

CABINET

Thursday, 16th February, 2006

Councillor I.S. Gollop (Chairman)

Councillors:	P. Feeney (a)	W.H. Golland
	V. McCrossen	R.J. Nicholson
	R.A. Poynter (a)	R.F. Spencer
	A.J. Gillam (Observer)	G.J. Griffiths (Observer) (a)
	J.M. Parr (Observer)	

164 APOLOGIES FOR ABSENCE.

Apologies for absence were received from Councillors Feeney and Poynter.

165 TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 2 FEBRUARY 2006.

RESOLVED:

That the minutes of the above meeting, having been circulated, be approved as a correct record and signed by the Chairman.

166 PRUDENTIAL CODE INDICATOR MONITORING 2005/06 AND QUARTERLY TREASURY ACTIVITY REPORT

The Head of Finance submitted a report that informed Members of the performance monitoring of the 2005/06 Prudential Code Indicators, and advised Members of the quarterly treasury activity as required by the Treasury Management Strategy.

RESOLVED:

To note the Prudential Indicator Monitoring at Appendix 1 and the Treasury Activity Report at Appendix 2.

167 QUARTERLY BUDGET MONITORING REPORT AND PERFORMANCE DIGEST AND VIREMENT REPORT

Consideration was given to a report of the Senior Management Team that updated Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2005/2006 financial year. The budgets included all carried forward amounts from the 2004/2005 financial year.

Cabinet approval was also sought where required, for budget changes outlined in the report at Appendices 1, 2 and 3.

The report also outlined the position against Key Tasks and Performance Indicators in the 2005/2006 Plan and sought approval for changes to Improvement Task targets as set out in Section 3.

Details of virements approved during quarter ended December 2005, were set out in Appendix 4 to the report.

The Head of Finance detailed a number of minor amendments to the Budgetary Control reports.

RESOLVED:

- i. To approve the budget changes across the General Fund Portfolios as detailed at Appendix 1;
- ii. To approve the budget changes in the Housing Revenue Account as detailed at Appendix 3;
- iii. To approve the budget changes in the capital programme as detailed in paragraph 4.8 and Appendix 2;
- iv. To note the slippage to the capital programme as detailed in paragraph 4.8 and Appendices 2 and 5, and refer it to Personnel and Resources Committee for approval.
- v. To approve the changes to Improvement Task targets as detailed in paragraph 3.10 of the report, as an amendment to the Council's agreed Budget/Service Plan.
- vi. To forward the Quarterly Budget Monitoring Information to the Personnel and Resources Committee;
- vii. To include details of budget and performance monitoring in a quarterly performance digest, for circulation to all members and for publication on the Council's website and Intranet;
- viii. To note the virements as detailed in Appendix 4.

168 CAPITAL PROGRAMME 2006/07

Consideration was given to a report of the Head of Finance on behalf of the Leader and Deputy Leader of the Council that summarised the Council's capital programme for 2006/2007 and future years in the light of the Council's priorities and resources available.

The detailed capital programme proposals were shown in Appendix 1 to the report.

The prudential framework had set the key objectives detailed in the report.

In 2006/07 the Council would receive a Major Repairs Allowance (MRA) of £1,981,200. The MRA would be included within the Housing Revenue Account (HRA) subsidy payments made by Government. Since the resources were intended to fund Capital expenditure however, the Council was required to transfer this amount to a Major Repairs Reserve, which would then be available to finance the Council's Capital Programme. There was not a requirement to spend all of the MRA in the year in which it was given. It could be held in the Reserve for use in future years. In 2006/2007, it was estimated that the full MRA of £1,981,200 would be used to finance capital (HRA) expenditure.

On 8 February 2006 Council had approved a report on the Prudential Indicators for Gedling Borough Council for the financial years 2006/2007 – 2008/2009.

It was, therefore, proposed that Prudential Borrowing of £1,000,000 per year for 2006/07 and 2007/08 be undertaken in the achievement of the Decent Homes Standard, based on current medium term projections.

The proposed General Fund Capital Programme would require that borrowing be undertaken to balance the financing of the programme in the absence of the generation of capital receipts

Included in the proposed 2006/07 programme were the schemes approved for deferral by Personnel and Resources Committee in September 2005 due to capital receipts generation being below levels anticipated as a result of a declining housing market. As there had been no upturn in the level of capital receipts generation these schemes would now be financed by borrowing.

The overall level of affordable borrowing included to finance the proposed General Fund programme for 2006/07 was £2.5m. Further affordable borrowing of £3.5m 2007/08 and £2.2m 2008/09 was anticipated for the future programme.

Capital Receipts were estimated to be £2.2m in total and had been identified as financing in the Housing Revenue Account and Housing General Fund Programmes over 2004/05 to 2006/07.

