been put in place to meet the projected shortfall of £365,000 for 2015/16:

Reduction in Revenues and Benefits Partnership Contributions	£100,000
ICT Efficiency Savings	£70,000
Income from Additional Planning Applications	£150,000
Full Year Effect of In Year Savings 2014/15	<u>£45,000</u>
	£365,000

- 4.2 An independent review of the Revenues and Benefits Partnership by the Institute of Revenues, Rating and Revaluation (IRRV) earlier this year identified savings approaching £400,000 a year which could be shared by the three partner Councils. A staffing restructure is nearing completion and although significant savings will be made the exact amount will not be clear until all the appointments to the new structure have been made. In addition to the annual savings there will be upfront costs to be met in 2014/15. Both will be shared according to each Council's caseloads. This is a change to the current basis of using historical costs. The Management Board and Joint Committee members consider this to be the fairest method of allocating the upfront costs and ongoing savings. These changes are expected to result in a reduction in our contribution to the Partnership of at least £100,000 from 2015/16. Our share of the upfront costs will be met from staff savings elsewhere in the General Fund or if necessary the Planning for the Future Reserve. The staff and Trade Unions are fully engaged in this process including consultation on the proposed structure.
- 4.3 The ICT budget will be reduced by £70,000 in 2015-16 following a procurement review in 2014-15 which will reduce software licence costs by £18,000 and make savings in server support costs of £18,000. There will also be staff savings of £34,000 (a vacant role will be deleted as part of the ICT Team Review).
- 4.4 Our Planning income is currently very buoyant and it is difficult to project next year's levels accurately. A modest increase in the target from £550,000 to £700,000 is now assumed.
- 4.5 As part of the 2014/15 budget process and number of service efficiencies were identified to be brought on stream during the year. These have been delivered successfully and are contributing to the budget underspending this year plus will help to meet the projected budget shortfall next year.
- 4.6 Delivery of these savings will continue to be through the Planning for the Future Programme (PFF) established as part of the 2014/15 budget process

5.0 REVENUE RESERVES

- 5.1 General Fund Reserve

The uncommitted balance on the General Fund was £1.137m when the Cabinet approved the Council's Medium Term Financial Strategy in September 2014. The early

implementation of efficiency savings allowed the Council to budget for a surplus of £403k in the current year which would take the balance to £1.540m at the end of the year. There are however also number of cost pressures and projects which could be funded from these resources.

5.1.1 Additional Costs of the Local Plan - £131,000

The Council, based on external advice, has agreed that rather than re-submitting the withdrawn Core Strategy it would be more appropriate to prepare a Local Plan, which is a more detailed document. Whilst taking slightly longer to produce it would result in complete plan coverage earlier and thereby represent a saving in time and money. The majority of the requirements in producing a Local Plan are updates to the evidence base used to inform the previous Core Strategy. However there is also a need for some additional evidence. Whilst some of the evidential requirements are capable of being undertaken in-house a significant number require specialist technical expertise which will require the appointment of external consultants. The total potential cost of the Local Plan evidence base is estimated at £265,000 in 2015/16. Taking into account existing budgetary provision, there is a total potential shortfall of £131,000 in 2014/15.

5.1.2 Coalville Market - Additional Exterior Improvement Works £27,000

In addition to the recently completed external improvements there are three further mini projects that have been identified in consultation with the Portfolio Holder and market traders. Firstly, a market frontage improvement scheme to the Western Power Distribution electricity substation area including a new hard standing area for external traders, removal of fencing, a grassed area with seating and landscaping. Secondly, a Hotel Street/café exterior improvement scheme including boundary wall repairs, patio paving, landscaping and improved signage. Thirdly, a new exterior bin store to secure trade waste bins outside the market building instead of inside and in view of customers and taking up trading space.

5.1.3 A forecast underspending in the current year would increase the General Fund balance significantly. The uncertainties around the Council's local income set out earlier in this report in particular may justify a case for holding a higher level of reserves by the end of the financial year. The Cabinet will be provided with further advice on the adequacy of this reserve when it finalises its budget proposals in February 2015.

5.2 Value For Money Reserve

The VFM Reserve has an uncommitted balance of £952,000. It is proposed to establish a Business Bidding fund which will utilise £500,000 of this. The main features of the fund will include:

- Supporting new businesses which create jobs locally
- Helping Small and Medium Enterprises
- Facilitating community initiatives to form collectives and co-operatives
- Encouraging organisations which adopt Green Footprint principles

The balance of the Value For Money Reserve will be available for allocation later in the budget process or when the 2014/15 accounts are closed.

6.0 COUNCIL TAX

- 6.1 In line with the approved MTFS the Cabinet is not planning to increase the District's share of the Council Tax in 2015/16.
- 6.2 Based on information provided by the Government in January 2014 the Council will be eligible for a Council Tax Support Grant equivalent to a 1% increase in its Council Tax if there is no increase and is gross of Council Tax Support. This has also been assumed in the MTFS.
- 6.3 Under current rules the Council could increase its Council Tax by up to 2% without the need for a referendum. In this case there would be no Freeze Grant and the Council would have to meet the cost of paying Council Tax Support on the extra 2% to eligible people. It is estimated that this maximum increase would only provide an additional £38,000 of resources a year.

7.0 LOCAL COUNCIL TAX SUPPORT (LCTS) GRANT

- 7.1 From April 2013 the Government abolished Council Tax Benefit and replaced it with locally determined Council Tax Support Discounts. Giving people discounts on their Council Tax reduces the Council Tax income which all the preceptors including Town and Parish Councils receive.
- 7.2 The District and the major preceptors (County, Police and Fire & Rescue) receive Government grant which compensates, at least in part, for this loss of income. The Government does not provide this grant support to Town and Parish councils. Since the start of the new scheme this Council has given an element of its Council Tax Support Grant to Towns and Parishes to allow them to maintain their existing level of income.
- 7.3 The Government's Council Tax Support Grant is now incorporated within mainstream grants which are expected to continue to fall significantly throughout the period of our Medium Term Financial Strategy. Providing the grants to Town and Parish Councils is costing the District Council £87,000 in 2014/15. The Cabinet is proposing in principle to continue the scheme and will confirm the LCTS grants when it approves the Council Tax Base at its meeting on 13 January 2015.
- 7.4 The Cabinet has no plans to change the maximum eligibility for Council Tax Support from its current level of 85%.

8.0 CONSULTATION

- 8.1 A broad consultation process will take place from 1 December 2014 to 15 January 2015 asking for any comments on the Cabinet's proposals. Consultation will take place with Staff, Unions, Town and Parish Councils and the business community through the North West Leicestershire Chamber of Commerce.
- 8.2 The Policy Development Group (PDG) was asked for its comments on the MTFS at its meeting on 1 October 2014. PDG has not requested for any specific requests to be considered by the Cabinet. Extracts of the minutes of the meeting showing these comments are attached at Appendix 1. The PDG will be asked for its comments on the overall budget proposals in this report during the consultation period at its next meeting on 7 January 2015.

- 8.3 The Cabinet will receive details of the consultation responses at its meeting on 10 February 2015 where it will make its final budget recommendations for approval by Council on 24 February 2015.

APPENDIX 1

MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 1 OCTOBER 2014

Present: Councillor J G Coxon (Chairman)

Councillors R Adams (Substitute for Councillor N Clarke), J Cotterill, D Everitt, D Howe (Substitute for Councillor J Geary), V Richichi, S Sheahan, N Smith and M Specht

In Attendance: Councillors T Neilson

Officers: Mr R Bowmer, Mr D Gill, Mrs M Meredith, Mr J Richardson and Ms K Talbot

10. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors N Clarke, J Geary and A C Saffell.

11. DECLARATION OF INTERESTS

Councillors J G Coxon and S Sheahan declared a non-pecuniary interest in item 7 – Medium Term Financial Strategy (MTFS) 2015/16 to 2018/19, as Members of Leicestershire County Council, due to the reference in the report in respect of recycling credits.

12. MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2015/16 TO 2018/19

The Head of Finance presented the report to Members. He stated that the report provided an opportunity to comment to Cabinet on the strategy following a request at the last meeting. He advised that there would be a further report to Cabinet on next year's budget proposals in November, and these proposals would be considered by Policy Development Group at its next meeting. He highlighted the estimated shortfall set out in the Cabinet report at Appendix 1, and the ongoing savings proposed to address this. He advised that the shortfall was not as high as it might have been, due to the year on year efficiencies which had been made. He added that nevertheless it would be a challenge. He advised that in preparing the MTFS, it was necessary to be mindful of the budget proposals of the Council's partners. He referred to the possibility of the withdrawal of recycling credits as proposed by Leicestershire County Council. He advised that if these proposals were to go ahead, this could lead to a shortfall, and therefore a contingency amount had been set aside in the MTFS. He outlined the assumptions that had been made in preparing the MTFS.

Councillor S Sheahan stated that he was disappointed that no Member of Cabinet was present to answer questions, and felt that it was a matter for the Committee to decide whether it wanted a Member of Cabinet present for this purpose. He asked if there was any reason why this had not been arranged. He asked the Head of Finance if he was confident that there would be no need for further cuts.

The Head of Finance advised that the Council operated a Planning for the Future programme, and was therefore constantly undertaking service reviews. He commented that targets could increase or decrease. He added that efficiencies had been made in the current year which would continue in subsequent years. He advised that this was

reflected in the budget monitoring report and there would be further modest savings coming forward as part of the report to Cabinet in November.

Councillor V Richichi commented that the Council would be receiving an increase in new homes bonus, yet was still required to make £1.4 million in savings.

The Head of Finance responded that this was possibly a case of central Government giving with one hand and taking away with the other. He explained that the Council had seen very significant reductions in revenue support grants and funding had been reduced by £3 to £4 million over the last few years. He added that the increase in the new homes bonus did not cover the shortfall in funding from central Government, and the Council had been required to make the additional savings.

In response to a question from Councillor V Richichi, the Head of Finance stated that the Council had a good track record of making efficiencies without impacting upon frontline services, however this would be a challenge in the coming years and there could be no guarantees that frontline services would remain unaffected.

Councillor S Sheahan commented that if this amount of money had been identified at the start of the year, the budget could have been planned better and the funding allocated accordingly. He added that better planning and being more honest about resources had to be the way forward. He also commented that the increase in new homes bonus meant an increase in the council tax base and therefore an increased demand on services. He asked the Head of Finance to comment on this. He also asked what impact a 1% increase in council tax would have upon the budget.

The Head of Finance advised that a 1% increase would raise an additional £50,000, which at present was matched by the Government with the council tax freeze grant. He added that increases were capped by central Government and the Council would also be required to pay council tax support.

In response to comments made by Councillor S Sheahan regarding increasing council tax, the Head of Finance explained that the Council retained approximately 15% of income from council tax, whereas it retained 80% of the new homes bonus, and as such, the new homes bonus was much more significant to the Council in terms of the budget than it was to unitary authorities. He acknowledged that an increase in the council tax base would result in an increase in demand for services.

It was moved by Councillor M Specht, seconded by Councillor J G Coxon and

RESOLVED THAT:

The comments made by the Policy Development Group be noted.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 9 DECEMBER 2014

Title of Report	CAPITAL PROGRAMMES – GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2014/15 AND DRAFT PROGRAMMES 2015/16 TO 2019/20
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk
Purpose of Report	To advise Members of the likely Capital Outturn and the relevant financing for 2014/15 for the General Fund, Coalville Special Expenses and the H.R.A. To seek approval to the draft General Fund, Coalville Special Expenses and H.R.A Capital Programmes for 2015/16 to 2019/20 and associated funding for consultation.
Reason for Decision	To enable projects to be included in the Programmes for consultation.
Council Priorities	The projects in the Capital Programmes help the Council achieve all its priorities.
Implications	
Financial / Staff	As contained in the report.
Links to relevant CAT	The Capital programmes are potentially relevant to all Corporate Action Teams (CATs).

Risk Management	The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget.
Equalities Impact Screening	No impact at this stage.
Human Rights	None identified.
Transformational Government	The Programmes attached are integral to delivering better services.
Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	As author the report is satisfactory.
Comments of Deputy Monitoring Officer	The report is satisfactory.
Consultees	CLT and budget holders.
Background Papers	None.
Recommendations	<p>A. THAT CABINET APPROVES THE PROJECTED OUTTURN FOR THE GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL PROGRAMMES FOR 2014/15 AND PLANNED FINANCING.</p> <p>B. THAT CABINET APPROVES FOR CONSULTATION THE DRAFT CAPITAL PROGRAMMES IN 2015/16 DETAILED IN:</p> <ul style="list-style-type: none"> • APPENDIX “A” GENERAL FUND AND SPECIAL EXPENSES CAPITAL SCHEMES • APPENDIX “B” FOR HRA CAPITAL SCHEMES

1.0 INTRODUCTION

- 1.1 Attached at Appendix “A” is the General Fund and Special Expenses draft Capital Programme for 2015/16 to 2019/20.”
- 1.2 Appendix “B” shows the H.R.A. draft Capital Programme for 2015/16 to 2019/20.
- 1.3 The Appendices also present the estimated outturn for the current year for approval.

2.0 ESTIMATED OUTTURN 2014/15

- 2.1 The projected outturn for 2014/15 on General Fund schemes totals £2,402,000. This is a planned increase of £108,000 on the original budget for the year of £2,294,000.
- 2.2 This managed increase is caused by the following:

Schemes carried forward from 2013/14	£	£
User Work Station Replacement	47,000	
Improving Customer Experience (ICE)	60,000	
Waste Management System,	56,000	
SAN and Virtual Replacement	4,000	
Car Park(Retention Element)	1,000	
Disabled Facilities Grant	153,000	
Total		321,000
 Additional Approved Schemes 2014/15		
Coalville Market Phase 2	127,000	
Additional Disabled Facilities Grant	17,000	
Total		144,000
 Planned Reductions 2014/15		
Disabled Facilities Grant – Slippage into 2015/16	(175,000)	
Whitwick Business Centre – Central Heating System - Under Spending	(50,000)	
Caravan Site – Appleby Magna, Fire Risk Scheme – slippage into 2015/16	(100,000)	
Council Offices Extension Car Park	(32,000)	
Total		<u>(357,000)</u>
		108,000

The planned financing of the General Fund expenditure totalling £2,402,000 in 2014/15 is as follows:

	£
Disabled Facilities Grant and PCT Monies Carried Forward	284,000
Revenue Contributions to Capital	149,000
Value for Money Reserve	471,000
Other Reserves	305,000
Leasing/Internal Borrowing	<u>1,193,000</u>
Total	<u>2,402,000</u>

- 2.3 There were sufficient funds identified prior to this capital spend being committed.
- 2.4 The carried forward schemes shown in paragraph 2.2 above is expenditure which was originally expected and budgeted for in 2013/14 but which has fallen in 2014/15 and for which the budgeted financing has also been carried forward.

3.0 GENERAL FUND CAPITAL PROGRAMME 2015/16 TO 2019/20 – INDIVIDUAL SCHEMES

3.1 The programme for 2015/16 to 2019/20 detailed in Appendix A provides for a continuation of the current Disabled Facilities Grants Scheme and the Vehicle Replacement Programme. The following new schemes are included in the programmes for approval to commence in 2015/16:

3.1.1 User Workstation Monitor Replacements (£7,000)

The current monitors are between three and five years old and will need replacing as the fluorescent backlighting fails. Use of new LED lighting is more cost efficient and will reduce running costs.

3.1.2 Helpdesk Software Upgrade (£12,000)

The current LAN desk software is out of support and an improved call logging system is required in response to feedback from satisfaction survey. We will also save £6000 per annum in support charges from the old software.

3.1.3 Server and Storage additional capacity (£29,000)

The current servers are around six years old and will soon become out of support. Additional storage capacity will allow remaining business critical servers (such as OPENhousing and IDOX) to be migrated to updated hardware prior to a move to cloud based solution.

3.1.4 Replacement Telephone System (£70,000)

The Council currently uses two main telephone systems. One system is based on current technology and owned by the Council, with critical equipment located on various sites to provide continuity of service in the event of a critical power or telephone line failure. This system is used by Customer Services and Leisure. The other system, which is used by the majority of officers at the main council offices, is based on old technology and owned and managed by the provider. Adding sufficient capacity to the newer Customer Services / Leisure system to create a single telephone system to support all officers, and cancelling the existing contract, will save the Council approximately £40,000 per annum as well as providing a better service to customers and officers. Capital funding of £70,000 is requested to realise these savings and support these improvements

3.1.5 Belvoir Shopping Centre, Main Service Road, Coalville (£12,000)

New scheme added to address maintenance/improvement issues. The construction of the service road presents problems, part of it being a mixture of a rigid concrete pavement overlaid with a flexible paving material (tarmac). The current surface is coming up to five years old and to preserve the condition and maximise the life of the surface before it will need to be renewed again. Selected defects need repairing.

