

20 December 2017

## **CABINET – 8 JANUARY 2018**

A meeting of Cabinet will be held at 5.30pm on Monday 8 January 2018 in the Council Chamber, Town Hall, Rugby.

Adam Norburn  
Executive Director

### **A G E N D A**

#### **PART 1 – PUBLIC BUSINESS**

1. Minutes.

To confirm the minutes of the meeting held on 4 December 2017.

2. Apologies.

To receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of –

(a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council's Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

***Note: Members are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a prejudicial interest, the Member must withdraw from the room unless one of the exceptions applies.***

***Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.***

4. Question Time.

Notice of questions from the public should be delivered in writing, by fax or e-mail to the Executive Director at least three clear working days prior to the meeting (no later than Tuesday 2 January 2018).

**Growth and Investment Portfolio**

Nothing to report to this meeting.

**Corporate Resources Portfolio**

5. Draft General Fund Revenue and Capital Budgets 2018/19 and Medium Term Financial Plan 2018-22.

**Communities and Homes Portfolio**

6. Draft Housing Revenue Account Capital and Revenue Budget 2018/19 and Medium Term Financial Plan 2018-22.

**Environment and Public Realm Portfolio**

Nothing to report to this meeting.

**The following item contains reports which are to be considered en bloc subject to any Portfolio Holder requesting discussion of an individual report**

7. Council Tax Base 2018/19.

8. Calendar of Meetings 2018/19.

9. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972.

To consider the following resolution:

“under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of information defined in paragraph 3 of Schedule 12A of the Act.”

**PART 2 – EXEMPT INFORMATION**

**Growth and Investment Portfolio**

Nothing to report to this meeting

**Corporate Resources Portfolio**

1. Election of Mayor and Appointment of Deputy Mayor 2018/19.

## **Communities and Homes Portfolio**

Nothing to report to this meeting.

## **Environment and Public Realm Portfolio**

2. Restructure of the Warden Service.

**The following item contains reports which are to be considered en bloc subject to any Portfolio Holder requesting discussion of an individual report**

Nothing to report to this meeting.

***Any additional papers for this meeting can be accessed via the website.***

The Reports of Officers (Ref. CAB 2017/18 – 7) are attached.

### **Membership of Cabinet:**

Councillors Stokes (Chairman), Mrs Crane, Mrs Parker, Ms Robbins and Mrs Timms.

### **CALL- IN PROCEDURES**

*Publication of the decisions made at this meeting will normally be within three working days of the decision. Each decision will come into force at the expiry of five working days after its publication. This does not apply to decisions made to take immediate effect. Call-in procedures are set out in detail in Standing Order 15 of Part 3c of the Council's Constitution.*

***If you have any general queries with regard to this agenda please contact Claire Waleczek, Senior Democratic Services Officer (01788 533524 or e-mail [claire.waleczek@rugby.gov.uk](mailto:claire.waleczek@rugby.gov.uk)). Any specific queries concerning reports should be directed to the listed contact officer.***

*If you wish to attend the meeting and have any special requirements for access please contact the Democratic Services Officer named above.*

***AGENDA MANAGEMENT SHEET***

<b>Report Title:</b>	Draft General Fund Revenue & Capital Budget 2018/19 and Medium Term Financial Plan 2018-22
<b>Name of Committee:</b>	Cabinet
<b>Date:</b>	8 <sup>th</sup> January 2018
<b>Report Director:</b>	Head of Corporate Resources & Chief Financial Officer
<b>Portfolio</b>	All Portfolios
<b>Ward Relevance</b>	All Wards
<b>Prior Consultation</b>	None
<b>Contact Officer</b>	Mannie Ketley - Head of Corporate Resources & Chief Financial Officer
<b>Report Subject to Call-in</b>	Yes
<b>Report En-Bloc</b>	No
<b>Forward Plan</b>	Yes
<b>Corporate Priorities</b>	This report relates to the following priority(ies):  All Council Priorities
<b>Risk Management Implications</b>	The Council has a statutory duty to set an annual General Fund Revenue budget that will enable it to determine the level of council tax.
<b>Financial Implications</b>	As detailed in the main report.
<b>Environmental Implications</b>	There are no environmental implications arising from this report.
<b>Legal Implications</b>	There are no legal implications arising from this report.

## **Equality and Diversity**

There are no Equality and Diversity implications arising from this report. It may be necessary later on in the budget process to carry out Equality Impact Assessments of the implications of any service changes.

## **Recommendation**

- (1) The updated draft General Fund Revenue and Capital Budget position for 2018/19 be considered alongside the Council's 2018-22 Medium Term Financial Plan; and
- (2) A detailed scheme by scheme review be carried out of the items in the Capital Programme in order to rationalise the overall programme in terms of affordability and sustainability.

## **Reasons for Recommendation**

This updated overview of the Council's General Fund revenue and capital budgets needs to be considered by Cabinet as part of the budget setting process and to ensure its affordability and contribution to the Council's ambition to achieve self-sufficiency by 2020.

The report includes proposals for savings and income generation which require consideration for inclusion in the 2018/19 draft budgets and also the medium term.

Cabinet – 8<sup>th</sup> January 2018

Draft General Fund Revenue & Capital Budget 2018/19 and Medium Term Financial Plan 2018-22

Report of the Head of Corporate Resources and Chief Financial Officer

**Recommendation**

- (1) The updated draft General Fund Revenue and Capital Budget position for 2018/19 be considered alongside the Council's 2018-22 Medium Term Financial Plan; and
- (2) A detailed scheme by scheme review be carried out of the items in the Capital Programme in order to rationalise the overall programme in terms of affordability and sustainability.

**1. Introduction**

This is the third report from the Head of Corporate Resources in her capacity as the Council's Chief Financial Officer.

The first and second budget reports were presented to Cabinet on 30<sup>th</sup> October 2017 and 4<sup>th</sup> December 2017. The purpose of this report is to present an updated draft General Fund revenue position (see section 3), a capital position (see section 4) for 2018/19 and onwards, plus an updated Medium Term Financial Plan (see section 5), since the report to Cabinet in December.

Cabinet will consider a further update on the draft revenue and capital General Fund budgets on 5<sup>th</sup> February 2018, prior to final budget setting and council tax determination at Full Council on 27<sup>th</sup> February 2018.

This report includes seven appendices;

- **Appendix 1** is a summary position for 2018/19 detailing the various changes made to the 2017/18 original budget.
- **Appendix 2** identifies by service the proposed growth items for 2018/19. This appendix also shows whether corresponding savings (Appendices 3 or 4) have been identified to offset the growth.
- **Appendix 3** identifies by service the proposed income increases (-) or shortfalls (+) for 2018/19.
- **Appendix 4** identifies by service proposed savings items for 2018/19. The appendix also shows where savings have been used to offset proposed growth.

- **Appendix 5** identifies the draft capital programme for 2018/19 onwards based on scheme proposals from budget officers, along with proposed funding splits, revenue implications, and a projection for capital receipts usage.
- **Appendix 6** provides a more detailed appraisal of the draft capital programme for 2018/19 onwards.
- **Appendix 7** shows a draft Medium Term Financial Plan 2018-22.

## **2. Budget Context and Development**

### **2.1. Overview**

The initial budget report to Cabinet in October presented a draft 2018/19 budget showing a deficit of approximately £425,000. Following this, in the report to Cabinet in December a number of key decisions were included in the report for Members' consideration, which could provide a balanced budget for the forthcoming financial.

However, after further scrutiny by Senior Management Team a number of additional budget savings have been included in the draft budget, which has allowed a balanced budget to be produced for 2018/19 without the need for the consideration of the aforementioned key decisions. These additional budget saving items are set out at section 2.6.

Despite the success of balancing the draft 2018/19 budget, budget gaps still exist across the medium term. However, given the additional time afforded to close these medium term budget gaps, the recommendation for the consideration of key decisions has been removed from this budget setting report. Budget saving and income generation proposals will be developed further and presented to members for their consideration in due course, allowing sufficient time for any strategic service or policy changes to be implemented in a managed fashion.

### **2.2. Financial Self-Sufficiency**

It is necessary to remove reliance on arbitrary funding from central government which doesn't sufficiently keep pace with changes in local factors and the needs of the population. Instead, sources of income for the Council need to result from decisions the organisation makes; be that from service charges, local taxation, economic growth or investment income. Alongside income, it is equally important to be able to directly control the Council's expenditure; by reducing exposure to changes from other organisations and ensuring procurement is smart.

Further details of this proposed policy will be included in the Medium Term Financial Strategy to be presented to February Cabinet.

### **2.3. Autumn Budget and Finance Settlement**

The Chancellor of the Exchequer, Philip Hammond presented his first Autumn Budget to Parliament on 22nd November 2017. The short-term funding news for local government was relatively benign, as the Chancellor did not announce any significant new funding. In the medium term, the news is less good because the lower growth forecasts will almost certainly translate into lower increases in public sector funding.

Some of the specific announcements included:

- Business Rate bills will now increase annually by CPI (consumer price index) rather than RPI (retail price index), which is generally a lower measure of inflation. The loss of income for the Council as a result of this change will be fully funded by government grant.
- Local authorities will be given the powers to charge a 100% premium on empty properties, from April 2019. The current arrangements allow for authorities to charge 50% extra on homes that have been empty for more than two years. It is estimated an increase in the premium would provide an approximate **£5,000** per annum for the Council. Details of any proposed policy changes will be presented for Members' consideration in due course.

The Local Government Finance Settlement was expected in late December 2018, however this report was dispatched in advance of the settlement and therefore any announcements with direct implications for the Council have not been incorporated into this report. If there are any such announcements for which the implications for can be identified, then an update will be provided at the meeting by the Head of Corporate Resources.

The main candidates for potential change in the settlement are likely to be amendments to either business rates or New Homes Bonus. For New Homes Bonus there may be an amendment made to the baseline funding level. This is currently set at 0.4% of growth, which for Rugby means that the Council does not receive NHB funding for the first 150 homes delivered each year. For every 0.1% increase in the baseline the Council would lose approximately £50,000 and therefore this budget projection is still subject to some uncertainty.

In terms of business rates, the settlement will bring an announcement on the selection of the successful 100% business rate retention pilots for 2018/19. As detailed in the report to Cabinet in December, should Warwickshire be successfully designated as a 100% pilot there would be a significant income allocation to the Rugby Borough Council in 2018/19. Due to the uncertainty of the outcome of this allocation, this income has not been incorporated into the draft budget.

The following section sets out the Council's current position in relation to business rates income.

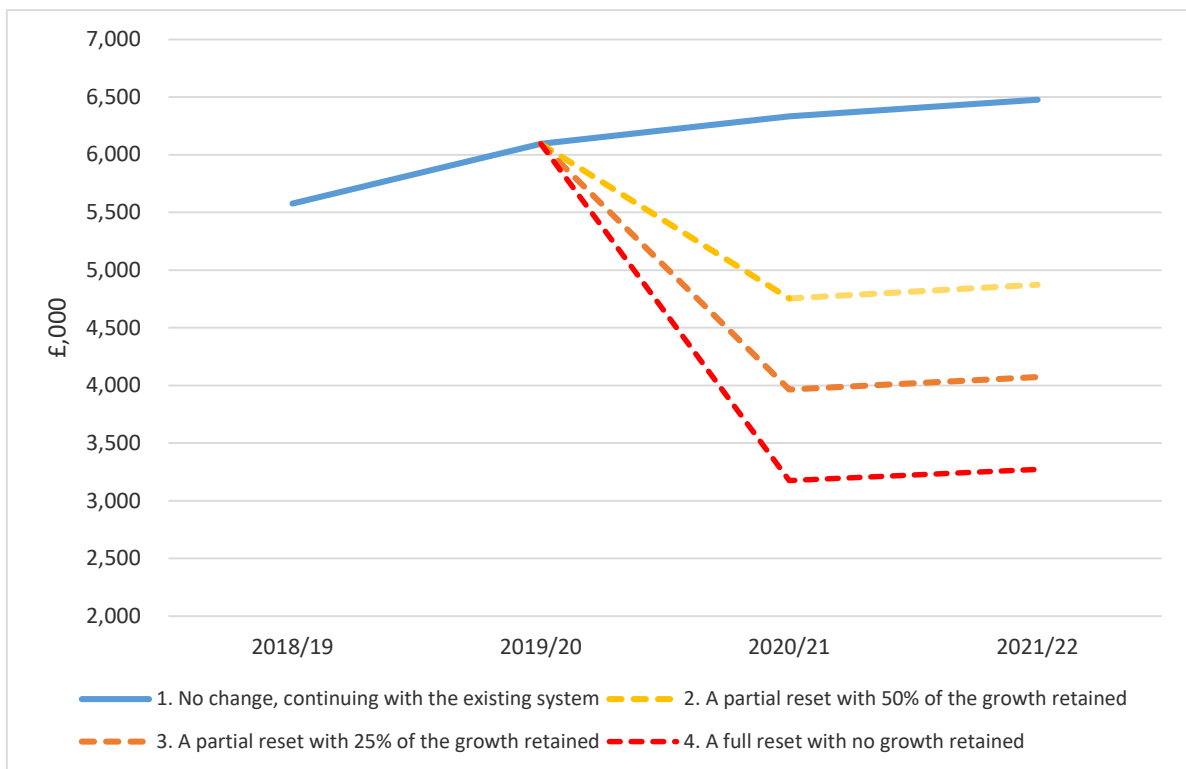
#### **2.4. Business Rates**

As reported previously, the main financial risk the Council faces is an impending reset of the current system. Resetting the system would redistribute the business rates growth generated since 2013/14, the point at which the retained rates system was introduced. Earlier this year, the Government consulted on a partial reset but we have since been advised that the Government are considering a full baseline reset in 2020/21.

Since the December report, forecasts for business rates income have been updated with uplifts in values following changes in some assumptions. The table and chart overleaf set out the anticipated business rates income, varied depending on the amount of growth to be retained after a reset.



	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
1. No change, continuing with the existing system	5.575	6.100	6.330	6.475
2. A partial reset with 50% of the growth retained	5.575	6.100	4.750	4.875
3. A partial reset with 25% of the growth retained	5.575	6.100	3.965	4.075
4. A full reset with no growth retained	5.575	6.100	3.175	3.275



The table and chart above show significant reductions in income under all three reset scenarios. **The Council has lobbied government firmly on our view that growth should be retained by the authority for longer than the reset period.**

Whatever method is used to arrive at new formulae, it is hoped that councils are given time to adjust to changes in their level of funding, through the use of damping mechanisms to ensure no local authority would see their funding increase or fall by more than a set amount each year. **Until this is confirmed we have presented the financial outcome of a reset without any such protection.**

To mitigate the income volatility shown above and prepare for the reset, it is proposed to set a sustainable income position for business rates across the medium term.

