

**REPORT OF CABINET**  
**(Meeting held on 6 February 2019)**

**1. REVIEW OF SERVICE CHARGES (MINUTE NO 70)**

The Cabinet is recommending changes to the service charges for tenants of extra-care, hostel and age restricted accommodation. This follows a fundamental review of the charges which had last been subject to a proper review in 2004, with increases to cover inflation having been made since that time. The charges are for both general services (utilities for the building, internal and external cleaning and grounds maintenance etc.) and domestic services (heating, lighting and water to individual dwellings, but not separately metered). The service charges apply to some 640 tenanted properties.

The remodelling of former social housing schemes has removed communal and shared facilities and it is no longer appropriate to levy service charges for these services. It is proposed that while the extra-care schemes and hostels will have standardised general service charges for that type of accommodation, elsewhere the charges will be calculated on a site-by-site bases. Charges will also be introduced for the former wardens' accommodation at decommissioned sheltered schemes.

The proposed charges for 2019/20 are attached as Appendix 1 to the report. In summary, for the extra-care and age restricted accommodation 65% of households will see a reduction in charge; 1% subject to charge for the first time; 15% an increase of less than £2 per week; and 19% an increase of more than £2 per week. Where the increase is more than £2 per week, the increase will be phased in over a period of up to 3 years, increasing at £2 per week each year. For the licensed hostels and general needs accommodation 45% of households will see no change or a decrease in charge; 44% an increase of less than £2 per week and 11% an increase of more than £2 per week, with the same phasing arrangements as for sheltered accommodation.

The Housing Tenant's Involvement Group had been consulted, starting in the summer of 2017. Their final response is that the review has been carried out thoroughly and they support the changes being made, which will make the charges fairer.

***RECOMMENDED:***

***That the service charges set out in Appendix 1 to Report Item 4 to the Cabinet be introduced in accordance with the timescales set out in Section 3 of Report item 4 to the Cabinet.***

**2. MEMBERS' ALLOWANCES - SCHEME TO APPLY FROM 1 APRIL 2019 (MINUTE NO 71)**

The Cabinet is recommending that the scheme of members' allowances to apply from 1 April 2019 should remain unchanged.

**RECOMMENDED:**

***That the current scheme of members' allowances be made as the scheme to apply from 1 April 2019.***

**3. COMMUNITY GRANTS (MINUTE NO 72)**

The Cabinet is recommending approval of various grants, following their consideration of the recommendations of the Community and Leisure Overview and Scrutiny Panel in respect of the applications that were received for grant aid in 2019/20. All applications for community grants were considered by the Community Grants Task and Finish Group, while the Citizens Advice Bureau (CANF) had held separate discussions with the CANF Task and Finish Group.

With respect to CANF it is proposed to enter into a 3 year rolling funding arrangement starting on 1 April 2019. Although the funding available is being reduced, to reflect the financial constraints that apply to this Council, CANF will in future benefit from much greater financial certainty, allowing them to plan on a sounder basis. The proposed 3 year schedule of payments is set out in paragraph 3.3 of the Report item 6 to the Cabinet.

For the first time a budget has been set for the payment of grants at £100,000 for capital grants and £350,000 for revenue grants. In recognition of the difficulties that 2 of the applicants would face following the expiration of Service Level Agreements with this Council, some additional funding has however been made available to allow a transitional period for the Hampshire and Isle of Wight Wildlife Trust and the New Forest Centre. The recommended payments are set out in paragraph 4.1 of Report Item 6 to the Cabinet, with further information, including the reasons for each recommendation, set out in Appendix 1.

The Cabinet welcomed the careful consideration that had been given to each application and the greater transparency that the newly introduced processes provide. Members also thanked the Task and Finish Group for their hard work to develop these recommendations that allow support to continue to be given to various organisations that contribute so significantly to the quality of life of local residents.