3.1.6 Silver Street/Hermitage Leisure Centre Car Park -Resurfacing (£50,000)

This scheme, previously in 2016/17 has been brought forward into 2015/16. The condition of the surface at this site has continued to deteriorate steadily and has required further repairs (patching of potholes and some larger areas) to manage potential trip hazards and maintain it in a satisfactory condition.

3.1.7 Replace asbestos roof on outdoor pool change at Hood Park Leisure Centre (£17,000)

This was identified through a condition survey in 2010. The roof of the older outdoor pool changing cubicles is overlaid with corrugated asbestos sheets with asbestos ridge tiles and translucent sheets. Whilst the roof is checked visually on a monthly basis, replacement of it would totally remove any health and safety risk the asbestos may create through being damaged

3.1.8 Replace External Flashing at Hermitage Leisure Centre (£12,000)

The flashing is a weather resistant barrier on the external buildings that prevents water seeping into joints and structures. Through elements being damaged and worn over a period of time, the flashing now needs replacing.

3.1.9 Wellbeing Centre at Hood Park Leisure Centre (£400,000)

Section 106 contributions have been received for a Wellbeing Centre at HPLC. The intention is to convert the dry side changing rooms into a facility that can be used by existing members as part of the fitness room offer (thereby increasing capacity and giving the ability to sell more memberships), whilst also having an area that can be used by targeted groups – exercise referral, the elderly, and children and young people, people undergoing rehabilitation, etc. Public Health and the Clinical Commissioning Group are engaged as part of the project to help design the facility in the hope that they may be able to utilise it to help meet some of their objectives and/or they may be able to commission us to deliver initiatives on their behalf within it. The cost at this stage is based on the amount of funding received to date.

3.2 With regard to the Fleet Replacement Programme, each year a number of vehicles either come to the end of their lease period or their lease extensions are reviewed. Each vehicle is reviewed based on its age, condition, mileage, potential risk of major repairs (due to being out of warranty) and a decision is made whether to extend the lease or replace the vehicle.

3.3 These decisions are made in the previous year in order to allow a suitable lead-in period from order to delivery in April, particularly for large items such as refuse vehicles. Many of these vehicles are built to order and these orders have to be placed before October for delivery the following April. Therefore, although they are actually acquired in April a commitment has to be made in the previous year.

3.4 In order to progress with the 2016/17 purchases approval will be sought for the following vehicles:

	£
Refuse Kerbsider (End of Lease)	172,000
Refuse (2x refuse vehicles. End of Lease and End of Life)	350,000
Market Vehicles/Cars (End of Life)	15,000
Vans - Small (4x End of Lease)	60,000
Vans - Medium (2x End of Lease)	32,000
Vans - Pickup (End of Life)	25,000
Bin Lifter (New for refuse vehicle)	20,000
Tractor Plant (End of Life Baler, loading shovel and Tractor)	250,000
Mowing Machines (2x End of Lease)	60,000
Total	984,000

3.5 The General Fund Capital Programme (2015/16) will be funded by:

	£
S106/Grants	400,000
Internal Borrowing	1,050,000
Reserves	294,000
Revenue Contribution	149,000
Disabled Facilities Grants	<u>237,000</u>
Total	2,130,000

4.0 COALVILLE SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES

- 4.1 The projected out turn for Coalville Special Expenses is £216,000. This is £14,000 more than the approved budget of £202,000. This is mainly due to slippage from prior year on the following projects

	£
Coalville Park Improvements	1,000
Melrose Road Play Hub	2,000
Broomleys Allotments	1,000
Urban Forest Park – Play equipment	9,000
Owen Street – Floodlights	<u>1,000</u>
Total	<u>14,000</u>

- 4.2 There are no new schemes agreed at present for 2015/16.

5.0 H.R.A. CAPITAL PROGRAMME 2015/16 - 2019/20 – INDIVIDUAL SCHEMES

- 5.1 The HRA Capital programme (Appendix “B”) covers in detail the capital schemes for the period 2015/16 to 2019/20.

- 5.2 Planned spend in 2015/16 and onwards mainly consists of

5.2.1 Decent Homes Improvement Programme (DHIP)

The Decent Homes standard was introduced by the last Government to drive up the quality of social housing across the country. The standard sets a range of indicators for different elements of tenants’ homes. North West Leicestershire previously had the highest national level of predicted Non Decency on this assessment at 70%.

Government had set aside £2.1bn, out of which £0.6bn was ring fenced to new Stock Transfer gap funding and the remaining £1.5bn was available for councils, with over 10% of their stock non decent, to bid for. The Council bid was successful and it received £3.7m for 2012/13, with further funding of £8.5m for years 2013/14 and £7.55m for 2014/15. The latter was the last year of grant funding from the Government, and there will be no further grants in the foreseeable future.

The Council will therefore continue to invest in the Decent Homes Investment Programme to maintain the level of decency across the Housing Stock.

The Decent Homes Improvement Programme for 2015/16 will invest £5.29 million in improving tenants’ homes.

5.2.2 Housing Planned Investment Programme (HPIP)

In addition to delivering the Decent Homes Improvement Programme, there are a wide range of other investments required to maintain and enhance the housing stock and associated services and assets, which are outside the Governments definition of Decent Homes works. This part of the housing capital programme is funded by the annual transfer of a Major Repairs Allowance from the Housing Revenue Account.

6.0 CAPITAL RESOURCES

- 6.1 The resources estimated to be needed to finance the General Fund programme 2015/16 to 2019/20 total £5,984,250 as follows:

	£
2015/16	2,130,000
2016/17	1,536,750
2017/18	1,282,500
2018/19	984,000
2019/20	<u>51,000</u>
Total	<u>5,984,250</u>

- 6.2 Funding is in place in 2015/16 for the Disabled Facilities Grants Scheme (£560,000) consisting of £237,000 Disabled Facilities Grants, £174,000 of reserves and £149,000 of Revenue Contribution. The remaining schemes can be funded through either leasing or borrowing depending on value for money and provision has been made in the 2015/16 Revenue Budget.
- 6.3 The following resources are estimated to be available for financing the Housing Revenue Account Programme. A surplus of £987,000 can be carried forward to 2015/16.

	£
Major Repairs Reserve Balance at 1 st April 2014	1,996,000
Available Capital Receipts at 1 st April 2014	2,539,000
RCCO	2,922,000
Major Repairs Allowance 2014/15	4,008,000
Decent Homes Funding 2014/15	<u>7,547,000</u>
Resource available to Finance 2014/15 Capital expenditure	19,012,000
Less:	
Used to finance HRA Capital Expenditure in 2014/15	<u>18,015,000</u>
Resource available at 1 st April 2015	987,000
Contribution to Major Repairs Reserve 2015/16	3,991,000
Revenue Contribution in 2015/16	2,590,000
Retained Right to Buy Receipts	667,000
Capital Receipts/Allowance	<u>122,000</u>
Resource available to Finance 2015/16 Capital Expenditure	<u>8,367,000</u>
Less:	
Used to Finance HRA Capital Expenditure in 2015/16	<u>8,367,000</u>
	0
Resource Available at 1 st April 2016	0

- 6.4 The Cabinet is recommended to approve £31,000 in the 2014/15 financial year to complete urgently required capital works at five HRA shops in Blackfordby Lane, Moira. There has been limited investment from the council in these shop premises in preceding

years, and after inspections by the council's surveyor, it has now become apparent that the required works cannot be delayed until 2015/16. It is therefore being proposed that works including the supply and fitting of new shutters, new windows, a new heating system and cavity wall insulation are completed during the current financial year.

7.0 NEXT STEPS

- 7.1 This report will be presented to the Policy Development Group at its meeting on 7 January 2015. Consultation with the business community will be through the Leicestershire, Northamptonshire and Rutland Federation of Small Businesses. Any comments received will be included in the report to Cabinet on 10 February 2015 which will make the final recommendations to Council on 24 February 2015.