Other usable capital receipts that were expected to be generated in 2006/2007 were £172,000 General Fund and £346,000 Housing Revenue Account. The receipts would arise from various Land Sales as well as Houses sold under Right to Buy legislation.

External funds such as Disabled Facilities Grant and contributions from other authorities would continue to be important in the funding of capital expenditure and schemes partly financed in this way were included in the programme. Grants and contributions totalling £615,700 were included for 2006/2007. Expenditure in the capital programme had been grossed up, and the contributions were shown in the report as adding to the resources

available to finance the programme.

An estimate of resources for the current year and the next three years was also detailed in the report.

A table in the report summarised the proposed Capital Programme for 2006/07 in the sum of £7,071,000. The full programme of schemes was detailed in Appendix 1.

CAPITAL PROGRAMME	2006/07 £000	2007/08 £000	2008/09 £000
Leader	268	31	27
Agenda 21, Crime & Comm Dev	0	0	0
E-Gov, Member & Property Services	98	318	80
Development & Econ Generation	0	0	0
Direct Services	900	1,502	597
Leisure Services	1,793	110	0
Finance	57	57	57
Future Equipment Replacement	0	150	150
Future Service Development Bids	0	1,500	1,400
Total Other Services	3,116	3,668	2,311
Housing Investment Programme	3,955	3,890	2,939
Total Capital Programme	<u>7,071</u>	<u>7,557</u>	<u>5,250</u>

The programme included replacement equipment and vehicles which were required to ensure continuation of existing services provision, schemes deferred by Personnel and Resources Committee as described in paragraph 4.4.2 of the report, Resource Developments Bids from 2004/05 and 2005/06 which had continuing impact into 2006/07 and Resource Development Bids for 2006/07 approved by Cabinet on 12 January 2006 and further considered by Scrutiny Committees are detailed in the table below

General Fund Capital Resource Development Bid 2006/07 (25 points and above)

DEPARTMENT	Ref	2006/07 Net Capital Bid	2007/08 Net Capital Bid	2008/09 Net Capital Bid	TOTAL SMT SCORE
<u>SCHEMES 25 POINTS AND ABOVE</u>					
<u>Cross Cutting All Priorities</u>					
Gedling Move-on	HC1	80,000			42.00
Green Flag Park Award/Park Ranger/Park Dev Officer	LC12/LR8/9	30,000			29.00
		110,000	0	0	
<u>Community Safety</u>					
Safety Surface Renewal	DC6	30,000			37.25
Redhill LC - Replacement of All Weather Pitch Fencing	LC23	25,000			36.00
		55,000	0	0	
<u>Young People</u>					
Gedling Comp - Multi-Games Provision	LC10	1,500	100,000		32.50
Renew Play Equipment	DC7	24,000			32.25
A614 Pitches Construction (in relation to Arnold Town Football Club Relocation)	LC1	50,000			27.00
Bestwood Country Park Football Pitches - Drain & Level	LC6	85,000			25.00
		160,500	100,000	0	
<u>Physical Environment</u>					
D.D.A. Works to Car Parks	DC5	20,000			54.50
Replace/Refurbish LitterBins/Dog Bins	DC11	10,000			29.25
Maint of Walls, Parks and Open Spaces	DC8	10,000			29.25
Environmental Improvement eg Cycleways/Conservation Areas	P&EC1	50,000			25.00
		90,000	0	0	
<u>Business Case</u>					
C Forum -Increase Fitness Suite Capacity/Changing Room	LC18/19	281,200			39.75
Arnold LC - Pool Tiling/Pool Plant/Air Handling Units Replacement	LC25	148,200			39.50
Calverton - New entrance, reception etc.	LC16/17	70,000			32.00
CAPS Development - Local Dev Framework Module	P&EC3	12,000			27.75
		511,400	0	0	
Total Schemes 25 Points and Above		926,900	100,000	0	
<u>Additional Items Added</u>					
Digby Avenue – Move Ball Court	LC9	45,000			7.0
Re-site Edison Way – Ball Court	LC8	50,000			7.0
Total Schemes added to programme		1,021,900	100,000	0	

For completeness the full set of Resource Development Bids was shown at Appendix 2 to the report.

After consideration it was:-

RESOLVED:-

To recommend to Council on 1 March 2006 that:-

- i) The capital determinations in respect of financing available for 2006/2007 be noted.
- ii) The likely resources available for 2007/08 and 2008/09 be noted.
- iii) The capital programme for 2006/07 at Appendix 1 be approved.
- iv) The Housing Investment Programme for 2006/2007 at Appendix 1 to the report be approved.

169 GENERAL FUND REVENUE BUDGET AND PERFORMANCE PLAN 2006/07

The Head of Finance on behalf of the Leader/Deputy Leader of the Council presented the General Fund Revenue Budget and Performance Plan for 2006/07 for approval.