It is proposed that this smoothing of the budget position be facilitated by contributing to the budget equalisation reserve in the first two years of the medium term plan. This will taper the net budget reductions caused by the reset and prevent a cliff-edge drop in the net

budget at 2020/21. Therefore, the net income budget for business rates, after allowing for reserve contributions, and will be budgeted as follows:

- **2018/19 – equivalent to 2020/21 income levels with 50% growth retention**
- **2019/20 – equivalent to 2020/21 income levels with 37.5% growth retention**

For 2018/19 a sustainable budget position has been assessed equivalent to the income the Council will receive in 2020/21 if a partial reset is implemented where 50% of the growth can be retained. This is the most favourable scenario of the three reset options that have been modelled and therefore this has been considered a reasonable and prudent starting point.

For 2019/20 the income budget has been set at the mid-point between the income received under the scenarios where 50% and 25% of growth are retained, providing a position where 37.5% of growth has been considered a sustainable position.

The gradual tapering of the amount of business rates growth included in the base budget will help the Council meet its objective of becoming financially self-sufficient by reducing the reliance in the base budget of funding that can be subject to arbitrary changes from central government.

## **2.5. Pay**

The National Employers, who negotiate pay on behalf of 350 local authorities in England, Wales and Northern Ireland, suggested that the majority of employees – those on salaries starting at £19,430 – should receive a 2% increase for 2018/19 and a further 2% for 2019/20. Those workers on lower salaries would receive higher increases. For the fulltime equivalent employees currently on the bottom of the pay scale, the offer would increase their hourly rate from £7.78 now to £9.00 in April 2019 – 15.65% increase. The offer also includes a new national pay spine, which would take effect on 1 April 2019.

At present, the budget continues to be prepared on the basis of a flat 2% increase across all scale points, whilst also accounting for increases in the National Living Wage.

## 2.6. Budget Changes Since December

The main budget changes since the December Cabinet report are:

Item	Description	£'000
<b>Pay-scale Changes</b>	It has now been confirmed that changes to the pay scale as result of the National Living wage will come into effect from 1 <sup>st</sup> April 2019 and not 2018 as previously assumed.  Therefore, this expected £130,000 pressure has been deferred by one year.	-130
<b>Trade Waste</b>	Following an increase in the customer base for the trade waste service, income projections for 2018/19 have increased by £75,000.	-75
<b>Planning Income</b>	It is proposed that the Council accepts the proposed change in legislation allowing authorities to increase Planning Fees by 20%.  This increase will allow for continued investment in the Planning Service and help reduce the cost of providing the Planning function.	-150
<b>Housing Benefit</b>	An increase in net cost of Housing Benefit payments following revised forecasts for anticipated expenditure.	+80
<b>Fleet Procurement</b>	A review of the use of the Council's vehicles and equipment should result in a reduction in the fleet and realise a cost saving.	-25
<b>Street Cleansing</b>	Dis-establishment of 2 vacant posts and proposed dis-establishment of a part-time post after the post holder retires in late April.	-68
<b>Internal Recharges</b>	A £50,000 increase in the charge to the HRA, following changes to some charging methodologies.	-50
<b>Local Plan</b>	A further £35,000 reduction in the budget for the Local Plan and CIL, in addition to the £200,000 already included in the draft budget.	-35
<b>RAGM</b>	Reduction in business rates bill following a successful appeal.	-20
<b>Grants to Voluntary Organisations</b>	A review of SLA grants and a retendering process has resulted in a saving of £35,250.	-35
<b>Warden Service</b>	The savings from the restructuring of this service, as presented elsewhere on this Cabinet Agenda.	-70
<b>Voluntary Redundancy</b>	Resulting savings following the voluntary redundancy of the Housing and Regeneration Manager.	-58
<b>Total</b>		<b>-636</b>

## 2.7. Other Key Savings Delivered

In addition to the savings identified since the December report, the following other key savings have also been proposed for 2018/19:

- A saving of **£168,000** from a reconfiguration of the collection rounds for the Garden Waste Service.

- A reduction in expenditure of **£200,000** for the development of the Local Plan following the progress already made in its delivery.
- Savings of **£160,000** are expected to be delivered, following the implementation of various digitalisation schemes.

## 2.8. Other Major Budget Items

The section below sets out the other significant income and expenditure items included in the draft 2018/19 budget.

- Continuation of the **£150,000** budget on annual basis for the re-assignment of the out of town retail business rates for the benefit of the town centre.
- A **£100,000** decrease in ticket income for the Hall of Fame
- An approximate **£557,000** increase in salary costs resulting from the anticipated 2% pay award, staff progression through pay scales and an increase in employer pension contributions.
- An increase of **£475,000** income from the Garden Waste Services
- An **£80,000** reduction in the management fee received from the leisure centre operator as a result of the planned five-yearly equipment replacement programme.
- Re-establishment of an expenditure budget of **£127,000** for delivery of the Borough Elections in 2018/19.

## 2.9. Fees and Charges

The Fees and Charges review is nearing completion for 2018/19. Further work will now be conducted on those services that have been identified as being subsidised, to establish how much impact is being placed on council tax payers to deliver those services.

The results of this exercise will be reported to Cabinet in February.

### 3. Draft Portfolio and Corporate Revenue Budgets

The following table shows an overview of the draft revenue budget for 2018/19.

<b>Draft General Fund Revenue Summary 2018/19</b>	<b>2017/18 Revised Budget £</b>	<b>Budget Adjustments £</b>	<b>Salaries and Inflation £</b>	<b>2018/19 Draft Budget £</b>
<b>EXPENDITURE:</b>				
<b>Committed Expenditure:</b>				
Growth and Investment	3,296,180	-547,420	62,130	2,810,890
Corporate Resources	1,523,900	141,500	50,710	1,716,110
Environment and Public Realm	7,785,460	-666,360	223,280	7,342,380
Communities and Homes	1,070,670	-159,590	92,360	1,003,440
Executive Director	1,897,250	4,870	24,870	1,926,990
Digitalisation Savings		-160,000		-160,000
<b>Total Portfolio &amp; Corporate Budgets</b>	<b>15,573,460</b>	<b>-1,387,000</b>	<b>453,350</b>	<b>14,639,810</b>
Less Capital Charge Adjustment	-2,391,670	-199,160	0	-2,590,830
Less Corporate Savings Target	-200,000	0	0	-200,000
Less Pension (IAS 19) Adjustment	-309,330	-7,860	0	-317,190
<b>Net Portfolio &amp; Corporate Budgets</b>	<b>12,672,460</b>	<b>-1,594,020</b>	<b>453,350</b>	<b>11,531,790</b>
Net Cost of Borrowing	627,610	-162,220	0	465,390
Revenue Contribution to Capital Outlay	87,500	0	0	87,500
Contribution to Balances	0	0	0	0
Contribution to Budget Stability Reserve	264,160	-140,100	0	124,060
Contribution to Business Rate Equalisation Reserve	0	607,000	0	607,000
Minimum Revenue Provision (MRP)	1,475,550	453,740	0	1,929,290
Parish Council Precepts	731,090	20,000	0	751,090
<b>TOTAL EXPENDITURE</b>	<b>15,858,370</b>	<b>-815,600</b>	<b>453,350</b>	<b>15,496,120</b>
<b>INCOME:</b>				
Revenue Support Grant	-510,930	358,250	0	-152,680
Retained Business Rates - sustainable income (Net of Tariff)	-4,495,690	-474,310	0	-4,970,000
Retained Business Rates - additional growth (Net of Tariff)	0	-607,000	0	-607,000
New Homes Bonus Funding	-2,671,540	559,910	0	-2,111,630
Government Grants	-375,350	78,350	0	-297,000
Council Tax	-7,062,870	-357,330	0	-7,420,200
Collection Fund Surplus(-)/Deficit	-355,900	418,290	0	62,390
Contribution from Reserves	-120,000	120,000	0	0
<b>TOTAL INCOME</b>	<b>-15,592,280</b>	<b>96,160</b>	<b>0</b>	<b>-15,496,120</b>
<b>VARIANCE ON 2017/18 BUDGET (see Appendix 1)</b>	<b>266,090</b>	<b>-719,440</b>	<b>453,350</b>	<b>0</b>

The revised draft general fund revenue budget is showing a balanced budget for 2018/19.

#### 4. Draft Portfolio Capital Budgets

Appendix 5 shows the draft position for the 2018/19 capital programme and onwards. As can be seen, the total capital programme proposed for 2018/19 (including proposed carry-forward budgets from previous years) is **£2.7m**. Excluding grants and other contributions, this leaves a net **£2.0m** of expenditure to be financed in 2018/19.

Forecast General Fund capital receipts are £3.134m at the beginning of financial year 2018/19. As noted in previous years it is not considered prudent to allow overall General Fund capital receipts to be depleted, as this will subject the Council to interest rate risks in future years and in emergency situations. In other words, it maintains the stability currently provided by retaining a reasonable level of capital receipts as any future borrowing would have to be undertaken at the interest rates available in the market at the time. A revised Asset Management Strategy, incorporating future plans for the Council's General Fund asset portfolio, will be presented to members for adoption in 2017/18.

The additional revenue financing implications of this first draft programme for 2018/19 to 2020/21 upon future years are as follows:

	2019/20 £'000	2020/21 £'000
Additional Minimum Revenue Provision (MRP)	177	121
Additional Interest Costs	51	31
<b>Total</b>	<b>228</b>	<b>152</b>
<b>Cumulative Effect</b>		<b>380</b>

In light of these revenue financing implications, it is important to give consideration to the scale of the Council's capital programme for future years and also to the re-introduction of General Fund revenue contributions towards the financing of capital schemes. **Therefore, it is recommended that a more detailed examination of the capital schemes is undertaken in order to arrive at a capital programme which is affordable and sustainable.** The results of that review and amendments to capital cost estimates will be included within future budget preparation reports to Cabinet.

For the 2018/19 draft General Fund revenue budget there is an approximate £130,000 increase in MRP resulting from the additional borrowing undertaken to finance the 2017/18 capital programme as approved by Council in February this year.

#### 5. Medium Term Financial Plan 2018-2022

Appendix 7 shows a forecast position for the next 4 financial years. This shows a balanced budget for 2018/19, but a deficit of **£1.3 million** in 2019/20. However, this deficit position in 2019/20 includes a **£1.1 million** contribution to the Business Rates Equalisation Reserve to provide a sustainable business rates funding position and mitigate the financial risks associated with the reset of the system. For 2020/21 onwards, the MTFP has been prepared showing three different scenarios, all varying depending on the level of reset in the business rates system.

### **Scenario 1 – 50% partial reset**

Scenario 1 shows the possible financial implications if local authorities are allowed to retain 50% of the growth generated under the existing system after the reset. This would result in deficit of **£0.9m** and a marginal surplus in 2020/21 and 2021/22 respectively.

### **Scenario 2 – 75% partial reset**

Scenario 2 shows a firmer partial reset, where authorities are allowed to retain 25% of the growth generated under the existing system after the reset with 75% redistributed nationally. This would result in deficits of **£1.7m** and **£760,000** in 2020/21 and 2021/22 respectively.

### **Scenario 3 – full reset.**

This scenario shows the potential impact of a full reset of the business system, where all the growth generated under the existing scheme since 2013/14 is redistributed nationally. This could result in substantial deficits of **£2.5m** and **£1.5m** in 2020/21 and 2021/22 respectively

As set out at section 2.4, whatever method is used to arrive at new formulae, it is hoped that councils are given time to adjust to changes in their level of funding, through the use of damping mechanisms. However, **until this is confirmed we have presented the financial outcome of a reset without any such protection.**

Other major assumptions within the MTFP:

- NHB and business rates growth based on planned growth as informed by Economic Development officers.
- Significant year-on-year increase in the council tax base and resultant council tax income, as informed by the Housing Trajectory produced by the Economic Development Service.
- On-going reductions in core funding (Revenue Support Grant) from Central Government from **£153,000** in 2018/19 to nil by 2019/20 as set out in the four-year funding settlement.
- 'Negative RSG' payments being required to be made by the Council to government from 2019/20 onwards.
- Assumed Digitalisation efficiencies of **£160,000** in 2018/19, in addition to the £40,000 already achieved in 2017/18.
- Prudent estimates of **£200,000** from commercialisation in 2019/20.
- Salary budgets amended to reflect 2% pay awards across the MTFP.
- An on-going annual corporate savings target of £200,000, this is deemed to be a prudent allocation because the target has been met or exceeded in previous years.
- A significant increase in the recycling gate fee in 2019/20.

## **6. Conclusion**

Following further scrutiny of the budget by Senior Management Team a broadly balanced draft budget has been presented for 2018/19. However, due to the current challenging financial environment further savings still need to be identified in order to deliver a balanced budget across the medium term. In particular, the high level of uncertainty around retained business rates and the potential for a reset of the system presents a considerable risk to the Council's finances from 2020/21 onwards.