2,293,800	815,805	2,402,390	2,130,000	1,536,750	1,282,500	984,000	51,000	1,395,000	-	752,000	318,000	596,000	5,325,640	-
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SCHEME	2014/15	2014/15	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	GRANTS/	DF	OTHER	RESERVES	REVENUE	LEASING	SALIX
	ORIGINAL	Actual @	FORECAST						S106 CONTRIB	GRANTS	RESERVES	ASSET PROT		OR	LOAN
	BUDGET	Period 6	(Inc c/f									FUND		BORROWING	
			& slippage)												
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
COALVILLE SPECIAL EXPENSES															
Coalville Park Improvements	-	1,000	1,000						1,000						
Melrose Road Play Hub	-	5,000	2,000									2,000			
Cropston Drive BMX Track	42,047	33,000	42,000						25,000		10,000	7,000			
Broomleys Allotments	-	1,000	1,000									1,000			
Thringstone Miners Social Centre	5,000		5,000									5,000			
Urban Forest Park - Play equipment	-		9,000						9,000						
Urban Forest Park-Footway and drainage improvements	30,000		30,000						30,000						
Scotland Recreation Ground	10,000	13,000	10,000									10,000			
Owen Street -Floodlights	-		1,000									1,000			
Owen Street - Changing Rooms	115,000		115,000						30,000			85,000			

TOTAL SPECIAL FUND	202,047	53,000	216,000	-	-	-	-	-	95,000	-	10,000	111,000	-	-	-
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Actuals rounded to £'000's
C/F and slippage where known at Period 06, has been included into figures
Forecasts largely based on budget

2014/15 TO 2019/20 HOUSING CAPITAL PROGRAMME

	2014/15 Forecast Outturn (Q2)	2015/16	2016/17	2017/18	2018/19	2019/20
2010/12 Programme						
2012-17 DHIP Programme						
Year 1 programme slippage (including Major Aids & Adaptations completed under DHIP)						
Year 2 Programme Slippage	245,000					
HCA Funded Properties (90% of pre 2012 failures)	7,546,647		-	-	-	-
NWLDC Funded Properties (10% + post 2012 failures)	6,069,536	4,281,900	4,582,700	4,677,400	4,866,100	4,968,100
Decent Homes Refusals/Deferrals Provision		155,000	155,000	155,000		
Major Aids & Adaptations completed under DHIP	-					
Enabling Works Provision	415,000					
Enabling Works for Decants	-					
Asbestos Handling	450,000					
Year 3 and 4 Scoping Surveys	-					
DH Works in Voids and Tenanted Properties	850,000	850,000	850,000	850,000	850,000	850,000
2012-17 HPIP Programme						
2013/14 Slippage	378,000					
Hard Wired Smoke Detectors		47,000	47,000	47,000	47,000	47,000
Fire Risk Assessment Remedial Works	40,000	40,000	40,000	40,000	40,000	40,000
Lift Replacement	300,000					
Fire Alarm / Emergency Lighting	194,000					
Defective floor slabs (red ash floors)/Damp proofing (loughborough rd and other identified in year)	200,000	297,500	187,500	187,500	187,500	187,500
Fuel swaps (solid fuel to gas supply)	78,000	25,000	25,000	25,000	25,000	25,000
OTHER SCHEMES AND MISCELLANEOUS						
Garage Modernisation	-	100,000	-	-	-	-
Major Aids & Adaptations	380,000	350,000	350,000	350,000	350,000	350,000
Development Site Preparations	-	40,000	-	-	-	-
Insulation Works	-	250,000	-	-	-	-
Green & Decent Installations	140,000	100,000	250,000	250,000	250,000	250,000
Speech Module	-	50,000	50,000	50,000	50,000	50,000
Capital Programme Delivery Costs	698,000	654,000	654,000	654,000	654,000	654,000
Unallocated/Contingency		500,000	500,000	500,000	500,000	500,000
New Build Programme - One for One provision		122,178	27,421			
New Build Programme - NWLDC One for One provision		285,082	63,982			
New Build Programme - NWLDC additional provision		219,000				
HRA Shops	31,000	-				
Capital Allowances						
Programme to be defined						
Total Programme Costs	18,015,183	8,366,660	7,782,603	7,785,900	7,819,600	7,921,600

**2014/15 TO 2019/20 HOUSING CAPITAL PROGRAMME
FUNDING**

	2014/15 Forecast Outturn (Q2)	2015/16	2016/17	2017/18	2018/19	2019/20
A&A Grant						
Usable balances held	3,235,000	996,524	0	0	0	0
Retained Right to Buy Receipts (RTB)	203,618	228,344	211,226	208,096	203,349	193,480
RTB receipts - attributable debt	770,859	438,799	275,274	221,677	168,055	114,418
Use of RTB one for one reserve		122,178	27,421	-	-	-
RCCO	2,922,413	2,589,815	3,277,683	3,365,127	3,457,196	3,622,703
Decent Homes Backlog Funding	7,546,647	-	-	-	-	-
Major Repairs Allowance	4,008,170	3,991,000	3,991,000	3,991,000	3,991,000	3,991,000
Asset Disposals (Capital Allowance)	325,000	-	-	-	-	-
Green & Decent Funding	-					
Total Funding	19,011,707	8,366,660	7,782,603	7,785,900	7,819,600	7,921,600
Cumulative Over / (Under Resource)	996,524	0	0	0	0	0

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

POLICY DEVELOPMENT GROUP – 7 JANUARY 2015

Title of report	HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2015/16
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk</p> <p>Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk</p> <p>Director of Housing 01530 454819 glyn.jones@nwleicestershire.gov.uk</p>
Purpose of report	To receive the Committee's comments on the Cabinet's draft 2015/16 Housing Revenue Account (HRA) Budget proposals.
Council Priorities	Value for Money Homes and Communities
Implications:	
Financial/Staff	As included in report.
Link to relevant CAT	Delivering a balanced HRA Budget for 2015/16 will allow the Council to achieve the objectives for the service as set out in the Housing Business Plan and Service Team Business Plans.
Risk Management	The Council sets an HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget. Risks are managed through the corporate risk management process.
Equalities Impact Screening	None.
Human Rights	None.
Transformational Government	None.

Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	The report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Corporate Leadership Team (CLT), Strategy Group (23 September 2014), Cabinet (18 November 2014, http://minutes-1.nwleics.gov.uk/ieListDocuments.aspx?CId=126&MId=1334&Ver=4)
Background papers	HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2015/16, Cabinet 18 November 2014
Recommendations	THAT THE COMMITTEE PROVIDES ANY COMMENTS IT MAY HAVE FOR CONSIDERATION BY THE CABINET WHEN IT MEETS ON 10 FEBRUARY 2015 PRIOR TO THEIR RECOMMENDATIONS BEING TAKEN TO COUNCIL ON 24 FEBRUARY 2015.

1.0 INTRODUCTION

- 1.1 Cabinet approved the decision to consult on the draft HRA budget proposals and the rent increase for 2015/16 on 18 November 2014. The formal consultation process adheres to the same timetable as the general fund and commenced on 1 December 2014 and will run until 16 January 2015. The outcome of this consultation exercise being fed back into the subsequent reports to Cabinet and Council to seek approval for the final budget.
- 1.2 Draft proposals for consultation have been prepared in the context of a revised approach to annual rent increases following a Department for Communities and Local Government (DCLG) announcement in May of this year regarding new guidance on social rent policy. The impact of this to the HRA and flexibility available in its application is considered in this report.
- 1.3 Three options in respect of 2015/16 rent increase were presented to Cabinet on 18 November 2014, with option C recommended as the most economically viable option. Cabinet approved the draft HRA Budget proposal as detailed in this report, with option C as the recommended approach for rent increase for 2015/16 and the associated appendices for consultation. This information has been included for consultation via the website and with the Performance and Finance Working Group and Tenants and Leaseholders Consultation Forum.
- 1.4 Comments are sought from the Policy Development Group in respect of proposals included in this report, prior to the final draft budget being presented to Cabinet and Council for approval on 10 and 24 February 2015 respectively.

2.0 REVISED BUDGET 2014/15

- 2.1 Members will recall that Council approved the decision to fund the additional resources required for the 2015/16 Decent Homes Improvement Programme on 25 March and 16 September 2014. The impact of these changes on the original budget surplus is a revised budget with a £746k deficit which will be funded from HRA balances.