Under the Council's constitution, the Cabinet had made its final performance plan and budget proposals after consideration by the Scrutiny Committees of the draft performance plan and budget.

Statutory consultation with business rate payers was currently being undertaken and any responses received would be presented at the meeting.

The final budget and performance plan proposals determined by Cabinet would be considered at the Council Budget meeting on 1 March 2006. The Borough Council had a statutory responsibility to determine its council tax by 10th March.

The Council had developed its Strategic Corporate Plan 2005-2008, setting out its Key Aims and Key Improvement Plans. This incorporated the statutory requirements for a Best Value Performance Plan. The Corporate Plan also incorporated the Council's Medium Term Financial Strategy. It would be updated and rolled forward to cover the period 2006-2009 in June 2006.

Budget and service planning processes had been combined. This represented good practice and had been acknowledged as such by the Audit Commission.

Proposals for service developments had been determined in line with the Council's Key Aims and Key Improvement Plans.

It was also reported that Improvement Tasks represented the most significant activity the council proposed to carry out during the year to ensure continuous improvement. Most represented “one-off” developmental activities – but some were ongoing activities critical to overall improvement.

In respect of Central Government Funding, Cabinet had received a report on 15 December 2005, showing the Council’s Provisional Revenue Support Grant of £8.215m 2006/07 and £8.659m 2007/08. The Final Revenue Support Grant Settlement figures were now available and these showed minor increases, resulting in £8.217m 2006/07 and £8.668m projected for 2007/08. These funding levels should enable the Council to maintain sustainable revenue growth and support a modest capital programme in the medium term.

In developing a budget proposal, assumptions on the core budget had to be made and the various assumptions in respect of inflation and technical changes were shown at Appendix 1 to the report. These had been included in both the annual budget and MTFS calculations. In addition, the Cabinet had already agreed in principle to support the cost of improving the statutory concessionary travel scheme to a countywide free travel scheme and the additional costs of some £630,000 per annum had been included in the base budget.

The Council was also currently considering its options in respect of the management of Council Housing Stock and a final decision was expected soon. The annual budget included a sum of £300,000 set aside for the development of a stock transfer option, which could be offset against any capital receipt if stock transfer were to take place.

By comparing the actual calculated core budget for 2006/07 to that predicted in the MTFS for 2006/07 at this point in the previous year, the impact of efficiency savings could be clearly seen and the following major items of efficiency totalling £528,000 had now been included in the core budget for 2006/07.

The following table summarised the proposed General Fund Budget for 2006/07. The detailed budgets together with performance plans were presented in Appendix 2. The major variances between the original estimate for 2005/06 and the estimate for 2006/07 were analysed by Portfolio at Appendix 3.

General Fund Budget Summary 2006/07

Portfolio	2005/06 Original	2006/07 Estimate	Variance
	£	£	£
Leader	1,995,200	2,798,300	803,100
Agenda 21, Crime & Community Development	1,265,800	1,386,300	120,500
E-government & Member Services	0	0	0
Development & Economic Regeneration	317,900	362,200	44,300
Direct Services	4,627,400	4,964,700	337,300
Housing General Fund	522,400	980,700	458,300
Leisure Services	2,835,600	2,894,500	58,900
Finance	466,500	13,700	(452,800)
Total	12,030,800	13,400,400	1,369,600

On 12 January 2006, Cabinet had approved the list of 2006/07 Resource Development Bids, detailed in the report and subsequently, for referral to Scrutiny Committees.

General Fund Revenue Resource Development Bids 2006/07 (25 points and above)

DESCRIPTION	Ref	2006/07 Net Revenue Bid	2007/08 Net Revenue Bid	2008/09 Net Revenue Bid	2009/10 Net Revenue Bid	2010/11 Net Revenue Bid	TOTAL SMT Score
		£	£	£	£	£	
<u>SCHEMES 25 POINTS AND ABOVE</u>							
<u>Cross Cutting All Priorities</u>							
Area Based Initiatives	CR2	40,000	40,000	40,000	40,000	40,000	45.25
A-Z of Services	CR1	15,000	15,000	15,000	15,000	15,000	38.25
		55,000	55,000	55,000	55,000	55,000	
<u>Community Safety</u>							
Part-funding Domestic Violence Co-ordinator	CR3	12,000	15,000	15,000	15,000	15,000	39.00
CCTV Operatives	CR6	17,500	17,500	17,500	17,500	17,500	34.00
		29,500	32,500	32,500	32,500	32,500	
<u>Physical Environment</u>							
Town Centres Action Plans delivery	CR5	20,000	20,000	0	0	0	31.50
<u>Other Key Improvement Plans</u>							
Asst Housing Strategy and Enabling Officer	HR2	25,700	26,500	27,300	27,300	27,300	28.00
Netherfield 'intermediary' support	P&O 1	10,000	10,000	10,000	10,000	10,000	25.50
		35,700	36,500	37,300	37,300	37,300	
<u>Business Case</u>							
Licensing Enforcement Officer	P&ER 4	20,000	20,000	20,000	20,000	20,000	34.25
Local Development Framework Consultant	P&ER 5	10,000	10,000	0	0	0	31.75
		30,000	30,000	20,000	20,000	20,000	
Total Schemes 25 Points and Above		170,200	174,000	144,800	144,800	144,800	
<u>Additional Item Added</u>							
Extra Street Washing	DR6	10,000	10,000	10,000	10,000	10,000	11.75
Total Schemes Added to Budget		180,200	184,000	154,800	154,800	154,800	