Name of Meeting: Cabinet

Date of Meeting: 8<sup>th</sup> January 2018

Subject Matter: Draft General Fund Revenue and Capital Budget 2018/19

Originating Department: Resources

**LIST OF BACKGROUND PAPERS**

Draft General Fund Revenue and Capital Budget 2018/19 – Cabinet 30th October 2017 and 4<sup>th</sup> December 2017



Draft General Fund Revenue Summary 2018/19	2017/18 Original Budget £	In Year Adjustments £	2017/18 Revised Budget £	Corporate Adjustments £	Total Inflation £	Salary Adjustments £	Proposed Growth Items (Appendix 2) £	Proposed Income Adjustments (Appendix 3) £	Savings (Appendix 4) £	2018/19 Draft Budget £
<b>EXPENDITURE:</b>										
Growth & Investment	3,205,800	+90,380	3,296,180	-380,530	+5,510	+56,620	+36,580	+173,630	-377,100	2,810,890
Corporate Resources	1,580,800	-56,900	1,523,900	-87,910	+0	+50,710	+236,900	+2,740	-10,230	1,716,110
Environment & Public Realm	7,633,450	+152,010	7,785,460	+467,200	+0	+223,280	+29,670	-560,000	-603,230	7,342,380
Communities & Homes	1,027,280	+43,390	1,070,670	-118,680	+10,450	+81,910	+261,940	-194,560	-108,290	1,003,440
Executive Director's Office	1,860,040	+37,210	1,897,250	-122,550	0	+24,870	+127,420	0	0	1,926,990
Corporate Items									-160,000	-160,000
<b>PORTFOLIO EXPENDITURE</b>	<b>15,307,370</b>	<b>+266,090</b>	<b>15,573,460</b>	<b>-242,470</b>	<b>15,960</b>	<b>437,390</b>	<b>692,510</b>	<b>-578,190</b>	<b>-1,258,850</b>	<b>14,639,810</b>

Less Capital Charge Adjustment	-2,391,670	0	-2,391,670	-199,160	0	0	0	0	0	-2,590,830
Less Corporate Savings Target (including salary voids)	-200,000	0	-200,000	0	0	0	0	0	0	-200,000
Less Pension Adjustment	-309,330	0	-309,330	-7,860	0	0	0	0	0	-317,190
<b>NET PORTFOLIO EXPENDITURE</b>	<b>12,406,370</b>	<b>+266,090</b>	<b>12,672,460</b>	<b>-449,490</b>	<b>+15,960</b>	<b>+437,390</b>	<b>+692,510</b>	<b>-578,190</b>	<b>-1,258,850</b>	<b>11,531,790</b>

Net Cost of Borrowing	627,610	0	627,610	-162,220	0	0	0	0	0	465,390
Minimum Revenue Provision (MRP)	1,475,550	0	1,475,550	+453,740	0	0	0	0	0	1,929,290
Revenue Contribution to Capital Outlay	87,500	0	87,500	0	0	0	0	0	0	87,500
Contribution to Budget Stability Reserve	264,160	0	264,160	-140,100	0	0	0	0	0	+124,060
Contribution to Business Rate Equalisation Reserve	0	0	0	+607,000	0	0	0	0	0	+607,000
<b>TOTAL EXPENDITURE (before Parish Precepts)</b>	<b>14,861,190</b>	<b>+266,090</b>	<b>15,127,280</b>	<b>+308,930</b>	<b>+15,960</b>	<b>+437,390</b>	<b>+692,510</b>	<b>-578,190</b>	<b>-1,258,850</b>	<b>14,745,030</b>

Parish Council Precepts and Council Tax Support	731,090	0	731,090	+20,000	0	0	0	0	0	751,090
<b>TOTAL EXPENDITURE</b>	<b>15,592,280</b>	<b>+266,090</b>	<b>15,858,370</b>	<b>+328,930</b>	<b>+15,960</b>	<b>+437,390</b>	<b>+692,510</b>	<b>-578,190</b>	<b>-1,258,850</b>	<b>15,496,120</b>

<b>INCOME:</b>										
Revenue Support Grant	-510,930	0	-510,930	0	0	0	0	+358,250	0	-152,680
Retained Business Rates - sustainable income (Net of Tariff)	-4,495,690	0	-4,495,690	0	0	0	0	-474,310	0	-4,970,000
Retained Business Rates - additional growth (Net of Tariff)	0	0	0	0	0	0	0	-607,000	0	-607,000
New Homes Bonus Funding	-2,671,540	0	-2,671,540	0	0	0	0	+559,910	0	-2,111,630
Government Grants	-375,350	0	-375,350	0	0	0	0	+78,350	0	-297,000
Council Tax £5 increase	-7,062,870	0	-7,062,870	0	0	0	0	-357,330	0	-7,420,200
Collection Fund Surplus(-)/Deficit	-355,900	0	-355,900	0	0	0	0	+418,290	0	62,390
Contribution from Reserves & Balances	-120,000	0	-120,000	0	0	0	0	+120,000	0	0
<b>TOTAL INCOME</b>	<b>-15,592,280</b>	<b>0</b>	<b>-15,592,280</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+96,160</b>	<b>0</b>	<b>-15,496,120</b>

<b>OVERALL VARIANCE ON 2018/19 BUDGET</b>	<b>0</b>	<b>+266,090</b>	<b>266,090</b>	<b>+328,930</b>	<b>+15,960</b>	<b>+437,390</b>	<b>+692,510</b>	<b>-482,030</b>	<b>-1,258,850</b>	<b>0</b>
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**Proposed Growth Items 2018/19**

Portfolio/Service	Amount (£)	Justification:	Corresponding savings? Y / N / Partial (Y = Total growth offset)
<b>Growth &amp; Investment (G&amp;I)</b>			
<b>The Benn Hall &amp; Tool Shed Café</b>			
Contract Cleaning	+16,880	Increase in contract cleaning budget to reflect the new cleaning contract, offset with savings on cleaning staff salaries (See Appendix 4)	Y
<b>Visitor Centre</b>			
Salaries	+19,700	Increase due to regrade and an increase to a full FTE of the Tourism and Town Centre Team Leader post.	N
<b>Sub Total (G&amp;I)</b>	<b>+36,580</b>		

<b>Corporate Resources (CR)</b>			
<b>General Financial Expenses</b>			
Payment card costs	+5,000	Increase in payment card costs reflecting an increase in use in this method of payment	N
<b>Public Offices</b>			
Corporate Cleaning	+13,220	Net additional cost to the General Fund of the new cleaning contract.	N
<b>Housing Benefit Payments</b>			
Housing Benefit Payments	+149,400	Increase in net cost of Housing Benefit payments following revised forecasts for anticipated expenditure and subsidy for 2018/19	N
<b>Legal Services</b>			
Training	+2,500	Increase required for on-going training commitments within this service. This is fully off-set by savings found within the service, as shown in Appendix 4.	Y
<b>Retired Employees</b>			
Employers Pension contribution	+66,780	Increase reflects the expected rise in the Council's contribution for pensions	N
<b>Sub Total (CR)</b>	<b>+236,900</b>		

<b>Environment &amp; Public Realm (E&amp;PR)</b>			
<b>Parks, Recreation Grounds &amp; Open Spaces</b>			
Salaries	+24,670	Budget for an additional Grounds Maintenance operative to carry out work previously provided by an external contractor, this is fully off-set by savings in payments to external contractors as shown in Appendix 4	Y
<b>Waste Collection and Recycling</b>			
Fuel	+5,000	Anticipated increase in fuel costs based on current oil prices	N
<b>Sub Total (E&amp;PR)</b>	<b>+29,670</b>		

**Proposed Growth Items 2018/19**

Portfolio/Service	Amount (£)	Justification:	Corresponding savings? Y / N / Partial (Y = Total growth offset)
<b>Communities &amp; Homes (C&amp;H)</b>			
<b>Customer and Information Services</b>			
Software Maintenance	+9,050	Increased Software Maintenance costs resulting from the recent Agresso Financial Management System Upgrade of £7,850 and purchasing a further Room Booking System add on module for £1,200.  The costs related to the Agresso upgrade were fully offset by salary savings recognised within Financial Services in previous years.	Y
<b>Housing Options Team - HRA Temporary Accommodation</b>			
Rental of HRA Properties for Temporary Homeles	+236,420	An increase in budget is required to account for the increased use of HRA Void Properties being used for temporary accommodation, this increase is mostly offset by income from Housing Benefit and Universal credit, see Appendix 3.	P
<b>Housing Options Team - Private Sector Leasing Scheme</b>			
Room Hire, Conference & Seminar Fees and Hou	+600	Increased budgets required for Landlords Forum Meetings for the Private Sector Leasing Scheme, Conferences and Housing Law reference books as per the new administration of the expanded Private Sector Leasing Scheme	Y
<b>Housing Strategy &amp; Enabling</b>			
External Contractor Payments	+1,560	The Act on Energy contract of £8,390 to adapt Rugby Borough residents homes to make them more energy efficient has ceased and has been replaced by the Rugby Warm and Well Contract which is £9,950 per year causing an increase of £1,560. This increase is fully offset by savings shown in appendix 4.	Y
<b>Woodside Park</b>			
Contribution to Repairs and Maintenance Reserve	+14,310	Increased contribution to the repairs and maintenance reserve to ensure there are sufficient funds available to fund repairs and replace damaged property and infrastructure as per recent trends - Fully offset by increased pitch fee income (see Appendix 3)	Y
<b>Sub Total (C&amp;H)</b>			
	<b>+261,940</b>		
<b>Executive Director's Officer (EDO)</b>			
<b>Electoral Services</b>			
Borough Elections	+127,420	Re-establishment of budget for Borough Elections in 2018/19. There was no budget in 2017/18 as this was a fallow election year.	N
<b>Sub Total (EDO)</b>			
	<b>+127,420</b>		
<b>OVERALL TOTALS</b>			
	<b>+692,510</b>		

**Proposed Income Adjustments 2018/19**

Portfolio/Service	Amount (£) + = Reduction - = Increase	Justification:
<b>Growth &amp; Investment (G&amp;I)</b>		
<b>Building Control Services</b>		
Reimbursements - Warwick District Council	+17,700	Building Control Services are provided under a shared service arrangement, which is led by Warwick District Council. Building Control officers no longer have a physical base at the Town Hall in Rugby and therefore this budget has been adjusted as related premises expenditure can no-longer be recharged to the partnership.
<b>Planning Services</b>		
Planning Fee Income	-150,000	It is proposed that the Council accepts the proposed change in legislation allowing authorities to increase Planning Fees by 20%. This increase will allow for continued investment in the Planning Service and help reduce the cost of providing the Planning function.
<b>Queen's Diamond Jubilee Centre</b>		
Management Fee	+101,290	Annually the Council receives an income in the region of £340,000 from the leisure centre operator in the form of a management fee. 2018/19 will be the fifth year of operation and in accordance with the terms of the contract there will be a one-off reduction to facilitate the five-yearly equipment replacement programme. It should be noted this reduction had been included in previous Medium Term Financial Plans and income will return to normal contracted levels in 2019/20.
<b>Sports and Recreation</b>		
On Track Service	-9,120	Income increase to offset increased employee expenses
Play Rangers Service	-3,680	Income increase to offset increased employee expenses
Family Weight Management	+110,630	For the last three years Rugby Borough Council has administered a county-wide Family Weight Management contract, with a further year extension recently being awarded. The current contract is due to end in June 2018 and it is currently uncertain whether the contract will be extended beyond this period. The project was wholly backed by Public Health funding provided by Warwickshire County Council and should the contract not be extended there will be a reduction in income. This will be largely offset by a corresponding reduction in salary and other related costs, see Appendix 4.
<b>Tool Shed Café</b>		
Sales	+8,810	Following the change in management of the café, moving to an external provider, there will be no income received by Rugby Borough Council.
<b>Hall of Fame</b>		
Ticketing Income	+100,000	Current year projections are showing a shortfall of £100,000. Budgets for 2018/19 have been revised to reflect this reduction.
Venue Hire Income	-2,000	As per a previous cabinet report an additional £2,000 income is expected to be generated from Venue Hire
<b>Sub Total (G&amp;I)</b>	<b>+173,630</b>	
<b>Corporate Resources (CR)</b>		
<b>General Financial Expenses</b>		
Card Payments	+8,000	Due to the introduction of the Second Payment Directive within EU legislation, which came into force in January 2016, all member states have had to implement these rules as national law by 13th January 2018. Within this legislation, credit card charges cannot be made after this date. Other options within this service are being explored to make savings.
<b>Legal Services</b>		
Reimbursement of Court Costs	-5,260	Increased income based upon previous years recovered court costs.
<b>Sub Total (CR)</b>	<b>+2,740</b>	

**Proposed Income Adjustments 2018/19**

Portfolio/Service	Amount (£) + = Reduction - = Increase	Justification:
<b>Environment &amp; Public Realm (E&amp;PR)</b>		
<b>Car Parks and Parking</b>		
Car Park season Tickets	-10,000	Additional income expected due to new business moving into the Town Centre and requesting a block of Season Tickets
<b>Parks, Recreation Grounds &amp; Open Spaces</b>		
Football Pitches (Training Sessions)	-1,000	From 1st April a pitch hire charge will be introduced to allow football clubs to use the pitches for training sessions.
<b>Regulatory Services</b>		
Dog Control Order	-1,000	Introduction of an income budget for Dog Control Orders, to reflect the level of fixed penalty notices being issued.
Prescribe Process Application Fees	+2,000	Application fees are set annually by Government. Anticipated decrease in income for Prescribe Process Application Fees as businesses with improved processes attract lower fees.
<b>Waste Collection and Recycling</b>		
Garden Waste Income	-475,000	Increased income following a higher than anticipated take up of the service in 2017/18. An increase of £200,000 had been expected in 2018/19, but due to the success of the scheme, this has now been increased to £475,000.
<b>Trade Waste Service</b>		
Trade Waste Income	-75,000	Anticipated increase in income due to planned enhanced marketing strategy
<b>Sub Total (E&amp;PR)</b>	<b>-560,000</b>	

<b>Communities &amp; Homes (C&amp;H)</b>		
<b>Customer and Information Services</b>		
FLARE Shared Service	-2,900	The charge to Nuneaton and Bedworth Borough Council for the Shared FLARE IT Systems Officer has been reviewed and increased in line with rises in salary expenditure. This increased income is partially offset by a small budget for the sale of refurbished obsolete IT Equipment.
Counter Fraud Initiative	+25,000	The income received from Warwickshire County Council utilising our Agresso Specialist ITC Officer will cease in 2018/19 as this was a temporary agreement to implement new systems.
<b>Housing Options Team - HRA Temporary Properties</b>		
HRA Properties - Income from Rents	-234,700	Anticipated Housing Benefit and Universal Credit income offsetting the cost of the increased use of HRA properties for Temporary Accommodation
Income from Rents	-26,780	Additional surplus generated from the expansion of the Private Sector Lease Scheme to house the homeless.
Income from Benefits	+72,930	The Council will see a decrease in Benefit Subsidy received relating to Bed and Breakfast temporary accommodation as it reduces its reliance for this type of accommodation for Homelessness placement and increases the use of the Private Sector Leasing Scheme.  However, fundamentally the Council will see a significant reduction in the level of Benefit subsidy received due to the change from Housing Benefit to Universal credit. In particular, the reduced central government Local Housing Allowance (LHA) rate means a smaller fixed amount of income is received per week in comparison to higher rates available from Housing Benefits.  Overall there will be a reduction of £127,000 of income to the council, however, this is offset by a £54,000 reduction in income from the use of Bed and Breakfast accommodation providing a net income reduction of approximately £73,000.
Non SLA Recharges	-5,000	A new income budget resulting from grant being transferred from the Housing Benefits Team across to the Housing Options Team for extra assistance with customer universal credit claims.
Income Fees & Charges	-5,000	New agreements in place with Housing Associations allowing them to access our Housing Waiting List.
<b>Welfare Services</b>		
Lifeline Income	-2,420	Expenditure & Income budget adjustment to reflect increasing income from increased Private Sector Lifeline Customers
<b>Woodside Park</b>		
Pitch Fees	-15,690	Increased pitch fees and sewage infrastructure charges resulting from a recent rents review and consultation. The increased income will fund improvements to the site
<b>Sub Total (C&amp;H)</b>	<b>-194,560</b>	