**RECOMMENDED:**

- (a) That the community grant awards as set out in paragraph 4.1 to Report Item 6 to the Cabinet, and in more detail in Appendix 1 to that report, be approved for inclusion in the Medium Term Financial Plan;***
- (b) That Citizens' Advice New Forest (CANF) be awarded a revenue grant of £229,500 in 2019/20; and***
- (c) That, in future, grant awardees be invited to a second interview with the Community Grants Task and Finish Group in July to update the Council on progress with their projects and also to be advised of alternative sources of funding should they be considering further grant applications to the Council.***

#### 4. **RELOCATION OF CCTV CONTROL ROOM (MINUTE NO 73)**

The Cabinet has approved additional funding of £90,000 to meet the cost of relocating the CCTV Control Room. The 2018/19 budget includes £121,000 for the relocation of the CCTV control room but the use of the identified space has now been maximised to also include the customer services centre, with the design including a flexible space that will be used as an incident management room to support a civil contingencies or business continuity emergency. This space is self-contained with appropriate welfare facilities and external access to support out of hours working and incident co-ordination without affecting the rest of the building.

The expansion of the use of the space has increased the cost of the design by approximately £90,000. These costs will be incurred in 2018/19, but will be met through the opportunities the relocation creates for more efficient ways of working (estimated at £45,000 per annum from 2019/20). It also supports the smarter working initiative by freeing up space for a work café on the first floor where the customer services team is currently located.

#### 5. **CAPITAL STRATEGY 2019/20 (MINUTE NO 74)**

The Cabinet is recommending approval of the Capital Strategy for 2019/20. This sets out how capital expenditure, capital financing and treasury management come together, with an overview of current activities and the implications for future financial sustainability. The proposed Strategy is attached as an Appendix to Report Item 8 to the Cabinet.

In addition, the Council is required to approve a Minimum Revenue Position Statement in advance of each financial year. The proposed statement is:

“For capital expenditure that has been incurred, and which has given rise to a Capital Financing Requirement, the Minimum Revenue Position policy for expenditure other than that incurred on investment property, shall be to charge revenue an amount equal to the depreciation of any asset financed by loan. The Minimum Revenue Position policy specific to investment properties financed by loan, shall be to charge revenue an amount equivalent to the sum of borrowing utilised, over a repayment period of 50 years.”

#### **RECOMMENDED:**

***That the Capital Strategy 2019/20, with effect from 1/4/19, as set out in the Appendix to Report Item 8 to the Cabinet, be approved including the adoption of the Minimum Revenue Position Statement, as set out above.***

#### 6. **HOUSING REVENUE ACCOUNT BUDGET AND HOUSING PUBLIC SECTOR CAPITAL EXPENDITURE PROGRAMME 2019/20 (MINUTE NO 75)**

The Cabinet is recommending that the proposed Housing Revenue Account (HRA) budget, the proposed rent levels and other charges, and a proposed Housing Public Sector Capital Programme for 2019/20 – 2021/22 are approved. Members recalled that a review of service charges to be applied had been considered separately under Report Item 4 on the agenda.

This is the final year of the required reduction of 1% in housing rents and it is anticipated that, in the following 5 year period, increases of CPI + 1% will be allowed. The average weekly rent for 2019/20 will be £97.93.

It is proposed that garage rents will be increased by 40 pence per week (4%), plus VAT where applicable. Rents had remained unchanged since April 2014.

The estimated income within the Housing Revenue Account is set out in Section 3 of the report, with the proposed expenditure set out in Section 4. This includes details of any changes within the funding and expenditure streams. The proposals represent a balanced budget with no change to the reserve balance, which will be retained at £1 million, as set out in Section 5 of the report. The HRA Account budget is set out in Appendix 1 to Report Item 9 to the Cabinet.

The proposed maintenance programme for 2019/20, amounting to £8.095 million, together with indicative proposals for the following 4 years, is set out in Appendix 2 to Report Item 9 to the Cabinet.

The proposed Capital Programme is set out in Section 6 and Appendix 3 to Report Item 9 to the Cabinet. The capital expenditure programme totals £19.415 million and will be met from revenue, capital receipts, the acquisitions and development reserve and government grant. The Council's new Housing Strategy seeks to provide 600 new affordable homes during the period 2018-2026 and the Council is in a sound financial position to deliver this objective.

The Tenants' Involvement Group has recognised that this represents a well-managed budget with a focus on making improvements for all tenants.

The Cabinet has approved the proposed planned maintenance and improvement works programme for 2019/20 – 2023/24, as set out in Appendix 2 to Report Item 9 to the Cabinet.

