

CABINET**Tuesday, 26th January, 2016**

Present:-

Councillor Burrows (Chair)

Councillors	T Gilby	Councillors	Ludlow
	T Murphy		Serjeant
	Blank		A Diouf
Non Voting	Bagley		Brown
Members	J Innes		Wall

*Matters dealt with under the Delegation Scheme

137 DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS RELATING TO ITEMS ON THE AGENDA

No declarations of interest were received.

138 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Hollingworth and Huckle.

139 MINUTES**RESOLVED –**

That the minutes of the meeting of Cabinet held on 12 January be approved as a correct record and signed by the Chair.

140 FORWARD PLAN

The Forward Plan for the four month period 1 February to 31 May, 2016 was reported for information.

***RESOLVED -**

That the Forward Plan be noted.

141 GENERAL FUND REVENUE BUDGET SUMMARY

The Chief Executive and the Chief Finance Officer submitted a report to provide members with an update on the development of the General Fund Revenue Budget for 2016/17, as well as for subsequent years, and on the actions currently being taken to address the forecast budget deficits.

The Chief Finance Officer provided members with a summary of the provisional local government finance settlement for Chesterfield and the implications that it would have on the council's finances. The amount of the Settlement Funding Allowance had, as had been predicted, reduced from the 2015/16 settlement figure; however the reduction had not been as great in each year as had been assumed in the previous medium term financial plan forecasts. The Council Tax Freeze grant which had been offered in previous years to councils as an incentive to not raise Council Tax had not been offered for 2016/17. The new provision from the government that district councils in the lower quartile of the Council Tax league table could increase Council Tax by £5 per annum would not be applicable to Chesterfield, as Chesterfield was ranked one place outside of lower quartile. The New Homes Bonus would however continue for 2016/17. There was however a great deal of uncertainty remaining with regard to future changes to the scheme, and consequently the amount of revenue it could potentially provide in future years.

The Government had also proposed a relaxation to the rules regarding how councils could use income generated from capital receipts, with income from capital receipts being able to be spent on revenue expenditure for projects which were designed to save money, such as the Council's Great Place, Great Service transformation programme. The Chief Finance Officer noted that the Government had also indicated that it would also offer councils the opportunity to receive a four year settlement, however further details had not been provided to enable the potential benefits and risks of this to be assessed.

The Chief Finance Officer reported that since the revised budget figures for 2015/16 contained in the report had been prepared, showing a deficit of £102,000 work had continued to look at areas where savings could be made, and that currently a budget surplus was looking possible. The current budget forecast for 2016/17 showed a potential deficit of £1.5million; however this did not include savings options still being developed as these would have to be subject to a rigorous risk assessment process before being incorporated into the final budget

report. As with the current year the main challenges for 2016/17 for the Council would be setting a balanced budget, as well as ensuring that the proposed savings needed for this were delivered in time, and at the required level.

Details regarding the Medium Term Financial Forecast were also provided in the officers' report and showed that significant budget deficits were predicted in future years. It was noted that the scale of the forecast deficits were such that further significant savings, in addition to those already identified, would have to be found in order to set balanced budgets. The report also provided details on the state of the Council's budget reserves. The Chief Finance Officer advised that given the size of the forecasted budget deficit for 2016/17, as well as the significant lead-in time inherent in many of the proposed savings initiatives; it was likely that the Council would need to use reserves to produce balanced budgets in future years

In advance of the final budget for 2016/17 and the Council Tax for 2016/17 being approved by full Council on 25 February, budget forecasts were continuing to be updated as the Provisional Local Government Finance Settlement proposals and other budget savings and variances were confirmed. The Budget Workshop sessions for Cabinet Members and the Corporate Management Team would also be continuing in order to consider the updated forecasts as well as to agree further savings proposals for inclusion in the final budget for 2016/17 and the medium term financial plan.

***RESOLVED –**

1. That the updated budget projections for 2015/16 and later years be noted.
2. That officers continue to refine the draft estimates and to work with members to develop budget saving proposals.

REASON FOR DECISIONS

To keep Members informed on the development of the budget proposals for 2016/17, and to provide an update on the medium term financial forecasts.

142 **COLLECTION FUND REVISED ESTIMATES 2015/16**

The Chief Finance Officer presented the Collection Fund revised estimates for 2015/16. An estimated surplus of £658,115 on the Council Tax elements of the Collection Fund was expected.

Proposals were made about the allocation of the estimated surplus between the major precepting authorities (Derbyshire County Council, Fire and Police Authorities). These authorities would be able to take this surplus into account when calculating their Council Taxes for the financial year 2016/17.

***RESOLVED -**

That the estimated surplus on the Collection Fund of £658,115 for 2015/16 be agreed and allocated to the major precepting authorities as detailed in Appendix A of the Chief Finance Officer's report.

