APPENDIX C

MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 7 JANUARY 2015

Present: Councillor J G Coxon (Chairman)

Councillors N Clarke, D Everitt, J Geary, A C Saffell, S Sheahan and M Specht

In Attendance: Councillors

Officers: Mr R Bowmer, Mr D Gill, Mr G Jones and Mr D O'Nyons

18. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors V Richichi and N Smith.

Councillor N J Rushton was also invited to attend however, unfortunately due to County Council Commitments he had to decline.

Councillor S Sheahan commented that it would have been good to have Councillor N J Rushton in attendance, and that nothing had stopped him from appointing a substitute.

19. DECLARATION OF INTERESTS

Councillor J G Coxon declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Ashby Town Council.

Councillor D Everitt declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Whitwick Parish Council.

Councillor M Specht declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Coleorton Parish Council.

Councillor A C Saffell declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Castle Donington Parish Council.

Councillor S Sheahan declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Leicestershire County Council.

20. PUBLIC QUESTION AND ANSWER SESSION

There were no questions received.

21. MINUTES

The Deputy Monitoring Officer asked the Chairman to consider a clarification to the minutes. At the last meeting, The Deputy Monitoring Officer advised that the Members for each authority made the appointments in respect of the Leicestershire Revenues and Benefits Partnership; and as such there would be Member involvement.

However, following the Meeting the Deputy Monitoring Officer was advised that appointments in relation to the Revenues and Benefits Partnership had been delegated to the Management Board and that no Members sit on the Management Board.

Councillor S Sheahan commented that Partnerships such as the Revenue and Benefits one take democracy further away from the people as it excluded Members.

RESOLVED THAT:

The minutes of the meeting held on 1 October 2014 be approved and signed by the Chairman as a correct record.

22. DRAFT REVENUE BUDGET PROPOSALS AND CAPITAL PROGRAMMES 2015/16

The Head of Finance presented the report to Members, stating that this Item gave the Committee the opportunity to comment on the Councils Revenue Budget proposals for the next financial year and invited Members to make comments that would be minuted and presented to Cabinet on the 10th February 2015 and Council on the 24th February 2015.

The Head of Finance drew attention to the two Appendices of the report and went through each individually. He informed Members that Appendix 1 was a copy of a Report that went before Cabinet on November 2014 which provided details of the Cabinets 2015/16 General Fund Revenue Budget proposals and the savings that had been put in place, to meet the projected budget shortfall.

The Head of Finance informed Members that the report first of all picked up with the Medium Term Financial Strategy 2015/16 – 2018/19 that had been approved by Cabinet which identified a budget shortfall of £365,000 for the ensuing year and an overall shortfall of £1.4 million by the end of the Medium Term Financial Strategy in 2018/19.

Members were informed that an under spending of approximately £800,000 was forecast in 2014/15 from the General Fund, and that the main reason for this was due to an increase in income. In particular from planning fees, Recycling Income and savings incurred from reducing the number of Employees.

It was highlighted, that there were a number of financial uncertainties that the Council was facing. The Head of Finance explained how volatile the Council's income from business rates was.

The Head of Finance explained that the Council used to receive a pre-determined allocation from Central Government, however as a result of recent changes, income was volatile, and that now made it difficult to monitor the budget and prepare the budget going forward. There was much less certainty in determining how much income the Council would receive.

Another area of uncertainty that was highlighted was around the New Homes Bonus Scheme. The Head of Finance stated that there was always a risk that changes could be made to the scheme, or it could be discontinued altogether and consequently there was a risk of around £2 million within the Councils budget planning as a result.

Members were informed that Budget Savings for the next year were going to be achieved by actions that had already been put in place and he provided the Policy Development Group with an update on the following initiatives introduced to meet the projected shortfall of £365,000 for 2015/16:

Reduction in Revenues and Benefits Partnership Contributions:

The Head of Finance informed Members that it had been identified that the Partnership between the three partner Councils would create savings approaching £400,000 a year, which North West Leicestershire District Council would receive a share off.

ICT Efficiency Savings:

It was stated that efficiency savings in ICT, mainly around contracts and the renewal of ICT programme Licences were saving money and that the ICT budget had been reduced by £70,000 in 2015-16.