- 2.2 The overall forecast for the current year at period 8 shows a potential further increase in the forecast deficit from £746k to £899k. This is largely as a result in a reduction in expected rent income of £278k due to an increased level of empty properties, offset by Housing team budget savings generated of £125k.
- 2.3 As a result of this the balance on the Housing Revenue Account at 31st March 2015 is estimated to be £4.37m. This balance significantly exceeds our agreed minimum working balance on the HRA of £1m and this has been developed to provide a loan repayment reserve provision against the future repayment of debts taken out on a maturity repayment basis, within the HRA Business Plan. The first maturity loans of £10m and £3m fall due for repayment on 28 March 2022.

3.0 2015/16 BUDGET OVERVIEW

- 3.1 For 2015/16, the level of revenue contribution to capital outlay (RCCO) is proposed to be £2.59m (as opposed to £2.9m in 2014/15) in order to maintain 100% decency in respect of the Decent Homes standard. This significant annual transfer from revenue to capital to fund improvements will be an ongoing feature of the HRA budget going forwards, as the Council will no longer be in receipt of any Decent Homes Backlog Funding Grant after 2014/15.
- 3.2 Budget proposals are based on prices and levels of charges for Council Housing related services at October 2014 plus known increases, for example contractual obligations.
- 3.3 The process of determining the 2015/16 budget includes the capturing of all of the changes required from one budget year to the next within the HRA in the form of a budget “investment” – a request for more funding or a reduction in income collected, or a budget “saving” – an increase in income or a budget saving via reduced expenditure.
- 3.4 The budget investment and budget saving proposals for the 2015/16 budget are shown within Appendices A and B.
- 3.5 All budget proposals that have been given an amber or green are included within the draft budget, with amber proposal owners required to seek further approval before implementing proposals, through Corporate Management Team (CMT) or Departmental Management Team (DMT) as appropriate.
- 3.6 The budget for 2015/16 is estimated to produce an operating surplus of £28k. Please note that the business plan model is expected to produce one future year with a budget deficit in 2016/17 (of £95k), followed by surpluses in each of the four years going forward from 2017/2018. Annual surpluses are planned to rise incrementally from £162k in 2017/18 to £2.513m in 2020/21.
- 3.7 It is proposed to fund the deficit for the single year of 2016/17 from HRA reserves, which is considered to be a prudent approach, as opposed to the alternative of borrowing money and incurring additional interest costs.

4.0 2014/15 BUDGET – RENTS

- 4.1 Government rent policy guidance, introduced nationally for local authorities in April 2002, has in previous years established the local authority average guideline rent increase by applying the Government’s recognised inflation index Retail Price Index (RPI) at the previous September plus 0.5%, and a convergence factor of up to £2 per week. The £2 per week convergence factor cap reflected the policy objective of increasing Local Authority rents to

similar levels to those charged by Registered Providers (Housing Associations). North West Leicestershire District Council has adhered to this guidance since its implementation.

4.2 Following consultation the Government has announced that from 2015/16 this guidance will be replaced by new guidance that requires rent increases to be via a formula of September CPI + 1% for the next 10 years. Consumer Price Index (CPI) is another inflation index recognised and used by central Government. Historically CPI has been lower than RPI, so the expected impact of this policy would be to reduce annual rent increases, and therefore significantly reduce the rental income predictions on which our business plan is based.

4.3 To illustrate the difference, the comparative inflation indices for September 2014 and resultant formula rent increase are as follows:

Inflation Index		Formula increase (RPI + 0.5% / CPI + 1%)
RPI	2.3%	2.8%
CPI	1.2%	2.2%

4.4 On the introduction of its new guidance the Government's existing rent restructuring policy will cease from 2015/16, with the exception of re-letting properties at the converged rent level on re-let. Currently approximately 26% of our tenants are paying the target rent for their home, with 74% paying rents below this level. Principally this is because we were historically a lower rent level Council so the increases required for individual properties to reach target rents were larger and the impact of the "cap" has meant most of our properties are yet to reach their target rent level. Because of their lower rent starting point, all homes are not forecast to reach their target rent until 2019/20 under the former rent policy.

4.5 Whilst the move to the new social rent policy represents potentially lower rent increases for tenants, the removal of rent convergence and change in formula represents a real, and significant, loss of rental income to the Council. More importantly it maintains the situation where existing tenancies are being charged considerably less rent than incoming new tenants. Currently tenants in neighbouring properties can pay up to £16.90 per week more/less for the same property. If the new guidance is adopted and the Council no longer continues to converge rents, these individual property differentials will only be closed when a property is moved to target rent when re-let.

4.6 There is no statutory underpinning for rent setting. Local authorities are free to set any rent they see fit as long as it meets the provisions of the 1985 Housing Act. Section 24 of the 1985 Act states the following:

24 (1) A local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses

24 (2) The Authority shall from time to time review rents and make such changes, either of rents generally or particular rents, as circumstances may require

4.7 The 1989 Local Government and Housing Act added clauses 24 (3) and 24 (4) which stated that in exercising their functions under this section, a local housing authority shall have regard in particular to the principle that the rents of houses of any class or description should bear broadly the same proportion to private sector rents of houses of any other class or description. However, this was repealed in England (it is still extant in Wales) by the Local Government Act 2003. Therefore, local authorities have no restriction other than reasonableness when deciding on the basis to set rents.

- 4.8 However, Government guidance on rent increases has formed part of the HRA financial world for many years, and in the past factors such as the national Housing Subsidy system controlled rent increases by ensuring that any increase at a rate different to the policy level had a negative impact on income.
- 4.9 With the introduction of HRA Self-Financing in March 2012, the settlement which resulted in loans of £77m being taken on by the Council was calculated on the basis of projected income from rent convergence level increases, albeit with adjustments recognising the impact of the £2 above inflation increases. Therefore rents were increased to meet interest and debt repayment requirements in accordance with the projected levels in the Business Plan.
- 4.10 The application of the new rent policy guidance in North West Leicestershire therefore presents a potentially inequitable outcome which will retain large rental differences between neighbouring properties until they become vacant. A number of other Local Authorities are also considering alternative rent increase options for 2015/16 and beyond. All Councils are at different places in their rent convergence processes, as some started from higher average rent levels so had lower levels of increase to make each year. For those with most of their properties already at convergence levels, the impact of the new rent policy is far less significant on their future income projections than it is for Councils such as ourselves, with a majority of properties not yet at target rent levels.
- 4.11 The policy adopted by Cabinet in April 2008 means that empty properties are only moved to a target rent upon letting to a new tenant. Therefore, under the current approach, if a tenant has a tenancy that pre-dates April 2008 and transfers to another property, they will do so at the lower rent for that property rather than at the advertised target rent. Under a revised approach from 2015/16, it is proposed that all properties are re-let at target rent, regardless of the tenancy status of the incoming tenant.
- 4.12 Following a review of the current rent plan, the following rent increase options were developed for consideration for consultation by Cabinet on 18 November 2014. Cabinet approved option C as the recommended approach for the 2015/16 rent increase for consultation. The options considered were:

Option A – Former policy

Rents would be increased by the former rent guidance of RPI + 0.5% (+ £2 for those properties not at limit rent) which is due to end in March 2015. This option is a clear departure from the Government's revised guidance through continuation of the current policy and rent convergence.

Under this option, the rent levels of all properties would converge by 2019/20, ensuring all tenants pay the same rent for similar properties.

This option provides the HRA with higher rental income due to the 0.5% favourable position of the RPI based formula.

Subject to the level of future September RPI, our projections suggest that rent increases from 2017/18 may invoke a financial penalty through reduced Housing Benefit Subsidy as a result of the average rent exceeding the rent rebate subsidy limitation figure. Rent increase policy for 2017/18 and beyond should therefore make reference to the rebate subsidy limitation figure as prescribed by Government.

Option B – New Government guidance

This option implements the Government's revised guidance for social rents due to commence from April 2015 and would be followed with annual increases of CPI + 1% only, with no continuation of rent convergence.

Under this option the current inequity of tenants paying different rents for similar properties would remain. The 1,142 (26%) properties that have converged to date will remain at their target rent, with the remaining properties only being converged to target rent upon re-let. Tenants living in properties which have reached target rents would continue to pay lower rent increases, but on higher rent levels than their neighbours.

This option will generate significantly lower rental income than originally anticipated, and will limit future investment in our housing stock.

Since this option adheres to the governments guidance it is expected that the average rent will not exceed the rent rebate subsidy limitation figure and therefore there is a low risk of financial penalty.

Option C – Accelerated Convergence

Under this option the Government's revised guidance for social rents from April 2015 would be followed with annual increases of CPI + 1%, however rent convergence would continue at an accelerated rate of up to £4 per week.