<b>OVERALL TOTALS</b>		<b>-578,190</b>
<b>Summary Proposed Income Adjustment 2018/19</b>		
Total reduction in income		+446,360
Total increase in income		-1,024,550
<b>Net Change To Income</b>		<b>-578,190</b>

Proposed Savings 2018/19			
Portfolio/Service	Amount (£)	How can these be achieved?	Adverse impact on service delivery? Y/N
<b>Growth &amp; Investment (G&amp;I)</b>			
<b>Art Gallery and Museum</b>			
Rates	-20,000	Following a successful appeal against the valuation value there will be a reduction in the business rates bill for the premise.	N
<b>Economic Development</b>			
Community Infrastructure	-235,000	The removal of the £235,000 of the 2017/18 allocation for the development of the Local Plan.	N
<b>Sports and Recreation</b>			
Salaries	-102,440	Net salary savings from the cessation of the Family Weight Management funded scheme. See Appendix 3.	Y
<b>The Benn Hall</b>			
Salaries	-19,660	Savings are mainly due to the salary savings made as part of the new cleaning contract	N
<b>Sub Total (G&amp;I)</b>	<b>- 377,100</b>		
<b>Corporate Resources (CR)</b>			
<b>Corporate Property Administration</b>			
Gas	-2,540	Small savings are expected compared to the 2017/18 budget	N
<b>Legal Services</b>			
Reference books	-7,690	Saving identified for the use of electronic subscriptions for reference books. This saving will be partially used to fund on-going training needs within the service, see Appendix 2.	N
<b>Sub Total (CR)</b>	<b>- 10,230</b>		
<b>Environment &amp; Public Realm (E&amp;PR)</b>			
<b>Crematorium</b>			
Service costs	-26,900	Net savings following reviews to expenditure budgets and fees and charges.	N
<b>Miscellaneous Highways Services</b>			
Salary savings	-24,810	Reduction of one Highway Operative post following a review of the service.	N
Tree Surgery	-35,100	Net savings realised by transferring the tree maintenance from Rugby Borough Council to Warwickshire County Council	N
<b>Parks, Recreation Grounds &amp; Open Spaces</b>			
Tree Inspections	-14,640	Net salary savings realised following the appointment of Birmingham City Council to deliver the service.	N
External Contractor	-24,000	Reduction in costs by providing the service in house, offset by increased salary expenditure relating to an additional Grounds Maintenance operative as shown in Appendix 3, and therefore a marginal net £270 saving will be realised.	N
Salary savings	-37,390	Savings achieved through: * disestablishment of apprentice gardener post (£16,000) * temporary gardener post (£21,000) * the appointment of an apprentice horticulturist following the retirement of a gardener (£3,000) * reduction in hours for some grounds maintenance operatives and other minor changes to the establishment £14,000	N
<b>Public Conveniences</b>			
Contract Cleaning - Building	-9,070	New cleaning contract resulted in savings	N

**Proposed Savings 2018/19**

Portfolio/Service	Amount (£)	How can these be achieved?	Adverse impact on service delivery? Y/N
<b>Environment &amp; Public Realm (E&amp;PR) cont.</b>			
<b>Warden Service</b>			
Restructure of Warden Service	-70,000	Restructure of the Warden Service as set out elsewhere on this Cabinet agenda.	N
<b>Street Cleansing</b>			
Restructure of Street Cleansing Service	-68,680	Disestablishment of 3 posts (2 vacant) with no anticipated adverse impact on service delivery	N
<b>Waste Collection and Recycling</b>			
Disestablishment of surplus refuse/recycling rounds	-167,860	It is proposed that following the deployment of Route Optimiser project the Garden Waste Service be reconfigured, with a reduction from five to three rounds. It is anticipated savings can be realised from the reduced use of agency staff and related vehicle running costs.	N
Salary savings	-99,780	Net reduction in salary costs following restructure of WSU service	N
<b>Garage</b>			
Fleet Procurement	-25,000	Rationalisation of the fleet usage is anticipated to realise savings through the shared use of assets.	N
<b>Sub Total (E&amp;PR)</b>	<b>- 603,230</b>		
<b>Communities &amp; Homes (C&amp;H)</b>			
<b>Community Grants</b>			
Grants to Voluntary Organisation	-35,250	Budget no longer required following a review of grants awarded by SLA's	N
<b>Customer Support Services</b>			
Stationary	-3,000	Stationary spend is reducing in line with the paperless and digitalisation culture, so the budget has been reduced. Further reductions are expected in future years.	N
<b>Housing Strategy and Enabling</b>			
Care & Repair Contribution Grant - Payments to Other Agencies	-12,000	The contribution to the Care & Repair scheme for home adaptations will no longer occur as this responsibility is now part of the HEART Shared Service and administered centrally as part of the scheme	N
Salaries	-58,040	Savings resulting from Voluntary Redundancy of the Housing & Regeneration Manager	N
<b>Sub Total (C&amp;H)</b>	<b>- 108,290</b>		
<b>OVERALL TOTALS</b>	<b>- 1,098,850</b>		

<b>Summary Proposed Savings Adjustment 2018/19</b>	
Total savings with no adverse impact on service delivery	- 996,410
Total savings with an adverse impact on Service delivery	- 102,440
<b>Overall Total</b>	<b>- 1,098,850</b>

**General Fund Capital Programme 2018/19 and Onwards**

Head of Service	Score	Portfolio / Scheme Name	Capital						Revenue Implications					
			Gross Expenditure			External Contributions / Earmarked Reserves		Internal Resources		Running Costs		Estimated Interest costs		Minimum Revenue Provision
			2018/19	2019/20	2020/21	2018/19	Future Years	2018/19	Future Years	2018/19*	Full Year	2018/19*	Full Year	2019/20
			1	2	3	4	5	6	7	8	9	10	11	12
	£	£	£	£	£	£	£	£	£	£	£	£		
		<b>Growth &amp; Investment</b>	0	0	0	0	0	0	0	0	0	0	0	
		<b>Communities &amp; Homes</b>												
RC		ICT Refresh Programme - Desktop	125,730	75,930	75,930	0	0	125,730	151,860	0	0	1,570	3,140	25,150
RC		ICT Refresh Programme - Infrastructure	64,510	117,510	132,510	0	0	64,510	250,020	0	0	810	1,610	12,900
RC		ICT Refresh Programme - AV Equipment	4,000	20,000	0	0	0	4,000	20,000	0	0	50	100	800
RC		ICT Mobile Device Management Solution	35,000	0	0	0	0	35,000	0	0	0	440	880	7,000
RC		Disabled Facilities Grants <sup>2</sup>	719,360	719,360	719,360	539,360	1,078,720	180,000	360,000	0	0	2,250	4,500	9,000
			<b>948,600</b>	<b>932,800</b>	<b>927,800</b>	<b>539,360</b>	<b>1,078,720</b>	<b>409,240</b>	<b>781,880</b>	<b>0</b>	<b>0</b>	<b>5,120</b>	<b>10,230</b>	<b>54,850</b>
		<b>Environment &amp; Public Realm</b>												
DG		Vehicle Replacement <sup>3</sup>	434,000	434,000	434,000	0	0	434,000	868,000	0	0	5,430	10,850	62,000
DG		Open Spaces Refurbishments - Rokeby Play Area	179,050	179,050	179,050	50,000	100,000	129,050	258,100	0	0	1,610	3,230	8,600
DG		Open Spaces Refurbishments - Safety Improvements	50,000	50,000	50,000	0	0	50,000	100,000	0	0	630	1,250	3,330
DG		Open Spaces Refurbishments - Street Furniture	42,450	42,450	42,450	0	0	42,450	84,900	0	0	530	1,060	4,250
DG		Cemetery Infrastructure Work	11,420	11,420	11,420	0	0	11,420	22,840	0	0	140	290	570
DG		Great Central Way Bridge Repairs	163,840	163,840	163,840	0	0	163,840	327,680	8,000	16,000	2,050	4,100	3,280
DG		Purchase of Waste Bins <sup>1</sup>	87,500	87,500	87,500	87,500	175,000	0	0	0	0	0	0	0
			<b>968,260</b>	<b>968,260</b>	<b>968,260</b>	<b>137,500</b>	<b>275,000</b>	<b>830,760</b>	<b>1,661,520</b>	<b>8,000</b>	<b>16,000</b>	<b>10,390</b>	<b>20,780</b>	<b>82,030</b>
		<b>Corporate Resources</b>												
MK		Corporate Property Enhancement	100,000	100,000	100,000	0	0	100,000	200,000	0	0	1,250	2,500	5,000
			<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>100,000</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>1,250</b>	<b>2,500</b>	<b>5,000</b>
		<b>Total Draft GF Capital Programme</b>	<b>2,016,860</b>	<b>2,001,060</b>	<b>1,996,060</b>	<b>676,860</b>	<b>1,353,720</b>	<b>1,340,000</b>	<b>2,643,400</b>	<b>8,000</b>	<b>16,000</b>	<b>16,760</b>	<b>33,510</b>	<b>141,880</b>

<sup>1</sup> To be financed via S106 developer contributions / direct revenue contributions.

<sup>2</sup> From 2015/16, Disabled Facilities Grant allocation was amalgamated into the Better Care Fund (BCF) to be provided by the Department of Health. Plans for the use of the fund must be developed by Clinical Commissioning Groups (CCGs) and local authorities and signed off by the local Health and Wellbeing Board. The indicative grant levels for 2018/19 onwards are based on the 2017/18 award and may be subject to revision. From October 2016, the management of the Council's DFG assessments and allocations will be undertaken by the HEART shared services organisation.

<sup>3</sup> Vehicle replacement programme under review

\* Half year is included

**Carry Forward from Previous Years**



Head of Service	Note	Portfolio / Scheme Name	Capital				Revenue Implications							
			Gross Expenditure			External Contributions		Internal Resources		Running Costs		Estimated Interest costs		Minimum
			2018/19	2019/20	2020/21	2018/19	Future Years	2018/19	Future Years	2018/19*	Full Year	2018/19*	Full Year	2019/20
1	2	3	4	5	6	7	8	9	10	11	12			
			£	£	£	£	£	£	£	£	£	£		
RB		<b>Growth &amp; Investment</b>												
RC		<b>Communities &amp; Homes</b>												
		<b>Environment &amp; Public Realm</b>												
DG		Rainsbrook Cemetery Preparation	100,000	0	0	0	0	100,000	0	1,250	2,500	5,000		
		<b>Corporate Resources</b>												
MK		Carbon Management Plan	607,980	0	0	0	0	607,980	0	7,600	15,200	30,400		
		<b>Total Carry Forward Proposals</b>	<b>707,980</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>707,980</b>	<b>0</b>	<b>8,850</b>	<b>17,700</b>	<b>35,400</b>		

Capital				Revenue Implications							
Gross Expenditure			External Contributions		Internal Resources		Running Costs		Estimated Interest costs		Minimum Revenue Provision
2018/19	2019/20	2020/21	2018/19	Future Years	2018/19	Future Years	2018/19*	Full Year	2018/19*	Full Year	2019/20
<b>2,724,840</b>	<b>2,001,060</b>	<b>1,996,060</b>	<b>676,860</b>	<b>1,353,720</b>	<b>2,047,980</b>	<b>2,643,400</b>	<b>8,000</b>	<b>16,000</b>	<b>25,610</b>	<b>51,210</b>	<b>177,280</b>

**General Fund capital receipts projection to end of 2019/20 (utilising capital receipts for short-life assets)**

	2017/18	2018/19 <sup>3</sup>	2019/20	2020/21
	£	£	£	£
Balance brought forward	2,146,360	3,134,490	3,134,490	3,134,490
Add assumed in year receipts	1,000,000			
Less financing of capital expenditure	-11,870			
Less financing short-life assets				
<b>Balance carried forward</b>	<b>3,134,490</b>	<b>3,134,490</b>	<b>3,134,490</b>	<b>3,134,490</b>

<sup>3</sup> The Council's indemnity contribution of £1m to underwrite the Local Authority Mortgage Scheme (LAMS) is scheduled to be returned in September 2017 .

**General Fund Draft Capital Programme 2018/19 & Onwards**

**Capital Appraisal Information**

<b>Portfolio</b>
<b>Capital Scheme</b>
<b>Gross Budget Requirement 2018/19 - 2020/21</b>
<b>External Funding</b>
<b>RBC Funding 2018/19 - 2020/21</b>
<b>Budget Officer</b>
<b>Strategic Case:</b> Outline relevant national and local policies and strategies
<b>Commercial Case:</b> Outline the procurement arrangements that ensures the deal is achievable and attractive to the market place
<b>Financial Case:</b> Outline the capital and revenue costs / savings over the life span of the project
<b>Management Case:</b> Outline the governance, plans, and resources that are in place for successful implementation.

<b>Communities &amp; Homes</b>
<b>ICT Refresh Programme - Desktop</b>
<b>£277,590</b>
<b>£0</b>
<b>£277,590</b>
Raj Chand
The Desktop provision is made up of: * Client devices, such as Laptops, PCs and Terminals; * Server services that directly relate to desktop provisioning.  The Council has adopted a rolling refresh programme that spreads the cost and effort of updating the desktop across all financial years.  Drivers for updating the desktop provision are: * To ensure that the authority is running on fit for purpose equipment; * to replace aging equipment before it fails and impacts service delivery; * and, in line with PSN requirements and security best-practice, devices must be under manufacturer support and they must be patched and/or upgraded to the latest software version.  If the authority is to retain PSN Code of Connection IT equipment must be fully supported and updated. Failing to comply would leave us open to security breaches and the associated fines that they would
Procurement for works will follow the Council's established procedures within contract standing orders to include OJEU compliance where applicable. Suppliers are sourced using Crown Commercial Services Digital Marketplace and associated framework RM3733
The Desktop Virtualisation project will release cost savings of around £5,000 over the traditional PC replacement programme and it will make management and patching of Windows Desktop Operating Systems easier and less time consuming, thus realising practical efficiencies and aiding PCN compliance. ICT desktop has an estimated asset life of five years and therefore minimum revenue provision for the 2018/19 scheme will be <b>£25,150</b> per annum; <b>£15,190</b> per annum for the 2019/20 scheme; and <b>£15,190</b> per annum for the 2020/21 scheme.
The IT service employ an industry standard programme management technique for desktop replacement.