Income from Additional Planning Applications:

Members were informed that income from Planning Applications had increased and that a modest increase in the target raised by Planning Applications from £550,000 to £700,000 was now assumed.

Councillor S Sheahan enquired whether there were any other updates the Head of Finance could provide about the report, given that the report was two months old, and asked how long officers expected Planning Application fees to continue to rise.

The Head of Finance advised that the only significant update was around the actual figure of the New Homes Bonus that was quoted in the report at £1.9 Million; the actual figure was closer to £2.1 Million which represented an additional £200,000 for the Council. In addition, he stated that planning income was quite volatile and difficult to predict. He added that there were a number of major applications reaching their conclusion thus it was expected that income generated by Planning Application fees would fall in the next couple of years.

Councillor S Sheahan asked if having a Local Plan would have an impact on the number of Planning Applications received.

In response, The Deputy Monitoring Officer confirmed that in the absence of a Local Plan, over the past years there have been a lot of speculative developers that have tried their luck, and that the Council has had difficulty in reaching decisions because of the lack of Local Plan Policy. He added that once a Local Plan was in place there would be a possibility that the number of Planning Applications would reduce.

Councillor S Sheahan acknowledged that there had been £150,000 worth of savings in employees. He asked whether officers had identified any areas where service pressures suggested a need for additional spending on employees.

The Head of Finance insisted that the Council was proactive in reacting to pressures on services, and identified a recent example were the Council had recently employed additional staff in the Planning Department to manage the increased workload and to maintain the same level of service. In addition, the Deputy Monitoring Officer informed Members that staffing levels were kept under review of all departments , and that if officers were aware of staffing pressures and where appropriate additional employees are sought.

Councillor S Sheahan commented that it was essential to have the right level of staff and is something that should consistently be reviewed and highlighted to Cabinet when necessary.

Councillor A C Saffell informed Members that he had previously been informed by the Head of Finance that staffing levels at the Council were within 20 or so of the most number of employees the Council had ever employed. He felt that this represented a small reduction especially when cuts from Central Government and reductions at other

local authorities were considered. He speculated whether the New Homes Bonus had been brought into the General Fund in order to maintain staff levels, despite the fact the Council was doing less work now than in the past. He asked why the Council were depriving Local Communities of the New Homes bonus to support staff numbers.

In response the Head of Finance informed Members that the £150,000 figure stated within the report was a result of an under spending on staffing largely as a result of vacancies. He added that the report was not about significant staff reductions. The Deputy Monitoring Officer explained that officers were unable to answer that question.

Councillor N Clarke, queried why the report failed to include or mention Waste Recycling Credits, expressing his opinion that this should have been included as a future uncertainty.

The Head of Finance explained that the current year detailed in the report was not affected by Leicestershire County Council's decision on the Waste Recycling Credits, and informed Members that the issue had been considered in the last Medium Term Financial Strategy Report which contained contingencies for losses of income predicted of up £300,000.

Councillor S Sheahan concurred with Councillor A C Saffell comments made about the New Homes Bonus, however queried his comments made about staff levels. He stressed his opinion that Planning Applications and Waste Recycling Credits should be run sustainably, stating that the Council's proposal to increase the level of reserves held in the General Fund to compensate for future financial uncertainties was not sustainable, and a different approach should be adopted.

Councillor S Sheahan enquired whether there had been any assessment of claimant impact as a result of the changes made to the Revenues and Benefits Partnership.

The Head of Finance stated that the new structure of the partnership was based on advice received from the Institute of Revenues, Rating and Valuation whom have worked alongside other authorities and partnerships and have recommended different ways of working without any impact on the client. He added that he was not aware of any particular impact analysis that has been conducted, but was confident that one would follow after the implementation of the changes and that adjustments could be made if necessary.

Councillor N Clarke enquired why £500,000 of the Value for Money Reserve had been committed to the creation of a Business Bidding Fund, he stated that he did not object to supporting local businesses, however he was unsure what benefits would result from this decision.

The Head of Finance expressed the importance of Business rates and the need to bring business into the District in order to maintain incomes generated by the Business Rate Base.