Following this accelerated convergence path the majority of properties (94%) would converge by 2016/17 (and within the rent rebate subsidy limitation), with the remaining 6% by 2019/20. This option therefore presents a more equitable outcome with similar rent values being charged for similar properties.

This option will generate a higher rental income during the early years to 2019/20 as a result of the application of accelerated convergence at up to £4 per week for those properties not at target rent. Rental income and average rent per property will overall be lower than option A from 2017/18 onwards as a result of following the revised guidance in respect of CPI increases.

Subject to the level of converged properties and level of CPI in September 2015, rent increases from 2016/17 may impose a financial penalty through Housing Benefit Subsidy limitation as a result of the average rent exceeding the rent rebate subsidy limitation figure. Rent increase policy for 2016/17 and beyond should therefore make reference to the rebate subsidy limitation figure as prescribed by Government.

- 4.13 In respect of the above, new issues may be presented in future years upon the introduction of Universal Credit (UC). Detailed information is not currently available in respect of how the Housing element of UC will be calculated, however, should it be in line with the new government guidance for CPI formula rent increases, this may cause issues in terms of Housing Benefit eligible tenants UC benefit not being aligned with their rent.
- 4.14 Appendix C contains detailed projections with regards to these rent increase options over the next 10 years to 2024/25 including average rent levels and rent increases per year on a 50 week basis.
- 4.15 In light of the impact to future cash flows within the HRA Business Plan and the ability to meet investment needs and existing loan repayments, covered in section 6.0, it is recommended

that Option C – Accelerated Convergence is followed for 2015/16. Cabinet approved option C as the recommended approach for the 2015/16 rent increase for consultation.

5.0 SERVICE CHARGES, FEES AND OTHER CHARGES

- 5.1 Approximately one third of the Council's properties have a service charge, covering a range of items such as communal heating, communal lighting and the maintenance of communal areas. Service charges are covered by Housing Benefit, whilst all other fees and charges are not.
- 5.2 For 2015/16 average weekly service charges are proposed to be increased by 1.82%.
- 5.3 Central heating charges are proposed to increase by 10% as a result of proposed energy prices increases anticipated for 2015/16.
- 5.4 Garage rent levels are proposed to rise by 2.3% which is in line with the Retail Prices Index (RPI) as at September 2014.
- 5.5 Appleby Magna Caravan Site is a General Fund asset but managed by the Housing Service. Ground rents for the site are proposed to be increased by 2.3% on the anniversary of each individual rent agreement in 2015/16.
- 5.6 It is proposed that Lifeline Charges are increased by 2.3% from April 2014.
- 5.7 A table detailing each charge increase can be found in Appendix D.

6.0 HRA BUSINESS PLAN

- 6.1 Significant annual surpluses on the HRA are required in future years in order to meet the loan repayment commitments in the HRA Business Plan should the commitment to repay debt in 2021/22 be retained. The business plan model (please see Appendix E under HRA In Year Cashflow) shows projected surpluses that rise incrementally from £162k in 2017/18 to £2.513m in 2020/21.
- 6.2 As a result of Council's decision on 16 September to fund the additional costs associated with the Decent Homes programme, a funding shortfall of £3.3m currently exists in year 8, 2021/22, when two maturity loans of £10m and £3m fall due for repayment which must be factored into future planning.
- 6.3 The overall impact to the HRA Business Plan for 2015/16 and future years is ultimately dependant on the rent policy adopted as well as the level of voids which for modelling purposes is set at 1.8% in the medium term. Option C – Accelerated convergence rent policy was recommended by Cabinet for implementation from 2015/16 and is presented within these budget proposals.
- 6.4 The budget for 2015/16 is therefore estimated (subject to the agreement of inclusion of proposals following consultation) to produce an operating surplus of £28k for the year. This will increase the estimated balance on the Housing Revenue Account at 31st March 2016 to £4.26m.
- 6.5 It is proposed to fund the estimated deficit of £95k in 2016/17 from HRA reserves, which is considered to be a prudent approach, as opposed to the alternative of borrowing money and incurring additional interest costs. This will subsequently reduce the estimated balance on the Housing Revenue Account at 31st March 2017 to £4.16m. The balance on the HRA will subsequently increase to reach an estimated £7.86m by 2020/21.

- 6.6 The current funding shortfall of £3.3m in year 8, 2021/22, reduces to £1.24m as a result of the higher rental income realised under Option C.
- 6.7 The impact of the draft budget under each of the rent increase options presented in section 4 can be found in Appendix E. Under Rent Income, it should be noted that Option C produces an extra £9m of rent income over 10 years as opposed to Option B. Similarly, under HRA Borrowing, Option C assumes that to pay off the two maturity loans in 2021/22 will require a payment from the Council of £1.242m, whilst Option B would require the Council to invest £7.304m.

7.0 CONSULTATION PROCESS

- 7.1 The contents and appendices of this report form part of the information used to consult with Council tenants on the proposals for the 2015/16 Housing Revenue Account budget.
- 7.2 This includes consulting with tenant members of the Performance and Finance Working Group (the Council's Resident Involvement technical finance working group) and the Tenants and Leaseholders Consultation Forum (the Council's Resident Involvement decision making body) to review and comment on the proposals.
- 7.3 The contents and appendices of this report have also been published on the Council's Housing internet page and are available in hard copy format upon request.
- 7.4 Members of the Performance and Finance Working Group (who were consulted on 4 December) were supportive of the recommended proposals. The group accepted that increases ought to be higher than Government guidance if the service was to be able to afford to continue with a programme of housing improvements.
- 7.5 A copy of the consultation timetable can be found in Appendix F.

8.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 8.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 8.2 Taking into account identified risks, the Section 151 Officer considers that the estimates which form the Housing Revenue Account Budget for 2015/16 are robust and prudent and the proposals are deliverable.
- 8.3 The Section 151 Officer also considers that the overall level of Housing Revenue Account reserves is adequate.

9.0 NEXT STEPS

- 9.1 At its meeting on 18 November 2014, Cabinet approved the draft HRA Budget proposal as detailed in this report, with option C as the recommend approach for rent increases and associated appendices for consultation.
- 9.2 Following the end of the formal consultation period on 16 January 2014, the HRA draft budget will be presented to Cabinet and Council for approval on 10 and 24 February 2014 respectively.

Proposed Savings

Ref	Savings Bid Title	How will the Savings be Made?	Period	Income or Expenditure Budget	14/15 Budget	Value	Revised 15/16 Budget	Status
R1	External painting contract	Reduced provision as a result of the cyclical external painting programme. All external areas painted during 2014/15, future external painting programme schedule for 2019/20.	5 years	expenditure	85,000	20,000	65,000	G
R2	Energy performance certificates (EPC's)	Reduced provision as a result of all properties certification being updated following full stock condition surveys. Remaining budget provision to updated EPC as per government requirement of every 10 years.	on-going	expenditure	21,600	6,000	15,600	G
R3	Cleaning contract	Overall budget saving based on reduction in number of schemes requiring cleaning, including annual contract increase.	on-going	expenditure	83,340	6,100	77,240	G
R4	Reduction in budget for waste disposal	Reduced provision as a result of increase in recycling activity.	on-going	expenditure	37,540	8,450	29,090	G
R7	Reduction in revenue repairs	Reduced provision based on a forecast reduction of 5% in market rates for repairs.	on-going	expenditure	2,596,910	50,000	2,546,910	G
41 R8	2015/16 Rent increase	Annual rent increase at recommended rent increase option of CPI (1.2%) + 1% + £4 convergence factor where relevant (option c). Budget provision includes void loss of 1.8%	on-going	income	16,741,400	652,600	17,394,000	G
R10	2015/16 Services charge increase	Increased service charges based on assessment of individual cost areas. Proposed increase of 1.82%.	on-going	income	304,550	6,161	310,711	A
R14	Solid Fuel Servicing	Revised budget provision based on reduction in solid fuel properties for servicing. Includes provision for annual contract increase of 2.3%	ongoing	expenditure	38,040	13,960	24,080	G
R15	Recovered court cost fees	Increased provision based on recovery of increase in charges in respect of court costs	ongoing	income	9,800	6,500	16,300	G
R16	Revenue Contribution to Capital Outlay (RCCO)	Reduction in the estimated RCCO required to meet capital expenditure for 2015/16.	ongoing	expenditure	2,922,410	332,595	2,589,815	G
DMR	De-minimus savings (below £5k)	Increase in tenants insurance receipts £700 (R5); DD Promotions budget reduction £2,000 (R6); Reduction in protective clothing budget £1,000 (R9); Increase in Caravan site pitch fees £500 (R11); Increase in garage rent £1,900 (R12); Increase in lifeline charges £3,150 (R13)	ongoing	various		9,250		
TOTAL SAVINGS						1,111,616		