<b>Communities &amp; Homes</b>
<b>ICT Refresh Programme - Infrastructure</b>
<b>£314,530</b>
<b>£0</b>
<b>£314,530</b>
Raj Chand
The IT infrastructure provision is made up of: * Physical and Virtual Servers; * Storage Area Networks; * Network Switches, Routers & WIFI; * Firewalls and Backup and Business Continuity solutions.  The Council has adopted a rolling refresh programme that spreads the cost and effort of updating the infrastructure across all financial years.  Drivers for updating the infrastructure are: * To ensure that the authority is running on fit for purpose equipment; * To replace aging equipment before it fails and impacts service delivery; * and in line with PSN Requirements and security best-practice, devices must be under manufacturer support and they must be patched and/or upgraded to the latest software version.  If the authority is to retain PSN Code of Connection compliance there are no direct alternatives that are financially viable.
Procurement for works will follow the Council's established procedures within contract standing orders to include OJEU compliance where applicable. Suppliers are sourced using Crown Commercial Services Digital Marketplace and associated framework RM3733
With each successive generation of hardware they become more energy efficient with reduced heat output. Such reductions will directly reduce running costs and support a future refresh of the Town Hall cooling systems to smaller more efficient units. ICT hardware has an estimated asset life of five years and therefore minimum revenue provision for the 2018/19 scheme will be <b>£12,900</b> per annum; <b>£23,500</b> per annum for the 2019/20 scheme; and <b>£26,500</b> per annum for the 2020/21 scheme.
The IT service employ an industry standard programme management technique for the infrastructure replacement.

<b>Communities &amp; Homes</b>
<b>ICT Refresh Programme - AV Equipment</b>
<b>£24,000</b>
<b>£0</b>
<b>£24,000</b>
Raj Chand
Much of the audio/visual equipment will become redundant in the next 2 years due to its age plus additional equipment will be required to support digitalisation.  The programme will consist of: replacement of the touch devices in CR1, CR2 and the Benn hall; and introduction of display equipment into CR3 and room 104.  The life expectancy of IT equipment is 5 years, which is based on both physical component life expectancy and the equipment's ability to be upgraded for security purposes and to support appropriate operating systems & software. The combined desktop & infrastructure refresh programmes have been re-designed to accommodate changes to working practices brought about by digitalisation, but without any particular increase to previous year's total budgets, however it has never incorporated audio/visual equipment as these used to sit in Business Support.
Procurement for works will follow the Council's established procedures within contract standing orders to include OJEU compliance where applicable. Suppliers are sourced using Crown Commercial Services Digital Marketplace and associated framework RM3733
ICT desktop has an estimated asset life of five years and therefore minimum revenue provision for the 2018/19 scheme will be <b>£800</b> per annum and the 2019/20 scheme will be <b>£4,000</b> per annum
The IT service employ an industry standard programme management technique for the infrastructure replacement.

<b>Communities &amp; Homes</b>
<b>ICT Mobile Device Management Solution</b>
<b>£35,000</b>
<b>£0</b>
<b>£35,000</b>
Raj Chand
The authority is required to utilise a Mobile Device Management (MDM) solution in order to ensure the security of our mobile devices, such as smartphones, and to protect any data they may store or access.  The current solution is now 5 years old and due to changes in working practices brought about by digitalisation it is no longer fit for purpose. It has also been identified through market research that the cost per device over 5 years can be reduced from £296 to circa £240 which means a total contract saving of £8,000. The replacement will be a more modern & cheaper alternative. The project can be completed in one year.  The MDM solution ensures that: * we operate secure mobile devices as required by PSN and as recommended by external audit and ISO27001; * we have total control over our mobile estate and the ability to audit its use & effectiveness; * we can support modern ways and the wider digitalisation programme.
Procurement for works will follow the Council's established procedures within contract standing orders to include OJEU compliance where applicable. Suppliers are sourced using Crown Commercial Services Digital Marketplace and associated framework RM3733
This scheme will realise an annual revenue saving on maintenance of £5,400. ICT MDM has an estimated asset life of five years and therefore minimum revenue provision for the scheme will be <b>£7,000</b> per annum.
The IT service employ an industry standard programme management technique for the infrastructure replacement.

**General Fund Draft Capital Programme 2018/19 & Onwards**

**Capital Appraisal Information**

<b>Portfolio</b>
<b>Capital Scheme</b>
<b>Gross Budget Requirement 2018/19 - 2020/21</b>
<b>External Funding</b>
<b>RBC Funding 2018/19 - 2020/21</b>
<b>Budget Officer</b>
<b>Strategic Case:</b> Outline relevant national and local policies and strategies
<b>Commercial Case:</b> Outline the procurement arrangements that ensures the deal is achievable and attractive to the market place
<b>Financial Case:</b> Outline the capital and revenue costs / savings over the life span of the project
<b>Management Case:</b> Outline the governance, plans, and resources that are in place for successful implementation.

<b>Environment &amp; Public Realm</b>
<b>Vehicle Replacements</b>
<b>£1,302,000</b>
<b>£0</b>
<b>£1,302,000</b>
Adam Norburn
The Vehicle Replacement scheme covers the provision of front line delivery services in procuring new vehicles for the Council's Works Service Unit (WSU) as existing fleet reaches the end of useful economic life.  Acquisitions scheduled for 2018/19 include: * Two refuse freighters * One tractor ; * One ride on mower ; and * Four Vans (various)
Procurement is undertaken in compliance with contract standing orders, utilising established framework agreements where applicable.
A funding appraisal is undertaken in conjunction with the Council's treasury and leasing advisors to ascertain the optimal source of financing in advance of vehicle acquisition. The appraisal measures the benefits of outright purchase cost, anticipated maintenance costs, residual value, and leasing contracts. Vehicles have an estimated asset life of seven years and therefore minimum revenue provision for the 2017/18 scheme will be £157,310 per annum.
The existing fleet is monitored to gauge useful economic lives, potential increased maintenance costs and market indications of pricing for replacement vehicles over a medium term horizon.

<b>Environment &amp; Public Realm</b>
<b>Open Spaces Refurbishment - Rokeby Play Area</b>
<b>£179,050</b>
<b>£50,000</b>
<b>£129,050</b>
Rob Back
Every site refurbishment is undertaken in partnership with the local community. This includes community associations, external funding partners, voluntary agencies and other statutory bodies. The sites have been identified within the Play Strategy and Open Space Strategy which the Council has adopted, along with information on the general condition survey of play equipment. The next play area highlighted by recent health & safety inspection is Rokeby play area.  The Council has a duty to provide facilities which are safe to use and which comply with the laws governing access to disabled people. Failure to discharge this responsibility will leave the Council liable.  There is significant evidence to suggest that investment in parks brings about wider social benefits. Research from the Edinburgh Council in Scotland found that for every £1 invested in parks, £12 was given back in social, economic & environmental benefits. Whilst Exeter University suggests people will exercise more if they have quality parks to do this in. The Local Government Association has also recently published the report "the role of the local government in mental health and wellbeing" which also highlights the significant role that parks and green spaces play in helping to reduce the nation's healthcare costs.
All procurement is undertaken in line with our own procurement rules and processes to ensure value for money.
The refurbishment offers good value for money and the Council will be seeking some external funding from the landfill tax.  The alternative is to close and remove the play area, restoring the land back to grass, which would cost about £50k with no community gain. The scheme has an anticipated asset life of fifteen years and therefore minimum revenue provision will be £8,600 per annum.
Each open space that is highlighted for improvement undergoes a phased approach which includes consultation in partnership with the local community, design and implementation. Rokeby play area has not been refurbished for over 20 years and is now at the end of its useful life and without investment would need to be closed and removed. Some items will need to be moved within the next 6 months due to their poor condition.

<b>Environment &amp; Public Realm</b>
<b>Open Spaces Refurbishment - Safety Improvements</b>
<b>£150,000</b>
<b>£0</b>
<b>£150,000</b>
Rob Back
The Council is responsible for 41 play areas and 17 youth facilities along with nearly 300 hectares of green spaces. The most serious health and safety issues have been dealt with through a programme of capital refurbishments in the last few years, but in the current financial climate the council needs to focus on the essential health and safety works. This capital scheme will address sites with the most pressing health and safety issues, and where minimal investment will not extend the life of the capital asset, fully refurbish the play area. The Council has a duty to provide facilities which are safe to use and which comply with the laws governing access to disabled people. Failure to discharge this responsibility will leave the Council liable. The sites have been identified within the Play Strategy and Open Space Strategy which the Council has adopted, along with information on the general condition survey of play equipment. There is significant evidence to suggest that investment in parks brings about wider social benefits. Research from the Edinburgh Council in Scotland found that for every £1 invested in parks, £12 was given back in social, economic & environmental benefits. Whilst Exeter University suggests people will exercise more if they have quality parks to do this in. The Local Government Association has also recently published the report "the role of the local government in mental health and wellbeing" which also highlights the significant role that parks and green spaces play in helping to reduce the nation's healthcare costs.
All procurement is undertaken in line with our own procurement rules and processes to ensure value for money.
The investment of £50k to address essential health & safety issues offers good value for money as this could be the cost of just one successful insurance claim against the Council. Schemes have an anticipated asset life of fifteen years and therefore minimum revenue provision for the 2018/19 programme will be £3,330 per annum.
Each open space that is highlighted for improvement undergoes a phased approach which includes consultation in partnership with the local community, design and implementation. Failure to deal with urgent health & safety issues could lead to insurance claims and prosecutions against the Council.

<b>Environment &amp; Public Realm</b>
<b>Open Spaces Refurbishment - Street Furniture</b>
<b>£127,350</b>
<b>£0</b>
<b>£127,350</b>
Rob Back
This scheme provides for the long term permanent street furniture installations throughout Rugby and the surrounding areas. New benches are compliant with Disability Discrimination guidelines (seating height, arm rests etc.).  New litter bins have a colour contrast to aid the visually impaired. Replacement street furniture, litter bins, and bus shelters are only considered where refurbishment will not prove economically viable.
Procurement for works will follow the Council's established procedures within contract standing orders to include OJEU compliance where applicable.
Street Furniture works have an anticipated asset life of ten years and therefore the minimum revenue provision for these works will be £4,250 per annum.
Each item of street furniture that is highlighted for refurbishment/replacement undergoes a phased approach which includes consultation in partnership with the local community, design and implementation. Failure to deal with urgent health & safety issues could lead to insurance claims and prosecutions against the Council.

Portfolio	Environment & Public Realm	Environment & Public Realm	Environment & Public Realm	Corporate Resources
Capital Scheme	Cemetery Infrastructure Work	Purchase of Waste Bins	Great Central Walk Bridges	Corporate Property Enhancements
Gross Budget Requirement 2018/19 - 2020/21	£34,260	£262,500	£491,520	£300,000
External Funding	£0	£262,500	£0	£0
RBC Funding 2018/19 - 2020/21	£34,260	£0	£491,520	£300,000
Budget Officer	Rob Back	Adam Norburn	Rob Back	Mannie Ketley
<b>Strategic Case:</b> Outline relevant national and local policies and strategies	<p>To undertake essential infrastructure replacement including memorial safety in the Borough Council's cemeteries.</p> <p>The Council has a duty of care to all cemetery users in relation to the general condition of footpaths and other infrastructure.</p> <p>The Ministry of Justice has also issued guidance to Local Authorities on how to deal with the issue of memorial safety and the Council is currently producing its own policy statement.</p>	<p>The Council has a statutory responsibility for the provision of domestic waste collection within the Borough. The scheme provides for the acquisition of bins for new housing developments funded via S106 agreements or developer contributions.</p>	<p>The Council has a statutory requirement to undertake structural inspections every six years and general inspections every two years of its Great Central Way Bridge assets. Work has been ongoing since 2009, and prior detailed inspections are showing major structural problems with several bridges on the route that need immediate / mid-term / long term repairs. The Council has a long term commitment for the upkeep of these bridges. As some of these bridges carry main highways into Rugby, the Council cannot risk the possibility of closing bridges due to poor maintenance. The Great Central Way Bridges were re-valued as at 31st March 2016 at £15.9m on the basis of re-instatement costs for insurance purposes.</p>	<p>Corporate Property Enhancements include works undertaken on the Council's non-housing assets consequent to legislative requirements (Fire Safety, Disability Discrimination Act, etc.) and to mitigate current and/or future maintenance requirements and asset devaluation. A refresh of the Council's Asset Management Strategy will occur in 2017/18 and inform options concerning non-housing asset future maintenance beyond 2018/19. Programmed works for the period include:</p> <ul style="list-style-type: none"> <li>• Roof enhancements at the Town Hall (2018/19)</li> </ul>
<b>Commercial Case:</b> Outline the procurement arrangements that ensures the deal is achievable and attractive to the market place	<p>Procurement for works will follow the Council's established procedures within contract standing orders to include OJEU compliance where applicable.</p>	<p>Procurement for works will follow the Council's established procedures within contract standing orders to include OJEU compliance where applicable.</p>	<p>The Council will tender for structural works based on the independent reports prepared by invasive engineering surveys to be undertaken in late 2016. Procurement for works will follow the Council's established procedures within contract standing orders to include OJEU compliance where applicable.</p>	<p>Procurement for works will follow the Council's established procedures within contract standing orders to include OJEU compliance where applicable.</p>
<b>Financial Case:</b> Outline the capital and revenue costs / savings over the life span of the project	<p>Cemetery infrastructure works have an anticipated asset life of twenty years and therefore the minimum revenue provision for these works will be £570 per annum.</p>	<p>Purchase of waste bins for new housing developments will be funded via S106 agreements / developer contributions.</p>	<p>In advance of the 2016 survey results an estimated construction budget of £150,000 per annum has been requested for works based on historic data. Budget requirements will be revised in light of survey results and programme scheduling. Once structural works have been undertaken bridge lifespans are estimated at fifty years and therefore minimum revenue provision of £3,820 per annum.</p>	<p>Corporate Property Enhancement works have an anticipated asset life of twenty years and therefore the minimum revenue provision for these works will be £5,000 per annum.</p>
<b>Management Case:</b> Outline the governance, plans, and resources that are in place for successful implementation.			<p>The Council works in partnership with Warwickshire County Council as the highways authority to provide and maintain some of the bridges and will seek to work collaboratively to minimise public inconvenience and optimise value for money.</p>	

**General Fund Draft Capital Programme 2018/19 & Onwards**

**Capital Appraisal Information**

<b>Portfolio</b>	<b>Communities &amp; Homes</b>			
<b>Capital Scheme</b>	<b>Disabled Facilities Grants</b>			
<b>Gross Budget Requirement 2018/19 - 2020/21</b>	<b>£2,158,080</b>			
<b>External Funding</b>	<b>£1,618,080</b>			
<b>RBC Funding 2018/19 - 2020/21</b>	<b>£540,000</b>			
<b>Budget Officer</b>	Raj Chand			
<b>Strategic Case:</b> Outline relevant national and local policies and strategies	The provision of grants to provide adaptations to the homes of disabled people in the borough. This is a mandatory requirement made by the Amendment by the Regulatory Reform Orders 2002 and 2008 and the Housing Grants and Construction and Regeneration Act 1996. Recommendations for adaptations are made following a home visit by the Occupational Health Therapists with the scheme administered in the borough by HEART service from October 2016			
<b>Commercial Case:</b> Outline the procurement arrangements that ensure supply side can deliver requirements on an efficient market basis	Funding levels have been estimated based on the continuation of DFG grant levels in 2016/17 via the Better Care Fund, administered by Warwickshire County Council. Allocations for 2018/19 are not expected until February/March 2018 and estimates will be revised accordingly at this time in light of predicted demand.			
<b>Financial Case:</b> Outline the capital and revenue costs / savings over the life span of the project				
<b>Management Case:</b> Outline the governance, plans, and resources that are in place for successful implementation.				

