

STEVENAGE BOROUGH COUNCIL

EXECUTIVE MINUTES

Date: Wednesday, 22 January 2020

Time: 2.00pm

Place: Shimkent Room, Daneshill House, Danestrete

Present: Councillors: Sharon Taylor OBE CC (Chair), Mrs Joan Lloyd (Vice-Chair), Lloyd Briscoe, John Gardner, Richard Henry, Jackie Hollywell and Jeannette Thomas.

Start / End Start Time: 2.00pm
Time: End Time: 3.05pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Rob Broom.

There were no declarations of interest.

2 MINUTES - 16 DECEMBER 2019

It was **RESOLVED** that the Minutes of the meeting of the Executive held on 16 December 2019 be approved as a correct record for signature by the Chair.

3 MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE AND SELECT COMMITTEES

The Leader asked Officers to put on hold any future All-Member Seminar on Community Wealth Building, pending the outcome of the Main Debate on this matter at the Council meeting on 29 January 2020.

In respect of the level of charges in the Community Infrastructure Levy (CIL) Charging Schedule, the Leader commented that it would be possible to review the level of charges in 12 months' time.

It was **RESOLVED** that the Minutes of the meeting of the Overview & Scrutiny Committee held on 18 December 2019 be noted.

4 FINAL HOUSING REVENUE ACCOUNT (HRA) AND RENT SETTING REPORT 2020/21

The Portfolio Holder for Resources introduced a report updating Members on the 2019/20 and 2020/21 Housing Revenue Account (HRA) budget. There were no changes to the projected rents as presented to the December 2019 Executive meeting, and the average social rent would be £97.54 per week, affordable £158.54 per week and LSSO £120.07 per week, with a rent 2.7% increase.

The Portfolio Holder for Resources stated that Service Charges had changed slightly for the 2,939 applicable properties, but for combined 2020/21 rent and service charge changes there were only 294 homes out of 7,924 that had an increase of more than £4.00 per week.

The Portfolio Holder for Resources commented that the 2020/21 final HRA budget had increased by £214,670 compared to the draft budget, largely due to the revising of investment interest income, as rates were projected to be lower in the coming year. The 2019/20 HRA working budget was projected to be £15,200 higher than the draft budget due to higher investment income of £15,200. The 2020/21 HRA year end balance was projected to be £22,269,799, which was £102,716 lower than the Business Plan projections submitted to the December 2019 Executive meeting.

The Executive noted that £790,000 of 1.4.1 receipts may need to be returned to the treasury in 2019/20 for Quarters three and four. Officers were now able to confirm that no receipts were required to be returned in Quarter three, but the position for quarter four was not yet known. The Government had not published the outcome of the consultation regarding Right to Buy receipts which, if implemented, would have allowed for a longer time period for receipts to be used and no interest payable for existing receipts, which would have negated the need to hand these receipts back.

The Portfolio Holder for Housing, Health & Older People advised that this was the first Council property rent rise for a number of years. The funds raised would be used to support the HRA Business Plan. She added that private sector rents were, on average, 137% higher than public sector rents. As at 17 January 2020, 29 Council homes had been sold via the Right to Buy system.

The Assistant Director (Housing and Investment) was requested to submit a report to the Executive in the Autumn of 2020 in respect of the outcome of Housing Service Charges Review to be conducted in the Summer, prior to the charges being built into the 2021/22 Housing Revenue Account Budget.

The Executive noted that the discount level for Right to Buy properties had virtually doubled over the past few years, thereby increasing the difficulty for Local Authorities to build new properties funded from capital receipts.

The Executive supported an additional recommendation requesting officers to write to the Secretary of State (MHCLG) to request that new build right to buy receipts that are projected to be returned in the last quarter of 2019/20 (estimated at £790,000) are not returned to the Government, but used to increase funding for the Council's ambitious house building programme, such as Kenilworth or other pipeline programmes.

It was **RESOLVED**:

1. That HRA dwellings be increased, week commencing 1 April 2020, by 2.7% an average increase of £2.56 for social rents £4.17 for affordable rents and £3.16 for Low Start Shared Ownership homes per week. This has been calculated using the rent formula, CPI +1% in line with the Government's rent policy as set

out in Paragraph 4.1.1. of the report.