Councillor S Sheahan, felt that it was important to ensure that the Business Bidding Fund would provide value for money and suggested that a future scrutiny report/ panel might be best to assess this. In addition, Councillor S Sheahan urged that the Local Plan be fully funded and insisted that the Plan should be seen through to completion.

The Head of Finance Presented Appendix 2 to Members.

He informed Members that the projected outturn for 2014/15 on General Fund schemes totals £2,402,000. He added that this was a planned increase of £108,000 on the original budget for the year of £2,294,000.

Furthermore, the Head of Finance gave a brief update of Individual Schemes currently being undertaken under the General Fund Capital Programme 2015/16 to 2019/20.

Councillor S Sheahan, felt that £984,000 proposed to spend on new vehicles was a lot of money, and enquired what proportion of the Councils Fleet of Vehicles this represented.

The Head of Finance did not have an exact figure to give to Members, but informed Members that he would find out, and report back to Members with the answer. He informed Members that the sum of £984,000 is what the Council usually spends annually on Vehicles, and that the Council tended to buy Vehicles out-right opposed to leasing them as this represented the best value for money.

Councillor A C Saffell enquired why many of these schemes had been included in the General Fund rather than Special Expenses, in particular the decision to spend £400,000 on the Wellbeing Centre at Hood Park Leisure Centre. He stated that residents in Castle Donington did not use this Centre; however they would still be contributing to the improvements.

The Head of Finance advised that the use of Special Expenses funds are only used for expenses that benefit people who live in certain areas, which subsequently excludes other people from benefiting. He stated that the Wellbeing Centre at Hood Park Leisure Centre would be open to everyone and that people from all over the District could travel to use the services there.

In response Councillor A C Saffell insisted that people travel to Castle Donington to specifically use their football pitches, which are fully funded by Castle Donington Parish Council. He suggested that if the District were prepared to fund one Leisure Centre then they should be prepared to fund all of them.

The Deputy Monitoring Officer advised that a decision was taken in the past by Members not to treat the Leisure Facilities in Coalville and Ashby de la Zouch as a special expense because they attract people from across the whole District and it would be unfair to place the burden on the Special Expense of Coalville or the Parish Precept of Ashby Town Council.

Councillor A C Saffell acknowledged the officer's comments however expressed that the situation was unfair. Councillor S Sheahan suggested that Councillor A C Saffell speak with Councillor N J Rushton to see whether the Cabinet had any plans to build a Leisure Centre in the Northern Parishes of the District when funding permits.

Councillor S Sheahan asked whether homes improved under the Decent Homes Programme had seen their value increase and if officers knew by how much.

The Director of Housing assured Members that he was confident that homes that had been improved had increased in market value, given the extensive improvements made, such as new Kitchens and Bathrooms. However he stated that the Council had no intention of disposing of properties that had undergone improvements. He advised Members that the Council was in the process of renewing their Asset Management Strategy and that they could look into the possibility of having the homes valued to assess how much the value of properties had increased.

The Deputy Monitoring Officer informed Members that there was a mechanism incorporated into the Right to Buy Scheme that relates to improvements made to properties in the last ten years that can have an impact on the valuation of properties. He informed Members that if a property that had been improved by the Decent Homes

programme, had later been purchased on the Right to Buy Scheme the money spent on improving the property was taken into account when a sale price was calculated.

Councillor M Specht asked whether there was a penalty clause incorporated into the Decent Homes Programme which meant that tenants were prevented from applying for the Right to Buy Scheme for a period of time after improvements had been made.

The Director of Housing informed Members that there were no such period, and as such tenants were able to apply for the Right to Buy Scheme as soon as the Decent Homes Programme improvements had been made. He also referred to the previous explanation given by the Deputy Monitoring Officer. The Deputy Monitoring Officer added that if a tenant requested to buy a Council property undergoing the Decent Homes Programme then the property would be removed from the programme as a result.

Councillor J Geary enquired if many tenants had taken up the Right to Buy Scheme once homes had been improved.

The Director of Housing explained that a couple of years ago there was a rise in the number of Right to Buys compared to recent years, however at the present the current number was appropriately twelve homes. He stated that the previous increase was most likely a result of Central Government deciding to increase the discounts offered to tenants buying their Council homes. He added that he did not think that the Decent Homes Programme had contributed to the number of take ups of the Right to Buy Scheme.