## MEDIUM TERM FINANCIAL PLAN: GENERAL FUND 2018-22

	2018/19 £ 000's	2019/20 £ 000's	Partial Reset -		Partial Reset -		Full Reset	
			2020/21 £ 000's	2021/22 £ 000's	2020/21 £ 000's	2021/22 £ 000's	2020/21 £ 000's	2021/22 £ 000's
<b>BASE BUDGET</b>	<b>15,592</b>	<b>15,496</b>	<b>17,488</b>	<b>16,495</b>	<b>17,488</b>	<b>16,495</b>	<b>17,488</b>	<b>16,495</b>
<b>PORTFOLIO EXPENDITURE</b>								
Salaries - 1% pay award, incremental progression, pension and NI increases and other minor changes to the establishment	419	403	371	316	371	316	371	316
Anticipated 2% pay award (additional 1% on amounts shown above)	138	141	145	149	145	149	145	149
Remodelling of pay scales	0	140	150	150	150	150	150	150
Digitalisation	-160	0	0	0	0	0	0	0
Garden Waste	-475	0	0	0	0	0	0	0
Planning Fee Increase	-150	0	0	0	0	0	0	0
Waste and Street Cleansing Service Reconfigurations	-343	0	0	0	0	0	0	0
Fleet Procurement Savings	-75	0	0	0	0	0	0	0
Wardens Reconfiguration	-70	0	0	0	0	0	0	0
Other anticipated service budget adjustments	-166	-60	-17	-142	-17	-142	-17	-142
Inflation Provision	7	10	10	10	10	10	10	10
<b>Sub total</b>	<b>14,717</b>	<b>16,130</b>	<b>18,147</b>	<b>16,978</b>	<b>18,147</b>	<b>16,978</b>	<b>18,147</b>	<b>16,978</b>
<b>CORPORATE ITEMS</b>								
Change in net cost of borrowing	-162	-55	-24	84	-24	84	-24	84
Change in contribution to Balances and Reserves	0	0	0	0	0	0	0	0
Contribution to BRER	607	1,103	-1,710		-1,710		-1,710	
Contribution to Budget Stability Reserve	-140	-124	0	0	0	0	0	0
Change in Minimum Revenue Provision (MRP)	454	166	-45	-267	-45	-267	-45	-267
Change in Parish Council Precepts	20	20	20	20	20	20	20	20
Negative Revenue Support Grant / BR Tariff Adjustment	0	248	107	49	107	49	107	49
<b>Total</b>	<b>15,496</b>	<b>17,488</b>	<b>16,495</b>	<b>16,864</b>	<b>16,495</b>	<b>16,864</b>	<b>16,495</b>	<b>16,864</b>
<b>INCOME</b>								
<b>BR - Sustainable Income Level</b>	<b>-4,970</b>	<b>-4,360</b>	<b>-4,750</b>	<b>-4,875</b>	<b>-3,965</b>	<b>-4,073</b>	<b>-3,176</b>	<b>-3,272</b>
<b>BR - additional growth</b>	<b>-607</b>	<b>-1,710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Revenue Support Grant	-153	0	0	0	0	0	0	0
Government Grants	-297	-267	-240	-216	-240	-216	-240	-216
Council Tax - from a 2% increase	-7,368	-7,708	-8,093	-8,493	-8,093	-8,493	-8,093	-8,493
Additional Council Tax from a £5 increase in the Band D each year	-51	-104	-155	-207	-155	-207	-155	-207
Collection Fund Surplus(-)/Deficit	62	0	0	0	0	0	0	0
New Homes Bonus Funding	-2,112	-2,037	-2,303	-3,119	-2,303	-3,119	-2,303	-3,119
<b>TOTAL</b>	<b>-15,496</b>	<b>-16,185</b>	<b>-15,541</b>	<b>-16,910</b>	<b>-14,756</b>	<b>-16,108</b>	<b>-13,967</b>	<b>-15,307</b>
<b>BUDGET VARIANCE</b>	<b>0</b>	<b>1,303</b>	<b>954</b>	<b>-46</b>	<b>1,739</b>	<b>756</b>	<b>2,528</b>	<b>1,557</b>

***AGENDA MANAGEMENT SHEET***

<b>Report Title:</b>	Draft Housing Revenue Account Capital & Revenue Budgets 2018/19 and Medium Term Financial Plan 2018-22
<b>Name of Committee:</b>	Cabinet
<b>Date:</b>	8 <sup>th</sup> January 2018
<b>Report Director:</b>	Head of Communities and Homes and Head of Corporate Resources and Chief Financial Officer
<b>Portfolio:</b>	Communities and Homes
<b>Ward Relevance:</b>	All
<b>Prior Consultation:</b>	None
<b>Contact Officer:</b>	Mannie Ketley, Head of Corporate Resources and Chief Financial Officer 01788 533416 Raj Chand, Head of Communities and Homes 01788 533737
<b>Public or Private:</b>	Public
<b>Report subject to Call-In:</b>	Yes
<b>Report En-Bloc:</b>	No
<b>Forward Plan:</b>	Yes
<b>Corporate Priorities:</b>	Provide excellent, value for money services and sustainable growth Enable our residents to lead healthy, independent lives
<b>Statutory / Policy Background:</b>	The Council has a statutory duty to set an annual Housing Revenue Account (HRA) revenue budget that will enable it to determine the level of council house rents.

**Summary:**

The primary purpose of this report is to present a summary draft HRA revenue position (see Appendix A) and a capital position (see Appendix B) for 2018/19 based on initial budget submissions, plus a HRA Medium Term Financial Plan (MTFP) (see Appendix D).

**Financial Implications:**

The financial impact of the 1% rent cut on the Council's capacity to meet its HRA self-financing debt repayment schedule was outlined to Cabinet in January 2016. A revised schedule of debt refinancing was introduced in 2017/18 to mitigate the implications.

**Risk Management Implications:**

There are no risk management implications arising from this report

**Environmental Implications:**

There are no environmental implications arising from this report.

**Legal Implications:**

There are no legal implications arising from this report.

**Equality and Diversity:**

There are no equality and diversity implications arising from this report.

**Options:**

Not applicable

**Recommendation:**

The draft revenue and capital budgets at Appendices A and B for 2018/19 be noted.

**Reasons for Recommendation:**

To give Cabinet an initial view of the Housing Revenue Account capital and revenue budgets for 2018/19 onwards.



**Cabinet – 8<sup>th</sup> January 2018**

**Draft Housing Revenue Account Capital & Revenue Budgets  
2018/19 and Medium Term Financial Plan 2018-22**

**Report of the Head of Communities and Homes and Head of  
Corporate Resources and Chief Financial Officer**

**Recommendation**

The draft revenue and capital budgets at Appendices A and B be noted.

**1. INTRODUCTION**

The Council is required by the Local Government and Housing Act 1989 (section 74) to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of council dwellings and related services. The use of this account is heavily prescribed by statute and the Council is not allowed to fund any expenditure for non-housing related services from this account. In addition, the Act ensures that the HRA does not fall into a deficit position.

In accordance with the constitution, the Council is required to carry out an annual review of rents and notify tenants not less than 28 days prior to the proposed date of change.

The Council has a retained housing stock of nearly 3,800 homes and manages an additional 60 leasehold properties with an annual rent roll in excess of £16m.

The primary purpose of this report is to present a summary draft HRA revenue position (see Appendix A) and a capital position (see Appendix B) for 2018/19 based on initial budget submissions, plus a HRA Medium Term Financial Plan (MTFP) (see Appendix D).

Cabinet will consider a further detailed update on the draft revenue and capital HRA budgets in February 2018 prior to final budget and rent setting at Full Council on 6th February 2018.

## 2. BUDGET AND POLICY FRAMEWORK

On 19 June 2017, the Government launched a Housing Green Paper in the aftermath of the Grenfell Tower fire. A wide-ranging, top-to-bottom review of all the issues facing the social housing sector will include:

- The overall quality of social homes;
- Service management: the way social homes and their tenants are taken care of;
- The rights of tenants and how their voices can be better heard; and
- What can be done to ensure tenants complaints are taken seriously and dealt with properly, making sure that tenants have clear, timely avenues to seek redress when things do go wrong

The review will also look at the wider issues of place, community, and the local economy:

- How can social landlords help to create places that people really want to live in?
- What role can social housing play in building safe and integrated communities?
- How can we maximise the benefits of social housing for the local, regional and national economy?
- What more can be done to tackle homelessness?
- What support is needed for leaseholders who have a social landlord
- What can be done to tackle illegal sub-letting?
- How can government, local government and social housing providers and others work together to get more of the right homes built in the right places?

As well as the above, a number of outstanding policy areas emanating from the Welfare Reform and Work Act (2016) and the Housing and Planning Act (2016) have yet to be finalised. These include:

- Introduction of a High Value Asset levy on councils to fund the introduction of Right-to Buy proposals in the Housing Association sector – this had been deferred in 2017/18 and following an announcement in the budget to further trial the scheme is not expected to commence prior to April 2019
- End of lifetime tenancies with a move to 2 to 5 year fixed term tenancies with some exceptions – the government had been ready to consult prior to the General Election but there has been no decision on an implementation date as yet

The future of both policies will remain uncertain as their introduction depends on approval of Regulations by Parliament where available time for debate is at a premium whilst Brexit negotiations are undertaken.

One area of policy uncertainty has now been addressed. On 4<sup>th</sup> October 2017 the Department for Communities and Local Government (DCLG) announced that social landlords will be allowed to increase social housing rents “limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020.” This represents a return to previous rent settlement, which was meant to run from 2015 to 2025 but was replaced with a 4-year reduction by 1% annually from 2016.

### 3. REVIEW OF HRA BALANCES

The HRA draft budget for 2018/19 (Appendix A) takes into account the effect of the 1% rent reduction and the 30-year HRA financial plan has been updated to reflect the changes where the impact can be forecast.

#### HRA Revenue Balance

The level of the HRA Revenue balance was re-assessed prior to rent setting in 2017/18 in light of potential risks arising from the Council’s capacity to manage in-year budget pressures and the wider reform and regulatory environment. Provision was also made for risks arising from the housing services’ review (reported to Cabinet in October 2017/) A working balance of £1.4m was assessed as prudent for the purposes of the medium term financial plan. This assessment has been re-run for 2018/19 and a working balance of £1.4m is still considered prudent to accommodate risk factors including further changes in national rent policy and pay and materials cost inflation.

#### Major Repairs Reserve

The Major Repairs Reserve (MRR) reflects the need to replace major components as they wear out. This funding, together with previous allocations of supported borrowing and revenue contributions, has enabled the Council to maintain the housing stock in a good condition. The forecast balances over the period of the medium term financial plan are as follows:

2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
1,086	2,294	2,348	2,516

#### Housing Repairs Account

The Housing Repairs Account is an earmarked reserve used to mitigate the risks associated with cyclical and responsive repairs over time. The forecast balances over the period of the medium term financial plan are as follows:

2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
1,441	1,441	1,441	1,441

#### Housing Capital Balances

In addition to the above, the Council has also made revenue contributions set aside for capital expenditure in prior years to fund new build, estate regeneration, and other works. Where Right-to-Buy (RTB) receipts are utilised to fund replacement homes, only 30% of the total cost may be funded from this source.

The forecast balances over the period of the medium term financial plan are as follows:

2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
13,259	9,059	7,379	5,699

#### 4. MEDIUM TERM FUNDING OPTIONS

The financial impact of the 1% rent cut on the Council's capacity to meet its HRA self-financing debt repayment schedule was outlined to Cabinet in January 2016. The forecast deficits, without intervention, on the HRA income and expenditure account at the time were as follows:

2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
-1,749	-2,497	-3,356	-4,192	-4,495

From the options available to fund this forecast deficit, Cabinet recommended a mixed approach of identifying savings/efficiencies across Repairs and Maintenance / Supervision and Management and reducing the levels of amounts set aside for the repayment of debt until rents are again at a level to meet repayments.

The levels above include any direct savings arising from the proposed voluntary redundancy programme to be agreed by Council subject to approval of the payback rationale and service impact. Indirect savings, resulting from a potential reduction in support service recharges arising from the same programme and other measures including the digitalisation agenda, will be included in future iterations of the budget, subject to approval by Council.

The restructured debt repayment profile to produce a balanced budget and maintain reserves at a prudent level as specified in section 2 are as follows:

Financial Year	Original Debt Repayment Schedule £'000	Revised Debt Repayment Schedule £'000
2018/19	7,600	5,896
2019/20	8,000	6,803
2020/21	8,500	7,169
2021/22	8,900	7,062
2022/23	6,500	5,746
2023/24	4,907	4,614
2024/25	-	5,045
2025/26	-	5,695
2026/27	-	6,151
2027/28	-	2,706

A reduction/deferral of debt repayments will increase the net interest payable by the HRA during this period. Debt rescheduling will be undertaken in conjunction with the principles set out in the Council's Treasury Management Strategy. The indicative impact of the rescheduling above is a cost to the HRA of £2.756m in increased interest payments/loss of investment income during the period 2017/18 to 2027/28.

An updated HRA medium term financial plan reflecting the above position is included at Appendix D.

The remainder of the report concentrates on proposals for 2018/19 including:

- Rent
- Service Charges
- Performance management – voids and debt collection
- Expenditure assumptions
- Housing repairs and capital programme
- Capital financing

## **5. RENT**

### **Background**

The Welfare Reform and Work Bill 2015 introduced a requirement for local authorities and other registered providers to reduce rents by 1% a year for four years beginning 2016/17. Previous guidance (Spending Review 2013) was for registered providers to increase rents by no more than the Consumer Price Index (CPI) inflation rate plus 1% per year. In 2018/19 this would have produced a rent increase of 4.00%. The Council implemented the rent change in 2016/17, with an estimated rent differential over the 4-year period of £5.107m.