2. That the rent policy update to reflect the rent increase guidance of CPI+1%, (revised from a minus 1% rent reduction excluding LSSO properties) agreed at the December 2020 Executive, be confirmed.
3. That Council be recommended to approve the 2020/21 HRA budget, as set out in Appendix A to the report.
4. That the revised 2019/20 HRA budget, as set out in Appendix A to the report, be approved.
5. That Council be recommended to approve the HRA Fees and Charges, as outlined in Appendix C to the report.
6. That Council be recommended to approve the 2020/21 service charges.
7. That Council be recommended to approve the minimum level of reserves for 2020/21, as shown in Appendix E to the report.
8. That the contingency sum of £250,000 within which the Executive can approve supplementary estimates, be approved for 2020/21 (unchanged from 2019/20).
9. That Council be requested to note the comments from the Overview and Scrutiny Committee, as set out in the report.
10. That officers write to the Secretary of State (MHCLG) to request that new build right to buy receipts that are projected to be returned in the last quarter of 2019/20 (estimated at £790,000) are not returned to the Government, but used to increase funding for the Council's ambitious house building programme, such as Kenilworth or other pipeline programmes.

Reason for Decision: As contained in report; and 10. To maximise the use of Right to Buy receipts.

Other Options considered: As contained in report.

5 DRAFT GENERAL FUND AND COUNCIL TAX SETTING 2020/21

The Portfolio Holder for Resources presented a report updating the Executive on the 2019/20 projected General Fund budget and the draft 2020/21 budget. At the November 2019 Executive meeting, Members approved General Fund Financial Security Options of £841,502. The level of projected savings had increased by £23,142 to £864,644, as explained in the report. There is a savings target to find for the period 2021/22-2023/24 of £2.1Million, of which £1.14Million was unidentified.

The Portfolio Holder for Resources stated that there were growth or service pressures of £536,220 considered by Leader's Financial Security Group for the General Fund, as summarised in Appendix E to the report. However, not all the growth was recommended as on-going, as summarised in Section 4.3 of the report.

The Portfolio Holder for Resources explained that there was £30,000 more New Homes Bonus (NHB) received in 2020/21 than estimated, which was recommended for transfer to an allocated reserve to fund any shortfalls in 2021/22 for NHB funded schemes. The finance settlement was £24,424 higher than estimated in the November 2019 Executive report for under indexing of historical Non-Domestic Rate reliefs. However, there was considerable uncertainty about the fair funding settlement and business rates going forward, as stated in the report. The final finance settlement had not been received as at 22 January 2020.

The Executive noted that Council Tax had been modelled at 2.37% or £5.00 on a Band D, which equated to a 2020/21 SBC precept of £215.57 or £4.15 per week.

The Portfolio Holder for Resources commented that the 2020/21 net expenditure was £237,746 lower than reported in the November 2019 Medium Term Financial Strategy and £177,853 was on-going. The Net General Fund budget for 2020/21 was £9,136,430. The 2019/20 Net expenditure was now projected to be £9,664,250 which was £211,890 lower than the budget as a result of increased commercial income and lower borrowing costs for the garage programme. The General Fund balances projection showed a £150,000 contribution from balances in 2020/21 and, by 2022/23, a return to balances of £135,000, although this was subject to realising savings and projected spend.

The Portfolio Holder for Resources stated that the projected balances for 2020/21 of £3.733Million were higher than the minimum level of risk assessed balances (£2.920Million, as set out in Appendix B to the report). New risks had been added to the risk assessment of balances, including the risk of increased costs from:

- Bed and breakfast;
- Increased repair costs from stock condition surveys; and
- Increased cost of capital works as a result of re-phasing/deferring capital works.

It was noted that Paragraph 5.5.1 would be amended in the final General Fund report to refer to the Council's resolution to work towards a target of achieving next zero emissions by 2030 (as opposed to 2050 quoted in the report).

The Leader commended officers for the inclusion of Appendix B to the report, which set out the potential General Fund risk areas. In this regard, she asked officers to arrange an All-Member seminar on Financial Risks, to ensure that Members were fully aware of the challenging General Fund position going forward.

It was agreed that Executive and Overview & Scrutiny Committee Members be requested to retain their copies of the appendices to the report for their meetings on 12 February 2012 and 17 February 2012, respectively.