REASON FOR DECISION

To fulfil a statutory requirement and to feed into the budget setting process for 2016/17.

143 **SENIOR PAY POLICY**

The Human Resources and Payroll Service Solution Lead submitted a report seeking approval for a revision of the current Senior Pay Policy Statement in accordance with the Localism Act 2011 and the Local Government (Transparency Requirements) (England) Regulations 2014.

The policy statement included details of how senior pay is set within the Council. The revised statement had been updated to reflect the changes to the senior management structure, pension contributions and pension discretions.

***RESOLVED -**

That it be recommended to Full Council that the revised Senior Pay Policy Statement be approved.

REASON FOR DECISION

To meet the requirements of the Localism Act 2011 by publishing the policy by 31 March 2016.

144 **ANNUAL HOUSING REVENUE ACCOUNT - RENT AND SERVICE CHARGE INCREASE**

In accordance with the Local Government and Housing Act 1989, the Housing Service Manager – Business Planning and Strategy and the Chief Finance Officer submitted a report setting out proposed changes in Council house rent and service charge levels for 2016/17.

In 2012 the Council had entered into a Housing Revenue Account (HRA) self-financing agreement, and as a consequence was required to produce a HRA Business Plan that was financially viable, delivered reasonable standards for tenants and maintained properties to at least the minimum Decent Homes Standard. It was noted that due to the self-financing arrangement, investment in the Housing Service and housing stock was therefore largely funded through income from the properties, and the amount required directly influenced decisions on rent levels, additional borrowing and the use of cash reserves. The HRA self-financing agreement had also meant that the Council had no longer been obligated to follow the National Social Rent Policy on the setting of rent levels; however the Council had assumed that rents would rise in line with National Social Rent Policy. The Housing Service Manager noted that if rents did not increase at this rate, then the Council's ability to finance future capital investments to maintain or improve the council's housing to required or desired standards, as well as the council's ability to service and repay debt could put at risk.

In the Government's Summer Budget, the Chancellor of the Exchequer had announced that as part of the Welfare Reform and Work Bill, social housing rents would be reduced by 1% per annum in each of the following four years. The Government had stated that this legislative requirement to reduce social housing rents was intended to ensure that Local Authorities and Housing Associations delivered efficiency savings in order to make better use of the £13 billion annual subsidy (Housing Benefit) they received and to play their part in reducing the welfare bill. The Housing Service Manager provided details how the Housing Service proposed to respond to these changes and introduce the 1% rent decrease in 2016/17 as well as in subsequent years.

The Housing Services Manager's report also outlined proposed increases to the Housing Revenue Account Service Charges for tenants. Increases to service charges were only proposed where current charges did not cover the cost of providing the service, or in the case of garages and garage sites, to finance capital improvements. It was also proposed that there should be no increase to the community hire charges for community rooms as usage remained low, and there was concern that increasing charges could reduce demand for the hire of the rooms further.

***RESOLVED -**

1. That for 2016/17 the level of individual social rents are based on the current National Social Rent Policy, giving a real rent decrease of 1.0% with effect from 4 April 2016.
2. That for 2016/17 and onwards, where a social rent property is re-let to a new or transferring tenant, the rent level is increased to the target rent for that property.
3. That for 2016/17 the level of individual affordable rents are based on the current National Social Rent Policy, giving a real rent decrease of 1.0% with effect from 4 April 2016.
4. That for 2016/17 and onwards, where an affordable rent property is re-let to a new or transferring tenant, that the rent level is set at 80% of the market rent for a similar property at the time of re-letting.
5. That from 1 April, 2016;
 - I. there is no increase in the heating service charge for sheltered housing schemes.
 - II. that garage rents are increased from £5.72 to £6.22 per week.
 - III. that the annual rental charges for garage sites are increased as below:
 - Shale sites from £39 to £42.50
 - Asphalt sites from £49 to £53.50

- Other sites from £54 to £58.50
- IV. that the charges for metered water supplies are increased by 2%.
- V. that the weekly charges for the Garden Assistance Scheme are increased as below:
- Grass cutting and hedges from £3.95 to £4.45
 - Grass only from £2.80 to £3.15
 - Hedges only from £1.15 to £1.30
- VI. that the sheltered scheme support charge is £8 per week.
- VII. that the weekly charges for the Careline service (inclusive of equipment rental) are:
- Monitor only, £4.50
 - Monitor and Response, £5.50
 - Monitor, Response and weekly visit, £8
- VIII. that there is no increase in the community hire charges for Community Rooms.
- IX. that the weekly charge for communal staircase cleaning is increased from £1.66 to £1.74.
- X. that the Tenant Home Contents Premium Tax increases from 6% to 9.5%.

REASONS FOR DECISIONS

To enable the Council to set the level of Council house rents in accordance with Government guidelines and to set service charges for 2016/17.

To contribute to the Council's Corporate Priority 'To improve the quality of life for local people'.