On 4th October 2017, the Department for Communities and Local Government (DCLG) announced that social landlords will be allowed to increase social housing rents "limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020." This represents a return to previous rent settlement, which was meant to run from 2015 to 2025 but was replaced with a 4-year reduction by 1% annually from 2016.

Following scrutiny of the bill in the House of Lords, exemption from the policy was granted for one year for sheltered accommodation in 2016/17. Special Council on 1<sup>st</sup> March 2016 therefore recommended that rents for properties in this group were frozen and the subsequent difference in rent charged set aside to an ear marked reserve. The impact in 2018/19 is £55,820.

Properties below target rent (the equivalent rent in the Housing Association sector) are still allowed to have rents uplifted to that rate at the point of vacancy and subsequent relet, with rents then decreased by 1% in the next financial year. It is estimated that 175 homes below target rent will be relet during 2018/19 based on historic trends.

Rent estimates for 2018/19 assume a stock level of 3,778 HRA properties at the start of April 2018. It is estimated that stock will fall by an estimated 20 Right-to-Buy sales in year which will be mitigated by the purchase of 38 open market homes (inc. 26 at Cawston Meadows). A void rate of 1.00% is estimated for 2018/19 (see page 7 for details.)

## Rent Calculation

The calculations for rents are based on average rents over the entire year, i.e. without any free weeks. The percentages applied to this may not be the same as the ones applicable when considering a 48 or 49-week rent year. 2018/19 is a 48-week rent year and therefore rents will be charged accordingly.

The following calculations are based on stock numbers as at October 2017.

	<b>2017/18</b> <b>£'s</b>	<b>2018/19</b> <b>£'s</b>	<b>Average</b> <b>%</b> <b>Decrease</b>	<b>Average</b> <b>£</b> <b>Decrease</b>
<b>Average Weekly Rent</b> <b>(52 week basis)</b>	<b>83.27</b>	<b>82.44</b>	<b>1.00</b>	<b>0.83</b>

Since 2018/19 is a 48-week rent year the rents will be charged accordingly and therefore the figures shown here are for illustrative purposes. Rental income from dwellings of £16.127m for 2018/19 has been included within the draft HRA revenue budgets as shown in Appendix A.

## 6. SERVICE CHARGES

In line with government guidance, the Council carried out an exercise of depooling rent and service charges in 2006/07. This enabled tenants to see the estimated amount spent on services that had previously been included within the rent. Service charges are estimated at £1.343m in 2018/19 (including a void allowance of 1.00%).

The average weekly impact upon service charges arising from the estimates of costs associated with that service in 2018/19 (on a 48 week basis) is as follows:

Charge Type	Average Change p/w £
<b>Communal Lighting - Electricity</b> (Rebateable – eligible for Housing Benefit)	0.39
<b>Communal Heating - Gas</b> (Rebateable – eligible for Housing Benefit)	0.03
<b>Communal Cleaning</b> (Rebateable – eligible for Housing Benefit)	-0.02
<b>Communal Heating – Gas</b> (Non-Rebateable – Very Sheltered Housing only – not eligible for Housing Benefit)	0.20
<b>Concierge Charge</b> – tenants at Skiddaw, Pettiver Crescent, low level Rounds Gardens (Rebateable – eligible for Housing Benefit)	0.13
<b>Estate Officer Charge</b> – tenants at Multi Storey Flats (Rebateable – eligible for Housing Benefit)	0.93

## 7. PERFORMANCE MANAGEMENT

The financial management of the HRA is directly linked to key performance in a number of operational areas – void management, rent collection, and arrears recovery.

### Void Management

There is a direct relationship between the time a property remains void and the rent forgone. Consequently, ensuring that homes are relet in the most efficient manner is a key priority for housing service staff.

For 2018/19 the target for void property rent and service charge loss will be set at 1.00%, equating to £161,270. Most recent performance data shows void loss running at 0.74%.

### Rent Collection/Bad Debt Provision

The collection rate for rent and service charges and the performance in managing rent debt is critical to the financial position of the HRA and has a direct impact on the amount of bad debt provision that has to be set aside.

Government had originally intended to introduce Universal Credit on a phased basis from October 2013. However, full Borough-wide implementation for new claimants was not introduced until October 2015 and the transition for existing claimants is scheduled for completion in 2021/22.

The level of rent arrears has been reviewed in year, and the HRA's contribution to bad debt provision has been estimated at £193,440 in 2018/19 reflecting the above circumstances.

## 8. EXPENDITURE – ASSUMPTIONS

### Employee costs

The HRA budgets are based on the current staffing establishment and an estimated increase in pay of 2% for 2018/19. Progression through pay scales and increased employer contributions to the Local Government Pension Scheme have also been included in the base budget.

Several members of staff spend their time on both HRA and General Fund activities and as a result staff costs are split based on percentages of time relevant to services.

### Utility Costs

Gas and electricity costs have been estimated to attract the following inflation in 2018/19:

	Inflation Rate
Gas	2%
Electricity	5%

The level of utility costs is subject to variation as further information about future energy inflation and current consumption is refined prior to rent setting.

### Central Recharges

These costs are currently estimated at £2.044m in 2018/19 and include the HRA's proportion of Corporate Property, ICT, Legal, Human Resources, Payroll and other costs.

### Charges for Capital

DCLG and the Chartered Institute of Public Finance and Accountancy (CIPFA) have produced guidelines regarding council dwelling depreciation and impairment to coincide with the introduction of 'self-financing'. Depreciation is used to provide a measure of the cost of the economic benefits embodied in an asset that have been consumed during the year. Estimates for 2018/19 charges are based around this guidance and there is a decrease of £1.394m on financial year 2017/18. If the final depreciation charge is less or more than the estimate, the excess or deficit is transferred to the Major Repairs Reserve to ensure with the smoothing of costs over the medium term.

### Amounts set aside for the repayment of debt/ Revenue Contributions to Capital Expenditure

The HRA business plan initiated at the point of self-financing assumed that all in-year surpluses would be utilised in the repayment of debt subject to the maintenance of a prudent HRA working balance. Prior to the introduction of the 1% rent cut, estimates were that the HRA self-financing debt allocation of £72.949m would be



repaid in 2024 (12 years following the settlement). Section 3 outlines the revised schedule of debt repayment and associated interest payment impact. Unlike the General Fund, there is no statutory requirement to set aside money from revenue for debt repayment within the HRA allowing flexibility to adjust debt repayment in light of HRA business planning needs in future years.

## **9. HOUSING REPAIRS & MAJOR WORKS**

### **Housing Repairs**

Housing repairs expenditure covers both planned and responsive maintenance, some of which is capital funded. The funding is split between:

- the Housing Repairs Account for revenue expenditure such as boiler servicing, electrical inspections, etc.; and
- the Major Repairs Reserve (MRR) for capital works including the replacement of significant components (kitchens, bathrooms, central heating, etc.)

The transfer to the Housing Repairs Account in 2018/19 is estimated at £3.490m (£3.237m 2017/18). The increase (£0.253m) is accounted for by:

- Cyclical repainting works – internal areas (£125,000)
- Planned replacement of smoke alarms/ fire alarm flash testing (£69,000)
- Replacement matting (communal areas) (£45,000)
- Other miscellaneous items (£14,000)

### **Major Works**

The Council is required to produce a capital programme which takes account of at least the next three financial years. A detailed stock condition survey was undertaken during 2012/13 and 2013/14 resulting in recommendations for planned capital works during the course of the HRA business plan.

#### Heating Upgrades (£150,000)

The proposals for 2018/19 include a heating upgrade programme of approximately 65 properties as identified from work undertaken during the most recent stock condition survey.

#### Bathrooms (£325,000)

The proposals for 2018/19 include a bathroom replacement programme of approximately 115 properties as identified from work undertaken during the most recent stock condition survey.

#### Rewiring (£237,000)

The proposals for 2018/19 include a rewiring programme of approximately 100 properties as identified from work undertaken during the most recent stock condition survey.

## Acquisitions (£1,685,000)

To maintain compliance with its retained Right-to-Buy 1-4-1 Agreement with the Department for Communities and Local Government (DCLG) the Council will acquire approximately 12 properties in 2018/19. The average cost of acquisition is estimated at £140,000 of which a maximum 30% (£42,000) is funded via Right-to-Buy sales receipts.

## **10. CONCLUSION**

The estimates contained within this report represent the most up-to-date information and sensitivity analysis available in preparing the HRA revenue budget for 2018/19 and the HRA medium term financial plan 2018-22. Further changes may arise from the following operational and policy areas:

- Updated regulations surrounding the sale of 'high value' properties
- Revisions to inflation estimates impacting construction industry materials and labour costs
- Impact of National Living Wage and Apprenticeship Levy
- Direct and indirect impact of efficiency measures arising from:
  - Voluntary redundancy
  - Digitalisation measures
  - Structure and delivery mechanisms of support service recharges

Any changes made to any of the recommendations will potentially affect the content of the subsequent appendices. If any changes to the rent setting levels are proposed, it is important to be clear about the effects of the change and to build these in during the consideration of each recommendation.

Name of Meeting:  
Cabinet

Date of Meeting:  
8 January 2018

Subject Matter:  
Draft Housing Revenue Account Capital and Revenue Budgets 2018/19 and Medium  
Term Financial Plan 2018 – 22

Originating Department:

## List of Background Papers

Document No.	Date	Description of Document	Officer's Reference	File Reference
1.				

\* The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

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\* Exempt information is contained in the following documents:

Document No.	Relevant Paragraph of Schedule 12A
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\* There are no background papers relating to this item.

(\*Delete if not applicable)

**DRAFT REVENUE BUDGETS 2018/19 SUMMARY****HOUSING REVENUE ACCOUNT**

	<b>2017/18 Original Budget £</b>	<b>2017/18 Revised Budget £</b>	<b>2018/19 Draft Budget £</b>	<b>Notes</b>
<b>INCOME :-</b>				
Rent Income From Dwellings	-16,253,330	-16,253,330	-16,127,080	1
Rent Income From Non - Dwellings	-151,730	-151,730	-149,900	2
Charges For Services	-1,473,300	-1,473,300	-1,343,210	3
Contributions Towards Expenditure	-215,340	-215,340	-215,570	
<b>Total Income</b>	<b>-18,093,700</b>	<b>-18,093,700</b>	<b>-17,835,760</b>	
<b>EXPENDITURE :-</b>				
Transfer To Housing Repairs Account	3,236,680	3,236,680	3,642,990	4
Supervision & Management	4,621,600	4,621,600	4,383,010	5
Rents, Rates, Taxes & Other Charges	3,000	3,000	3,000	
Depreciation and Impairment	3,681,210	3,681,210	2,287,000	6
Debt Management Cost	15,000	15,000	15,000	
Provision For Bad or Doubtful Debt	131,250	131,250	193,440	7
Amounts set aside for the repayment of debt	4,921,570	4,921,570	5,896,270	8
<b>Total Expenditure</b>	<b>16,610,310</b>	<b>16,610,310</b>	<b>16,420,710</b>	
HRA Share of Corporate & Democratic Core Costs	200,470	200,470	213,980	
<b>NET COST OF HRA SERVICES</b>	<b>-1,282,920</b>	<b>-1,282,920</b>	<b>-1,201,070</b>	
<b>HRA SHARE OF OPERATING INCOME &amp; EXPENDITURE INCLUDED IN THE WHOLE AUTHORITY INCOME &amp; EXPENDITURE ACCOUNT</b>				
Interest Payable & Similar Charges	1,251,470	1,251,470	1,171,470	
Interest & Investment Income	-26,220	-26,220	-26,220	
<b>NET OPERATING EXPENDITURE</b>	<b>-57,670</b>	<b>-57,670</b>	<b>-55,820</b>	
Revenue Contributions to Capital Expenditure	0	0	0	8
Contributions to (+) / from (-) Reserves	57,670	57,670	55,820	
<b>Surplus(-)/Deficit for year</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Notes

- 1 Rent estimates based on rent reduction of 1% and estimated 20 RTB sales in year.
- 2 Garage rents have been increased in line with national guidance but this has been offset by an increase in the number of void/empty properties.
- 3 The net change in service charge income reflects the inflationary rises noted within the report and includes a void allowance of 1.00%.
- 4  
The increase includes provision for cyclical repainting costs (planned maintenance) , smoke alarm replacement, and matting for communal areas.
- 5 The main adjustments to supervision & management are:

	£
Internal Recharges	114,480
Salaries - reflecting the change in staff numbers and employer costs and	-152,190
Increase in contract cleaning cost	33,190
Increase in HRA pension contribution	16,470
Increase in court cost fees due to increased number of cases	15,000
Increase in Council Tax for Ashwood Court supported flats to reflect	14,900
Electricity charges based upon usage	12,080
Water Charge reduction based upon amount currently charged	-3,000
Removal of budget for Corporate Apprentices budget as recovered by internal recharges	-5,000
Recharge of officer time to Woodside Park	-5,000
Change of contractor has decreased the cost of Energy Performance	-7,500
Increased income from the number of lifeline users	-15,670
Reduced Gas charges based upon usage	-30,000
Savings in car allowance costs following changes to terms and conditions	-26,990
Removal of CCTV contract as concierge work is being undertaken by	-200,390
Other net changes less than £10,000	1,030
 Total change in Supervision & Management budget	 <u><u>-238,590</u></u>

- 6 DCLG and CIPFA have produced guidelines regarding council dwelling depreciation to co-incide with the introduction of HRA self-financing. Estimates for 2018/19 have been prepared on this basis.

7 The increase in bad debt provision reflects an estimated rise in arrears subject to the full roll out of the Universal Credit.

- 8 The HRA medium term financial plan assumes that all in-year surpluses will be utilised in the repayment of debt except where major capital expenditure relating to new build has been programmed.