The Executive agreed to an additional recommendation amending growth options G20 and G21 relating to the cost of managing the allotments for one year only (£22,000 full year cost) and implementing increased allotment charges from 1 October 2020 and not 1 April 2021, as included in the report.

The Leader's Financial Security Group, the Portfolio Holder for Resources and

Finance officers were thanked for their support in compiling the budget.

It was **RESOLVED**:

1. That the 2019/20 revised net expenditure on the General Fund of £9,664,250 be approved.
2. That a draft General Fund Budget for 2020/21 of £9,136,430 be proposed for consultation purposes, with a contribution from balances of £150,401 and a Band D Council Tax of £215.57 (assuming a 2.37% increase).
3. That the updated position on the General Fund Medium Term Financial Strategy (MTFS), as shown at Appendix A to the report, and the Risk Assessments of General Fund Balances, as shown at Appendix B to the report, be approved.
4. That a minimum level of General Fund reserves of £2,920,935, in line with the 2020/21 risk assessment of balances, as shown at Appendix B to the report, be approved.
5. That the contingency sum of £400,000 within which the Executive can approve supplementary estimates, be approved for 2020/21 (unchanged from 2019/20).
6. That the 2020/21 proposed Fees and Charges increase of £117,490 (Appendix D to the report) be noted and included in the draft budget.
7. That the 2020/21 proposed Financial Security Options of £864,644 (Appendix C to the report and including fees and charges detailed in Appendix D) be included in the draft budget for consideration by the Overview & Scrutiny Committee.
8. That the approval of the level of business rates (NNDR1) for 2020/21 be delegated to the Assistant Director (Finance and Estates), following consultation with the Resources Portfolio Holder (Paragraph 4.6.8 of the report refers).
9. That 2020/21 business rate gains totalling £1.105Million above the baseline need be allocated, as set out in Paragraph 4.6.7 of the report.
10. That the 2020/21 Council Tax Support scheme be approved, as set out in Section 4.8 to the report.
11. That New Homes Bonus of £30,000 be transferred to the reserve to fund future potential shortfalls in funding (Paragraph 4.4.4 of the report refers).
12. That the revised Financial Security targets for the General Fund, as set out in Paragraphs 4.11.1 - 4.11.2 of the report, be approved.
13. That growth options G20 and G21 relating to the cost of managing the allotments for one year only (£22,000 full year cost) be amended, in order to

implement increased allotment charges from 1 October 2020 and not 1 April 2021, as included in the report.

14. That the decisions taken on Resolutions 1 – 13 above be referred to the Overview and Scrutiny Committee for consideration, in accordance with the Budget and Policy Framework Rules in the Council's Constitution.

Reason for Decision: As contained in report; and 13. To implement increased allotment charges.

Other Options considered: As contained in report.

6 DRAFT CAPITAL STRATEGY 2019/20 - 2024/25

The Portfolio Holder for Resources presented a report updating Members on the Draft Capital Strategy for the General Fund and Housing Revenue Account (HRA).

The Portfolio Holder for Resources advised that the Leader's Financial Security Group (LFSG) had reviewed all the growth bids and resubmitted bids as set out in Section 4.2 of the report, and had recommended for approval all those that were classified as Health and Safety related, which totalled £1.825Million over the period 2020/21-2024/25. The LFSG had also recommended for approval the bids scoring an average of 1.5 and above (out of 2), which totalled £2.495Million over the period 2020/21-2024/25. Appendix A to the report summarised the General Fund capital bids recommended for approval.

The Portfolio Holder for Resources stated that there was a total of £4.214Million (£747,000 in 2020/21) of General Fund works not approved until results of further reviews/business cases were known, including those subject to community centre and Locality Reviews. Only the urgent health and safety works to these assets had been recommended in the interim

The Portfolio Holder for Resources explained that Appendix B to the report summarised the General Fund capital bids not recommended for approval, and Appendix C showed the General Fund Capital Strategy for 2020/21-2024/25, which totalled £62.381Million.