Proposed Investment

Ref	Investments Bid Title	What is the Investment for	Period	Income or Expenditure Budget	14/15 Budget	Value	Revised 15/16 Budget	Status
I4	Annual Servicing of smoke detectors	Provision for biennial servicing of smoke detectors on the basis of a 5 year programme consisting of a single visit to every property.	ongoing	expenditure	0	15,000	15,000	A
I6	Professional fees - court costs	Increased provision based on increase in charges in respect of court costs .	ongoing	expenditure	23,200	10,000	33,200	G
I8	Renewal of defective double glazed units	Provision to complete repairs to a 3 year backlog of defective double glazing.	1 year	expenditure	0	27,000	27,000	G
I9	Environmental repairs and improvements	Increase in provision to carry out programme of external works to pathways and pavements.	ongoing	expenditure	40,000	20,000	60,000	G
I11	Housing 'Health Check' recommendations	Provision to implement report recommendations following review.	1 year initially	expenditure	0	200,000	200,000	G
I14	Mobile working licence costs	Increased provision for annual charges for the mobile working and dynamic scheduling system.	ongoing	expenditure	110,160	21,600	131,760	G
42 I15	Increase in HRA salary provision	Increase in HRA salary provision based on incremental increases, pension costs and 1% pay of existing posts. Provision is net of changes to the existing structure, which include provision for the Director of Housing, and 0.5FTE Scheduler and removal of ICT Project Officer fixed term post, essential car allowances of x2 0.5FTE Resident Involvement Officer roles, 1FTE Logistics Support Officer, 1FTE Older Persons Project Officer and 0.5FTE Older Persons Team Leader.	ongoing	expenditure		6,800	6,800	A
I17	Housing apprentice	Cost of employing one Housing Apprentice.	ongoing	expenditure	0	6,000	6,000	G
I18	Older Persons service remodelling	Provision for potential costs associated with reshaping the Older Persons Service.	1 year	expenditure	0	20,000	20,000	G
DMI	De-minimus investments (below £5k)	Increase in gas servicing £3,260 (I1); Online document access for involved tenants £1,000 (I12); Increase in maintenance costs of older persons technology £993 (I16); Increase in void garden maintenance £3,670 (I19); Reduction in older persons income stream £610 (I20); budget reduction in central heating charges as a result of void loss £,3220 (I22)	ongoing	various		12,753		
TOTAL INVESTMENT						339,153		

2015/16 Rent Modelling Options Summary
Rent Models

Option A - Current policy	RPI (2.3%) + 0.5% + £2
Option B - New Government guidance	CPI (1.2%) + 1%
Option C - Accelerated Convergence	CPI (1.2%) + 1% + £4

50 Week Rent	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Option A - Current policy	82.41	85.93	89.28	92.15	94.83	97.68	100.61	103.62	106.73	109.93
Option B - New Government guidance	80.52	82.29	84.10	85.95	87.84	90.48	93.19	95.99	98.87	101.83
Option C - Accelerated Convergence	83.15	86.21	88.23	90.24	92.23	95.00	97.85	100.78	103.81	106.92

Ave Wkly Increase (%)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Option A - Current policy	4.60%	4.28%	3.89%	3.22%	2.91%	3.00%	3.00%	3.00%	3.00%	3.00%
Option B - New Government guidance	2.20%	2.20%	2.20%	2.20%	2.20%	3.00%	3.00%	3.00%	3.00%	3.00%
Option C - Accelerated Convergence	5.54%	3.68%	2.35%	2.27%	2.21%	3.00%	3.00%	3.00%	3.00%	3.00%

Ave Wkly Increase	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Option A - Current policy	3.62	3.53	3.34	2.88	2.68	2.84	2.93	3.02	3.11	3.20
Option B - New Government guidance	1.73	1.77	1.81	1.85	1.89	2.64	2.71	2.80	2.88	2.97
Option C - Accelerated Convergence	4.36	3.06	2.03	2.01	1.99	2.77	2.85	2.94	3.02	3.11

No of Units at Convergence	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Option A - Current policy	1399	1970	2889	3965	4139	all at target	all at target	all at target	all at target	all at target
Option B - New Government guidance	1142	1142	1142	1142	1142	1142	1142	1142	1142	1142
Option C - Accelerated Convergence	1987	4012	4188	4259	4279	all at target	all at target	all at target	all at target	all at target

COMPARISON OF 2014/15 AND 2015/16 HOUSING CHARGES							
	2014/15		2015/16				2015/16 Comments
Chargeable Service	Estimates 2014/15	Charge	Estimates 2015/16	Increase/ (Decrease)	Percentage Change	Charge	Basis of Increase
Service charges	339,159	Varies per property	345,320	6,161	1.82%	Varies per property	Based on assessment of all chargeable services.
Central Heating (before adjustments to income for void loss)	113,097	0 Bed: £7.58pw 1 Bed: £9.13pw 2 Bed: £10.48pw 3 Bed: £12.04pw	124,557	11,460	10.00%	0 Bed: £8.72pw 1 Bed: £10.50pw 2 Bed: £12.05pw 3 Bed: £13.85pw	Based on market assessment of predicted increase in utility costs during 2015/16.
Garage & Garage Site Rent (before adjustments to income for void loss)	164,251	Garage: £6.11pw Site: £3.92pw	168,029	3,778	2.30%	Garage: £6.25pw Site: £4.01pw	RPI based increase in line with previous years.
Appleby Magna Caravan Site Rent (before adjustments to income for void loss)	22,688	Site: £30.25pw	23,213	525	2.30%	Site: £30.95pw	RPI based increase at anniversary date of each licence in line with previous years.
Shop Leases	14,300	n/a	14,300	0	0.00%	n/a	Proposal currently undetermined. Report to Cabinet timetabled for December 2014.
Tenants Contents Insurance	33,600	Premiums from £0.72p pw to £4.22pw	33,600	0	0.00%	Currently undetermined but expect premiums to be from £0.72p pw to £4.22 pw	Level of premium tenants will pay are currently dependent on negotiation of new contract. Procurement options currently under review are likely to result in no increase in premiums.
Lifelines for private customers	99,360	£42.68 per quarter	101,645	2,285	2.30%	£43.66 per quarter	RPI based increase in line with previous years.
Lifelines (East Midlands Housing Association)	37,350	Various depending on scheme	38,209	859	2.30%	Various depending on scheme	RPI based increase in line with previous years.
Choice Based Lettings Advertising Costs	28,000	n/a	28,000	0	0.00%	n/a	No increase proposed.
Total Services	851,805		876,873	25,068	2.94%		

2015/16 Rent Modelling Options Summary
HRA Business Plan Impact

Option A - Current policy	RPI (2.3%) + 0.5% + £2										
Option B - New Government guidance	CPI (1.2%) + 1%										
Option C - Accelerated Convergence	CPI (1.2%) + 1% + £4										
Capital Programme	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total		
Planned Expenditure	8,398	- 7,783	- 7,786	- 7,820	- 7,922	- 6,471	- 4,531	- 4,531	-	55,239	
Rent Income	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Option A - Current policy	17,240	17,897	18,518	19,047	19,540	20,073	20,626	21,196	21,784	22,389	198,310
Option B - New Government guidance	16,845	17,138	17,445	17,765	18,100	18,594	19,106	19,634	20,179	20,739	185,544
Option C - Accelerated Convergence	17,394	17,953	18,302	18,651	19,004	19,523	20,060	20,615	21,187	21,776	194,466
These values typically lower as affected by RTB's, Rent Loss due to Voids, Disposals etc											
HRA CFR Borrowing	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Option A - Current policy	-	-	-	-	-	-	-	-	-	-	0
Option B - New Government guidance	-	-	-	-	-	-	7,304	-	-	-	7,304
Option C - Accelerated Convergence	-	-	-	-	-	-	1,242	-	-	-	1,242
RCCO	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Option A - Current policy	2,590	3,278	3,365	3,457	3,623	2,237	14,543	361	1,766	1,764	36,983
Option B - New Government guidance	2,590	3,278	3,365	3,457	3,623	2,237	7,239	361	1,766	1,764	29,679
Option C - Accelerated Convergence	2,590	3,278	3,365	3,457	3,623	2,237	13,301	361	1,766	1,764	35,741
HRA In Year Cash flow (Deficit) / Surplus	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Option A - Current policy	-125	-152	376	811	1,138	3,064	-7,525	6,348	5,559	6,193	15,686
Option B - New Government guidance	-518	-907	- 696	-474	-311	1,567	-1,837	4,427	3,584	4,162	8,997
Option C - Accelerated Convergence	28	-95	162	418	605	2,513	-6,865	5,704	4,895	5,509	12,875
HRA Closing Balance	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
Option A - Current policy	4,104	3,952	4,328	5,138	6,277	9,341	1,816	8,164	13,722	19,915	
Option B - New Government guidance	3,712	2,804	2,108	1,634	1,323	2,891	1,053	5,480	9,063	13,226	
Option C - Accelerated Convergence	4,257	4,162	4,325	4,742	5,347	7,860	995	6,699	11,594	17,104	