The revenue implications i.e. ongoing running costs, of the proposed 2006/07 Capital Resource Development Bids were detailed in Appendix 5 along with the estimate of costs in the medium term. These costs were included in the General Fund Revenue Estimate summarised in paragraph 5.1 of the report.

As detailed in Appendix 1 paragraph 3(i) of the report, it was proposed that borrowing be undertaken to finance part of the capital programme in 2006/07 to 2010/11. Borrowing had an impact on the revenue budget in terms of interest costs and principal repayment and this was reflected in the General Fund Revenue Estimate summarised in paragraph 5.1 above and the medium term financial strategy.

The table detailed in the report identified the impact of all the options that were proposed, including:

- i) The incremental increase in base revenue expenditure from 2005/06.
- ii) Fees and charges to be increased by an average 5%.
- iii) Revenue Resource Developments 2006/07 totalling £180,200.
- iv) The ongoing revenue implications of Capital Resource Developments 2006/2007 totalling £70,200 (Appendix 5).
- v) Anticipated cost of borrowing to finance the capital programme for 2006/2007 – 2010/11.
- vi) The achievement of the efficiency savings in 2006/2007.
- vii) An increase in Council Tax of 3.0% for 2006/2007 giving a Band D Tax of £131.18 (previously £127.36).

A minimum balance of 7.5% of total projected net expenditure on the General Fund was required in accordance with the Council's approved Financial Strategy. This required the balance to be £1,005,000 for 2006/07.

The Authority continued to increase the amount of activities undertaken in association with a variety of partners. This required reliance on partnership funding and/or the delivery of integrated programmes, e.g. the financial link between the Council's investment in recycling and the development of a local Material Recycling Facility, in order to deliver on time and within budget.

Current proposals allowed only for a very minimal amount of new developments over the medium term, therefore, for the Council to meet its stated objectives, future growth was dependent upon greater efficiency savings, redirection of resources and the development of new fees and charges.

The Council's plans already provided for additional income of £15,000 in 2006/07 and £138,000 per annum 2007/08 onwards from the introduction of Car Park Charges. Original plans had income arising from the 2004/05 financial year but this had not been achieved. The delay in implementing such items represented an increased financial

risk, as did the Council's ability to manage the delivery of the Capital programme, where delays on schemes impact on the revenue budget and could give rise to poor treasury management decisions. Close attention to these issues was required in order to avoid pressure to increase the minimum level of balances.

The council tax for a band D property for 2005/06 was £127.36. The level of council tax for 2006/07 would be dependent on the extent of service developments and financial risk issues that the Council decided to provide for in the budget for next year. For illustration, an increase in council tax by 1% provides additional funding of £48,000.

After consideration it was:-

RESOLVED:

- i. That the report of the Head of Finance on behalf of the Leader and Deputy Leader of the Council be noted.
- ii. That the revenue growth proposals for 2006/2007 set out in paragraph 5.2.1 be recommended to Council for approval.
- iii. That the Council consider the Executives proposals with regard to an increase of 3% in the level of Council Tax 2006/2007, for Gedling Borough Council, taking into account, the above recommendations and precepts received from the precepting authorities.

170 HOUSING REVENUE ACCOUNT 2006/2007

The Head of Finance, on behalf of the Portfolio Holder submitted a report on proposed expenditure and performance plans for 2006/2007.

The proposals in this report were:

- i. 5.0% increase in rent
- ii. £3.2m investment in housing stock improvement
- iii. £350,000 revenue contribution to capital expenditure
- iv. An inflation/government guideline increase in other fees and charges ie:
 - Leaseholder Service Charges and Piper Lifelines – inflation in accordance with agreements
 - Garages – % increase in line with rents
 - Other Service charges – 3.2% government guidelines

RESOLVED to approve:

- i) A rent increase of 5.0% for 2006-2007 together with approval of the Housing Revenue Account elements of the Performance Plan.

- ii) That leaseholder service charges and piper lifelines are increased in line with RPI in accordance with the agreements.
- iii) That garage rents are increased in line with the rent increase.
- iv) That other service charges are increased by 3.2%.

The meeting closed at 6.50 pm