Proposed Capital Programme 2018/19 and onwards

	Revised 2017/18 Capital Programme	Anticipated 2017/18 slippage into 2018/19	Proposed 2018/19 Capital Programme	Proposed 2019/20 Capital Programme	Proposed 2020/21 Capital Programme
	£	£	£	£	£
<b>Improvements &amp; Capitalised Repairs</b>					
Bathrooms	321,780	0	325,000	325,000	325,000
Fire Risk Prevention Works	62,400	0	62,400	62,400	62,400
Heating Upgrades	770,000	0	150,000	50,000	50,000
Kitchen Improvements	707,120	0	50,000	50,000	50,000
Window / Doors Replacement	1,016,590	0	0	0	0
Patterdale Sheltered Scheme	262,500	0	0	0	0
Energy Efficiency Long Lawford External Cladding	293,700	0	0	0	0
Energy Efficiency Long Lawford External Cladding Phase 2	900,000	0	0	0	0
CCTV Upgrades	95,560	0	0	0	0
Finlock Gutter Improvements	20,000	0	20,000	20,000	20,000
Replacement Footpaths	20,000	0	20,000	20,000	20,000
External Walls	50,000	0	50,000	50,000	50,000
↪ Roof Refurbishment - Rounds Gardens	283,930	0	0	0	0
Roof Refurbishment - Biart Place	204,860	0	0	0	0
Roof Refurbishment - Lesley Souter House	70,000	0	0	0	0
Energy Efficiency Measures - Multi Storey Flats	225,000	0	0	0	0
Rewiring	0	0	237,000	237,000	177,000
Rewiring - Ashwood Court	22,500	0	0	0	0
<b>Housing Management System</b>	115,470	0	60,000	60,000	60,000
<b>Housing Repairs Service - IT System</b>	15,180	0	0	0	0
<b>Solar PV</b>	43,390	0	0	0	0
<b>Disabled Adaptations</b>	257,400	0	200,000	200,000	200,000
<b>Lifeline Renewal Programme</b>	101,000	0	30,000	30,000	30,000
<b>Property Repairs Vehicle Replacement</b>	205,960	0	0	0	0
<b>Purchase of Council Homes</b>	1,685,000	0	1,685,000	1,685,000	1,685,000
<b>TOTAL</b>	<u>7,749,340</u>	<u>0</u>	<u>2,889,400</u>	<u>2,789,400</u>	<u>2,729,400</u>
<b>Draft Financing: -</b>					
Revenue Contributions / RTB Receipts	2,261,560	0	1,775,000	1,775,000	1,775,000
Major Repairs Reserve	5,487,780	0	1,114,400	1,014,400	954,400
<b>TOTAL</b>	<u>7,749,340</u>	<u>0</u>	<u>2,889,400</u>	<u>2,789,400</u>	<u>2,729,400</u>

**RUGBY BOROUGH COUNCIL**

**Risk Factors influencing the Calculation of a Prudent Level of Housing Revenue Account Revenue Balances**

<b>Key Budget Assumptions</b>				
<b>Key Budget Assumptions</b>		<b>Local Risk Factors</b>	<b>Comments/Assessment</b>	<b>Reserve Cover £000</b>
Demand-led pressures	RBC's capacity to manage in-year budget pressures	Expenditure items	Overspend probability - mixed significance and likelihood (allowing 3 years cover)	459
	Savings			152
	Welfare Reform / Further central government intervention	Rents and contributions to expenditure	Underachievement of income - mixed significance and likelihood (allowing 3 years cover) Partial mitigation via increased bad debt provision:	
			Rents	730
			Service Charges	70
		Other contributions towards expenditure	4	
	Borrowing Costs	Level of borrowing required or debt held by the Council	The HRA underlying borrowing requirement will be rescheduled as part of plans to mitigate decrease in rents. Refinancing costs (internal or external borrowing) may be higher than those currently forecast by the Council's treasury advisors.	16
			Recommended Amount of Housing Revenue A	1,431



**MEDIUM TERM FINANCIAL PLAN - HOUSING REVENUE ACCOUNT (HRA): 2018/19 - 2021/22**

- rent reduction of 1% from 2017/18 until 2020/21 then CPI + 1% thereafter. HRA working balance of £1.4m.

	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
<b>EXPENDITURE</b>				
Supervision & Management	4,383	4,691	4,809	4,929
Repairs & Maintenance	3,643	3,577	3,667	3,758
Rents, Rates, Taxes	3	3	3	3
Charges for Capital	2,287	1,568	1,622	1,677
Debt Management	15	16	16	15
Provision for Bad Debts	193	138	141	148
HRA Share of Corporate & Democratic Core Costs	214	220	226	222
Amounts set aside for the repayment of debt	5,896	6,803	7,169	7,062
Net Interest Payments	1,145	903	716	505
Contribution to/from(-) reserves	56	52	55	57
<b>Total</b>	<b>17,836</b>	<b>17,972</b>	<b>18,424</b>	<b>18,378</b>

<b>INCOME</b>				
Dwelling Rent	-16,127	-15,948	-16,340	-16,416
Garages	-150	-184	-190	-154
Service Charges	-1,343	-1,530	-1,576	-1,503
Contributions towards expenditure	-216	-228	-235	-221
<b>TOTAL</b>	<b>-17,836</b>	<b>-17,891</b>	<b>-18,341</b>	<b>-18,294</b>

Impact on Average Rent (52 week basis):	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
Prior Year	83.27	82.44	81.61	84.06
Current Year	82.44	81.61	84.06	86.58
Increase £'s	-0.83	-0.82	2.45	2.52
Increase %	-1.00	-1.00	3.00	3.00

**Analysis of Housing Revenue Account Revenue Balances**

	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
<b>HRA Balances</b> at start of year	1,431	1,431	1,431	1,431
Contribution to/from (-) balances	0	0	0	0
<b>End of year balance</b>	<b>1,431</b>	<b>1,431</b>	<b>1,431</b>	<b>1,431</b>

**AGENDA MANAGEMENT SHEET**

<b><i>Name of Meeting</i></b>	Cabinet
<b><i>Date of Meeting</i></b>	8 January 2018
<b><i>Report Title</i></b>	Council Tax Base 2018/19
<b><i>Portfolio</i></b>	Corporate Resources
<b><i>Ward Relevance</i></b>	All Wards
<b><i>Prior Consultation</i></b>	None
<b><i>Contact Officer</i></b>	Chryssa Burdett – Revenues Manager, Tel: 533495
<b><i>Report Subject to Call-in</i></b>	No. This report is not subject to call-in because it is a statutory requirement.
<b><i>Report En-Bloc</i></b>	Yes
<b><i>Forward Plan</i></b>	Yes
<b><i>Corporate Priorities</i></b>	This report relates to all Priorities.
<b><i>Statutory/Policy Background</i></b>	The Council has a statutory duty to calculate the Tax Base for its area.
<b><i>Summary</i></b>	This report specifies the Tax Base for each part of the Council's area for 2018/19.
<b><i>Financial Implications</i></b>	There are no financial implications arising from this report

<b><i>Environmental Implications</i></b>	There are no environmental implications arising from this report
<b><i>Legal Implications</i></b>	There are no legal implications arising from this report
<b><i>Options</i></b>	N/A
<b><i>Recommendation</i></b>	The Tax Base for 2018/19 be approved.
<b><i>Reasons for Recommendation</i></b>	Cabinet must set a Tax Base before January 31 <sup>st</sup> each year.

**Cabinet – 8 January 2018**

**Council Tax Base 2018/19**

**Report of the Corporate Resources Portfolio Holder**

**Recommendation**

The Tax Base for 2018/19 be approved.

**1. Introduction**

The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 require the billing authority (Rugby Borough Council) to calculate its Council Tax Base for the following year and to notify the Tax Base to Warwickshire County Council and Police Authority by 31<sup>st</sup> January. All Parish Councils are also to be provided with the information for their particular area. The regulations prescribe the rules for making the calculations. The Tax Base is expressed in terms of an equivalent number of band D properties for the whole area and for parts of the area as appropriate.

For the purpose of Section 33 of the Local Government Finance Act 1992 and in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012 the amounts calculated by the Council as its Tax Base for the whole area for the financial year beginning 1<sup>st</sup> April 2018 is 36,271.17 and for those parts of its area mentioned below shall be:

Parish of	Ansty	129.68
	Binley Woods	978.35
	Birdingbury	157.35
	Bourton & Draycote	135.88
	Brandon & Bretford	284.81
	Brinklow	446.56
	Burton Hastings	90.99
	Cawston	1,625.80
	Church Lawford	158.45
	Churchover	473.96
	Clifton-upon-Dunsmore	654.12
	Combe Fields	69.99
	Copston Magna	20.79
	Cosford	8.99
	Dunchurch	1,483.56
	Easenhall	101.38
	Frankton	166.35

Grandborough	207.41
Harborough Magna	173.96
Kings Newnham	28.16
Leamington Hastings	227.70
Long Lawford	1,321.42
Marton	214.87
Monks Kirby	217.50
Newton & Biggin	299.63
Pailton	221.81
Princethorpe	168.12
Ryton-on-Dunsmore	645.37
Shilton & Barnacle	338.61
Stretton Baskerville	7.61
Stretton-on-Dunsmore	505.78
Stretton-under Fosse	98.12
Thurlaston	200.61
Wibtoft	23.01
Willey	38.87
Willoughby	191.35
Withybrook	114.27
Wolfhampcote	149.78
Wolston	977.94
Wolvey	497.73
Rugby Town Area	22,284.43
Contributions in Lieu	130.10
	<hr/>
	<b>36271.17</b>
	<hr/>

Name of Meeting: Cabinet  
Date Of Meeting: 8 January 2018  
Subject Matter: Council Tax Base 2018/19  
Originating Department: Resources

**LIST OF BACKGROUND PAPERS**

Document No.	Date	Description of Document	Officer's Reference	File Reference
1.				

***AGENDA MANAGEMENT SHEET***

<b>Report Title:</b>	Calendar of Meetings 2018/19
<b>Name of Committee:</b>	Cabinet
<b>Date:</b>	8 January 2018
<b>Report Director:</b>	Executive Director
<b>Portfolio:</b>	Corporate Resources
<b>Ward Relevance:</b>	All Wards
<b>Prior Consultation:</b>	Senior Management Team and other council officers involved in meetings
<b>Contact Officer:</b>	Veronika Beckova, Democratic Services Officer, Tel: 01788 533 591
<b>Public or Private:</b>	Public
<b>Report subject to Call-In:</b>	Yes
<b>Report En-Bloc:</b>	Yes
<b>Forward Plan:</b>	Yes
<b>Corporate Priorities:</b>	This report does not specifically relate to any Council priorities, but should be considered by the Panel/Cabinet for the following reasons: Cabinet is required, under the Council's Constitution, to fix the dates and times of Council, Cabinet and committee meetings.
<b>Statutory/Policy Background:</b>	None
<b>Summary:</b>	Cabinet is required, under the Council's Constitution, to fix the dates and times of Council, Cabinet and committee meetings.
<b>Financial Implications:</b>	There are no financial implications arising from this report.

<b>Risk Management Implications:</b>	There are no risk management implications arising from this report.
<b>Environmental Implications:</b>	There are no environmental implications arising from this report.
<b>Legal Implications:</b>	There are no legal implications arising from this report.
<b>Equality and Diversity:</b>	No new or existing policy or procedure has been recommended.
<b>Options:</b>	<p>To recommend to Council that the Calendar of Meetings for 2018/19 be approved.</p> <p><b>Risks:</b> Breach of Council's Constitution. No democratic process without a calendar of meetings.</p> <p><b>Benefits:</b> Compliance with the Council's Constitution</p>
<b>Recommendation:</b>	The Calendar of Meetings for 2018/19, as at Appendix 1 to the report, be approved.
<b>Reasons for Recommendation:</b>	In order to comply with the Council's Constitution.



**Cabinet – 8 January 2018**

**Calendar of Meetings 2018/19**

**Report of the Executive Director**

**Recommendation**

The Calendar of Meetings for 2018/19, as at Appendix 1 to the report, be approved.

The Calendar of Meetings for 2018/19, set out at Appendix 1, is submitted to Cabinet for approval.

The timetable takes into account the following:

- i) the requirement for five cycles of meetings per year;
- ii) the requirement for five ordinary meetings of Council;
- iii) the requirement for one meeting of Council in July 2018 to consider the approval of the statement of accounts;
- iv) the requirement for one special meeting of Council to be held in February 2019 to consider the budget setting;
- v) the requirement of Planning Committee to meet on a 3/4 week cycle throughout the year; and
- vi) the requirement for the annual meeting of Council to avoid the annual meeting of Warwickshire County Council.

Appeals Committee meets on an ad hoc basis.

Every effort has been made to avoid scheduling meetings during the dates of the political parties' conferences and local community forums in 2018. However, due to the volume of meetings to be incorporated in the calendar, it has not been possible to avoid these dates entirely.

Meetings of Cabinet and Council have been scheduled to avoid school holidays for Warwickshire.

Name of Meeting: Cabinet  
Date of Meeting: 8 January 2018  
Subject Matter: Calendar of Meetings 2018/19  
Originating Department: Executive Director

**List of Background Papers**

There are no background papers relating to this item.

## Draft Calendar of Meetings 2018/19

## Appendix 1

Mon	May	21	Aug	6	Oct	22	Jan	7	Cabinet	Mar	25
Tue		22		7		23		8	Audit and Ethics		26
Wed		23		8		24		9	Planning		27
Thu		24		9		25		10			28
Mon		28		13		29		14		Apr	1
Tue		29		14		30		15			2
Wed		30		15		31		16			3
Thu		31		16	Nov	1		17			4
Mon	June	4		20		5		21			8
Tue		5		21		6		22			9
Wed		6		22		7		23			10
Thu		7		23		8		24			11
Mon		11		27		12		28			15
Tue		12		28		13		29			16
Wed		13		29		14		30			17
Thu		14		30		15		31			18
Mon		18	Sep	3		19		4			22
Tue		19		4		20		5			23
Wed		20		5		21		6			24
Thu		21		6		22		7			25
Mon		25		10		26		11			
Tue		26		11		27		12			
Wed		27		12		28		13			
Thu		28		13		29		14			
Mon	July	2	LD	17	Dec	3		18		May	6
Tue		3	LD	18		4		19			7
Wed		4		19		5		20			8
Thu		5		20		6		21			9
Mon		9	L	24		10		25			
Tue		10	L	25		11		26			
Wed		11	L	26		12		27			
Thu		12		27		13		28			
Mon		16	Oct C	1		17		4			
Tue		17	C	2		18		5			
Wed		18	C	3		19		6			
Thu		19		4		20		7			
Mon		23		8		24		11			
Tue		24		9		25		12			
Wed		25		10		26		13			
Thu		26		11		27		14			
Mon		30		15		31		18			
Tue		31		16	Jan	1		19			
Wed	Aug	1		17		2		20			
Thu		2		18		3		21			

**NOTE:**

Meetings of the Council commence at 7pm.

Meetings of Cabinet and Committees commence at 5.30pm.

An updated list of all meetings open to the public is available on the Council's web site at [www.rugby.gov.uk](http://www.rugby.gov.uk).

**C = Conservative Party**

**Conference:**

30/09/2018 – 03/10/2018

**L = Labour Party**

**Conference:**

23/09/2018 – 26/09/2018

**LD = Liberal Democrat**

**Party Conference:**

15/09/2018 – 18/09/2018

OSC – Overview and Scrutiny Committee

\*Audit and Ethics Committee on 30 July – Approval of Accounts