RESOLVED THAT:

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.

23. HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2015/16

The Director of Housing presented the report to Members.

He informed Members that the report was an updated version of a report that had been presented to Cabinet on 18 November 2014. He stated that the overall forecast for the current year shows a deficit close to £900,000, largely as a result of unplanned expenditure on the Decent Homes Programme. Members were informed that this deficit was funded from the Housing Revenue Account Reserves, and that the reserves currently stood at £4.37 Million.

In relation to rents, the Director of Housing advised Members that the current government policy (due to expire in March 2015) was to try and achieve rent convergence or target rents nationally for all social housing tenants. The idea being that Council and Housing Association tenants should pay similar rents for similar properties. He advised Members that historically the Council had charged low rents and that currently only 25% of the Council's tenants paid target rent; in contrast most local authorities had 90% of tenants paying the target rent. New government guidelines, effective from April 2015, suggest that rent increases should be limited to the Consumer Price Index plus 1% each year. He advised that for councils like NWLDC, which still had nearly three quarters of its properties at rents considerably below target rent levels, this would have a substantial impact on the future business plan, and income projections would fall significantly. This could potentially have a detrimental impact with limited funding being available to maintain the decency programme and invest in future stock improvements.

Following a review of the current rent plan, alternative rent increase options were developed for consideration for consultation by Cabinet, and it was agreed by Cabinet to approve option C, which would see rents increase by CPI plus 1% plus up to £4 per week until target rent was reached. This would entail NWLDC using its discretion to set its own rent levels and not following the guidelines.

The Director of Housing advised Members if the Council adopted the new government guidelines, then the Council would have to borrow £7.3 million by 2022 to meet repayments on a £13 million loan. By adopting option C the Council would only have a liability of £1.2 million in 2022. It would also mean the Council having an additional £9 million of income over the next 10 years to invest in Housing.

Councillor S Sheahan expressed his concerns that the Housing Revenue Account spending was not being kept under control, and cited the £900,000 deficit as an example. He asked officers to explain how they would address the deficit and prevent tenants from having to subsidise overspending on the decent homes programme.

The Director of Housing responded that he was confident spending was under control and highlighted that deficit was a result of some incorrect assumptions about what central government would fund and what the Council would have to fund, and wasn't a case of over spending on the Decent Homes Programme. He advised Members that the Council do monitor the contractors providing Decent Homes Improvements and that a new team manager had recently been appointed to focus on the Decent Homes Programme. He added, that he wanted to see value for money from the Councils contractors and that the actions taken by the Council would help realise that.

Councillor N Clarke sought clarification on why Option C had been chosen opposed to Option A. He stated that the proposed rent increase of 5.4% sounded extremely high considering the well publicised lack of increase in wages and salaries. He stated that being the Councillor for the Ward with the most Council Tenants in the District, it is something that he feels quite strongly about.

The Director of Housing acknowledged that Option C would result in two years of higher increases in rents, however in the longer term rents were lower under option C than Option A. In addition, he stated that under Option A the Council might lose revenue through the Housing Benefit Subsidy Limitation rules. If the Council chose to increase its rents too quickly at too high a level, a portion of the Housing Benefit it received might have to be returned to the Treasury.

In response Councillor N Clarke stated that he felt that the increases in rents tenants were facing were a result of overspending on the Decent Homes Programme and that this should be scrutinised in the ensuing months. He also queried the proposal to re-let all properties at target rent levels, even when tenants with a tenancy prior to April 2008 were transferring to another property, as he felt the higher rent would act as a disincentive for those affected tenants to apply for transfers. The Director of Housing advised that as 94% of properties would be at target rent by April 2016, any such disincentive would only apply for a period of 12 months, so the impact would be limited.

RESOLVED THAT:

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.

24. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

Councillor S Sheahan requested that a scrutiny of the Business Bidding Fund be included. However, the Head of Finance stated that there would not be much to scrutinise by the time of next meeting, as he did not expect the Council to have awarded many grants to business by then.

Councillor S Sheahan also suggested that an item on the Community Task and Finish Group should be included.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.14 pm

Chairman's signature