Consultation and approval of HRA 2015/16 Budget Timetable

Date	Item	Information
1 December 2014 to 16 January 2015	Consultation with customers	Consultation with: <ul style="list-style-type: none"> • All customers via NWLDC website • Tenant members of the Performance and Finance Working Group (4 December 2014) • Members of Tenants and Leaseholder Consultation Forum (via letter)
10 February 2015	Cabinet Meeting	Recommendations to Council
24 February 2015	Council	Approval of Budget

Notice of Executive Key Decisions

The attached notice lists the matters which are likely to be the subject of a key decision by the Council's executive and executive decision making bodies. This notice is produced in accordance with the Constitution adopted by North West Leicestershire District Council and will be published a minimum of 28 days before the date on which a key decision is to be made on behalf of the Council.

The date of publication of this notice is Friday, 9 January 2015. The Deadline for making any representations as to why items marked as private should be considered in public by **Cabinet on 10 February 2015 is 5pm Friday, 30 January 2015.**

Key Decisions

A key decision means a decision taken by the Cabinet, a committee of the Cabinet, an area or joint committee or an individual in connection with the discharge of a function which is the responsibility of the executive and which is likely:

- (a) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the Council;
- (c) for the purposes of (a) and (b) above £100,000 shall be regarded as significant in terms of expenditure or savings, and any issue which, in the opinion of the Leader is likely to have an impact on people, shall be regarded as significant in terms of impact on communities.

The Council's Executive

➦ The Council's executive committee is the Cabinet. The Cabinet comprises:

Councillor R Blunt	-	Leader	Councillor T J Pendleton	-	Regeneration and Planning
Councillor A V Smith MBE	-	Deputy Leader and Community Services	Councillor N J Rushton	-	Corporate
Councillor T Gillard	-	Business	Councillor R D Bayliss	-	Housing

Confidential Items and Private Meetings of the Executive

Whilst the majority of the Cabinet's business at the meetings listed in this notice will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information. This is a formal notice under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that part of the Cabinet meetings listed in this Forward Plan may be held in private because the agenda and reports for the meeting contain exempt information under Part 1 Schedule 12A to the Local Government Act (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. Those Items where it is considered that they should be considered in private are identified on the Notice.

Access to Agenda and Related Documents

Documents relating to the matters listed in this notice are available at least 5 clear working days prior to the date of decision as indicated below. Other documents relevant to the matters listed in this notice may be submitted to the decision maker.

If you wish to request or submit a document, or make representation in relation to any issue contained within this notice, please contact Democratic and Support Services on telephone number 01530 454512 or by emailing memberservices@nwleicestershire.gov.uk

Executive Decisions

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
February						
Capital Programmes 2015/16 - 2018/9	Cabinet	Key	Public	10 February 2015	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Head of Finance Tel: 01530 454520 ray.bowmer@nwleicestershire.gov.uk	Report
General Fund Budget 2015/16	Cabinet	Key	Public	10 February 2015	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Head of Finance Tel: 01530 454520 ray.bowmer@nwleicestershire.gov.uk	Report
Health and Safety Policy Review	Cabinet	Key	Public	10 February 2015	Councillor Richard Blunt Tel: 01530 454510 richard.blunt@nwleicestershire.gov.uk Human Resources Manager Tel: 01530 454518 mike.murphy@nwleicestershire.gov.uk	Report and Policy

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
Owen Street Recreation Ground	Cabinet	Key	Public	10 February 2015	Councillor Alison Smith MBE Tel: 01530 835668 alison.smith@nwleicestershire.gov.uk Head of Community Services Tel: 01530 454832 john.richardson@nwleicestershire.gov.uk	TBC
Treasury Management Policy and Strategy Statements	Cabinet	Key	Public	10 February 2015	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Head of Finance Tel: 01530 454520 ray.bowmer@nwleicestershire.gov.uk	Report
Housing Revenue Account Budget 2015/16	Cabinet	Key	Public	10 February 2015	Councillor Roger Bayliss Tel: 01530 411055 roger.bayliss@nwleicestershire.gov.uk Head of Finance Tel: 01530 454520 ray.bowmer@nwleicestershire.gov.uk	Report
Minutes of the Coalville Special Expenses Working Party - 16 December 2014	Cabinet	Non-Key	Public	10 February 2015	Councillor Alison Smith MBE Tel: 01530 835668 alison.smith@nwleicestershire.gov.uk Head of Community Services Tel: 01530 454832 john.richardson@nwleicestershire.gov.uk	Report and Minutes of Meeting

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
Recycling Credits	Cabinet	Key	Private Information relating to the financial or business affairs of any particular person (including the authority holding that information)	10 February 2015	Councillor Alison Smith MBE Tel: 01530 835668 alison.smith@nwleicestershire.gov.uk Head of Community Services Tel: 01530 454832 john.richardson@nwleicestershire.gov.uk	Report
March						
Former Tenant Rent Arrears, Current Tenant Rent Arrears, Council Tax, Non Domestic Rates and Sundry Debtor Write Offs	Cabinet	Key	Part Private Some background papers contain exempt information	3 March 2015	Councillor Nicholas Rushton Tel: 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Head of Finance Tel: 01530 454520 ray.bowmer@nwleicestershire.gov.uk	Report
Proposed Council Delivery Plan 2015/16	Cabinet	Key	Public	3 March 2015	Councillor Richard Blunt Tel: 01530 454510 richard.blunt@nwleicestershire.gov.uk Head of Legal and Support Services Tel: 01530 454762 elizabeth.warhurst@nwleicestershire.gov.uk	Report
Q3 Performance Report	Cabinet	Non-Key	Public	3 March 2015	Councillor Richard Blunt Tel: 01530 454510 richard.blunt@nwleicestershire.gov.uk Head of Legal and Support Services Tel: 01530 454762 elizabeth.warhurst@nwleicestershire.gov.uk	Quarter 3 Performance Report

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
April						
There are no meetings scheduled.						
May						
There are no meetings scheduled.						
June						
Minutes of the Coalville Special Expenses Working Party - 21 April 2015	Cabinet	Non-Key	Public	16 June 2015	Head of Community Services Tel: 01530 454832 john.richardson@nwleicestershire.gov.uk	Report and Minutes of Meeting
Q4 Performance Report	Cabinet	Non-Key	Public	16 June 2015	Head of Legal and Support Services Tel: 01530 454762 elizabeth.warhurst@nwleicestershire.gov.uk	Quarter 4 Performance Report
Treasury Management Stewardship Report 2014/15	Cabinet	Key	Public	16 June 2015	Head of Finance Tel: 01530 454520 ray.bowmer@nwleicestershire.gov.uk	Report

Decision	Decision Maker	Status of Decision	Public or Private (and reason – where private)	Date of Decision	Contacts	Documents to be submitted to the Decision Maker
July						
No items.						
August						
There are no meetings scheduled.						
September						
No items.						
October						
No items.						
November						
No items.						
December						
No Items.						
January						
No Items.						

POLICY DEVELOPMENT GROUP – WORK PROGRAMME (as at 18/12/14)

Date of Meeting	Item	Lead Officer	Witnesses
11 March 2015	Community Engagement Strategy	John Richardson	None identified
1 July 2015	<i>Items to be allocated</i>		
TBC	Delivering Growth and Prosperity in Coalville		None identified

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