The Portfolio Holder for Resources advised that the bids recommended for approval exceeded the forecast level of General Fund capital resources by the end of 2020/21, as set out in Paragraph 4.9.2 of the report. In addition, there were risks in realising the capital receipts identified in the planned use of resources and assumptions about General Fund underspends being realised. Paragraph 4.9.5 of the report referred to the measures required in order to have a prudent level of unallocated balances by 31 March 2021. The options set out for this work included reviewing the progress of funding the bus station from GD3 monies. Members had approved the ring-fencing of £1.726Million of capital receipts for regeneration, and there was General Fund borrowing provision of £1.35Million. The potential shortfall in funding identified was £3.225Million, which may require the deferring of other capital schemes, increased borrowing and therefore higher borrowing costs, and disposals of other assets.

The Executive acknowledged that the report highlighted the need to change from a fix on fail approach which had been adopted over recent years due to constraints on capital resources, and the vehicle to do so was outlined in Section 4.7 of the report which considered Locality Reviews. These high level reviews were scheduled to be completed by July 2020.

The Portfolio Holder for Resources drew attention to Appendix D to the report, which showed the HRA Capital Strategy for 2020/21-2024/25, totalling £231.79Million. The HRA Business Plan presented to the December 2019 Executive meeting had revised the approach to borrowing in light of the lifting of the HRA borrowing cap. The approach taken was based on the HRA need to borrow and affordability. As such, the revenue contribution to capital originally identified to fund the HRA capital programme for 2019/20 and 2020/21 had been replaced with new borrowing

The Executive noted that a new contingency allowance was proposed relating to the use of restricted use or 1 for 1 receipts for registered providers to ensure that the Council achieved nominal rights and did not have to return 1 for 1 receipts to the Government. This contingency allowance was £500,000 for 2020/21.

The Leader referred to the ongoing attempts by the Council, the Local Enterprise Partnership and Hertfordshire County Council to unlock the GD3 monies for the Bus Station re-location scheme, which was required to be completed by 31 March 2021.

The Executive accepted the reasons why capital bid C59 (Improving the environmental credentials of the build at the Kenilworth Close scheme) had not been recommended for inclusion the Capital Strategy for 2020/21. However, the Leader requested that, should there be a financial overachievement of land and asset sales during the year, then priority should be given to some of this income being earmarked for improvement of the environmental credentials of the build at the Kenilworth Close scheme.

The Leader's Financial Security Group, the Portfolio Holder for Resources and Finance officers were thanked for their support in compiling the budget.

It was **RESOLVED:**

1. That the draft 2020/21 General Fund Capital Programme, as detailed in Appendix C to the report, be approved for consideration by the Overview and Scrutiny Committee.
2. That the draft 2020/21 HRA Capital Programme, as detailed in Appendix D to the report, be approved for consideration by the Overview and Scrutiny Committee.
3. That the updated forecast of resources, as summarised in Appendix C (General Fund) and Appendix D (HRA) to the report, be approved.
4. That the Council's investment strategy for non-treasury assets (Section 3.2 of the report) be approved for consideration by the Overview and Scrutiny Committee.

5. That the approach to resourcing the General Fund Capital Programme, as outlined in the report, be approved.
6. That the actions required to ensure the General Fund programme is funded, as outlined in Paragraphs 4.9.5 - 4.9.8 of the report, be noted.
7. That the approach and progress on Locality Reviews be noted.
8. That the growth bids identified for inclusion in the Capital Strategy (Appendix A to the report) be approved.
9. That the return of Right to Buy one for one receipts, as outlined in Section 4.14 of the report, be noted.
10. That the 2020/21 de-minimis expenditure limit (Section 4.15 of the report) be approved for consideration by the Overview and Scrutiny Committee.
11. That the 2020/21 contingency allowance (Section 4.16 of the report) be approved for consideration by the Overview and Scrutiny Committee.
12. That the work undertaken by Leader's Financial Security Group (LFSG) on behalf of the Executive in reviewing and challenging the General Fund Capital Strategy be noted.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

7 URGENT PART I BUSINESS

None.

8 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED:**

1. That, under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 to 7 of Schedule 12A of the Act, as amended by SI 2006 No. 88.
2. That, having considered the reasons for the following items being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

9 APPOINTMENT OF A DEVELOPMENT PARTNER AT KENILWORTH CLOSE

The Executive considered a Part II report seeking approval for the appointment of a development partner at the development site of Kenilworth Close, and seeking

permission for the necessary capital budget adjustments following the return of the tender documents from suppliers.

It was **RESOLVED** that the recommendations contained in the report be approved.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

10 URGENT PART II BUSINESS

None.

CHAIR