#### **RECOMMENDED:**

- (a) That the HRA budget, as set out in Appendix 1 to Report item 9 to the Cabinet, be agreed;**
- (b) That with effect from 01 April 2019, a reduction in rents of 1% from the 2018/19 weekly rent level, in accordance with Government requirements, be agreed;**
- (c) That with effect from 01 April 2019, an increase of 40 pence per week (plus VAT where applicable) in garage rents be agreed; and**
- (d) That a Housing Capital Programme to 2021/22, as set out in Appendix 3 to Report Item 9 to the Cabinet, be agreed.**

#### **7. MEDIUM TERM FINANCIAL PLAN AND ANNUAL BUDGET 2019/20 (MINUTE NO 76)**

The Council's budget has been developed in accordance with the financial strategy for 2019/20, as set out in paragraphs 3.1 and 3.2 of Report Item 10 to the Cabinet and is recommended to the Council for approval.

The Medium Term Financial Plan has been updated in the light of confirmation of the provisional financial settlement from government and updated business rates retention forecasts, together with other factors, as set out in paragraphs 4.2 and 4.3 of the report, with the updated resources summary and budget requirements set out in Appendices 1 and 2 to the report. The provisional financial settlement has now been confirmed, unchanged. Overall the changes are of benefit to this Council. Together with the effect of existing prudent financial planning, this will allow the Council to finance the ICT strategy directly from the General Fund in 2019/20 and still make a contribution to the budget equalisation reserve. In turn, this strong financial position in 2019/20 will enable a balanced budget over the entire medium term covered by the report, as set out in more detail in Appendix 3 to the report.

The planned use of and contributions to reserves are set out paragraph 4.8 of the report. The General Fund net budget requirement for 2019/20 is £17.493 million, as set out in Appendices 5 (a) and 5 (b) to the report, which is an increase of £250,000 against the 2018/19 budget requirement. Savings and improved income generation of £2.28 million have been used to absorb pay and price increases across the portfolios totalling £1.009 million and also to contribute towards meeting the cost of new requirements of £1.359 million.

It is proposed that the Band D Council Tax for 2019/20 will be £173.36, an increase of £5 (2.97%) from 2018/19, with the cost to be met by council taxpayers being £12,321,458.

There is still uncertainty about the Council's financial position, over the medium term, as a result of the potential effects of the Fair Funding Review and the final design of the 75% business rate retention scheme. The Council will continue to plan its budgets on a prudent basis using the latest known information. This proactive approach has allowed a balanced budget to be developed for each year to 2022/23 and will support financial stability in the longer term.

A number of pay reviews will be undertaken during 2019/20 to seek to address current problems with recruitment and retention, caused in part by pay restraints between 2010 and 2018. As a result of the potential effect of these reviews an additional sum of £100,000 has been included in the 2019/20 budget, in addition to the allowance for the agreed 2% pay increase, to meet the cost.

The proposed General Fund Capital Programme for 2019/20 totals £8.504 million, with details set out in Appendix 6 to the report. This includes funding for the further introduction of "Smarter Working" and also the potential development of a new Council depot on council-owned land at Hardley Industrial Estate.

It is proposed to increase the fees and charges in respect of the Stillwater Park by 3.3% in line with the September RPI inflation rate.

The comments of committees and the overview and scrutiny panels are set out in Section 8 of the report, together with the Portfolio Holder's comments in paragraph 12.1. The proposed response to the Budget Task and Finish Group's recommendations is set out in paragraph 12.2 of the report, and has been welcomed by the Chairman of the Task and Finish Group, who considers that they address all the questions raised.

The Cabinet has approved the release of a second £500,000 from the Smarter Working budget to enable further transformation of accommodation conducive to the Smarter Working standard.

***RECOMMENDED:***

- (a) That there is a General Fund Net Budget Requirement in 2019/20 of £17,492,790 as set out in Appendix 5 to Report Item 10 to the Cabinet, including the transfers to and from reserves, as outlined in Appendix 5 (d) of the Report;***
- (b) That the Band D Council Tax for 2019/20 shall be £173.36; and***
- (c) That the General Fund Capital Programme for 2019/20 of £8.504 million, as set out in Appendix 6 to Report Item 10 to the Cabinet, be approved.***
- (d) That the site licence fees and service charges at Stillwater Park be increased by 3.3% in line with RPI inflation;***

**COUNCILLOR B RICKMAN  
CHAIRMAN**