

Council

Monday 20th February
2012
7.00 pm

Council Chamber
Town Hall
Redditch



www.redditchbc.gov.uk

Access to Information - Your Rights

The Local Government (Access to Information) Act 1985 widened the rights of press and public to attend Local Authority meetings and to see certain documents. Recently the Freedom of Information Act 2000, has further broadened these rights, and limited exemptions under the 1985 Act.

Your main rights are set out below:-

- Automatic right to attend all Council and Committee meetings unless the business would disclose confidential or “exempt” information.
- Automatic right to inspect agenda and public reports at least five days before the date of the meeting.
- Automatic right to inspect minutes of the Council and its Committees (or summaries of business undertaken in private) for up to six years following a meeting.
- Automatic right to inspect lists of background papers used in the preparation of public reports.
- Access, upon request, to the background papers on which reports are based for a period of up to four years from the date of the meeting.
- Access to a public register stating the names and addresses and electoral areas of all Councillors with details of the membership of all Committees etc.
- A reasonable number of copies of agenda and reports relating to items to be considered in public must be made available to the public attending meetings of the Council and its Committees etc.
- Access to a list specifying those powers which the Council has delegated to its Officers indicating also the titles of the Officers concerned.
- Access to a summary of the rights of the public to attend meetings of the Council and its Committees etc. and to inspect and copy documents.
- In addition, the public now has a right to be present when the Council determines “Key Decisions” unless the business would disclose confidential or “exempt” information.
- Unless otherwise stated, all items of business before the Executive Committee are Key Decisions.
- (Copies of Agenda Lists are published in advance of the meetings on the Council’s Website:
www.redditchbc.gov.uk

**If you have any queries on this Agenda or any of the decisions taken or wish to exercise any of the above rights of access to information, please contact
Ivor Westmore
Committee Support Services**

**Town Hall, Walter Stranz Square, Redditch, B98 8AH
Tel: (01527) 64252 (Extn. 3269) Fax: (01527) 65216
e.mail: ivor.westmore@bromgroveandredditch.gov.uk Minicom: 595528**

Welcome to today's meeting.

Guidance for the Public

Agenda Papers

The **Agenda List** at the front of the Agenda summarises the issues to be discussed and is followed by the Officers' full supporting **Reports**.

Chair

The Chair is responsible for the proper conduct of the meeting. Generally to one side of the Chair is the Committee Support Officer who gives advice on the proper conduct of the meeting and ensures that the debate and the decisions are properly recorded. On the Chair's other side are the relevant Council Officers. The Councillors ("Members") of the Committee occupy the remaining seats around the table.

Running Order

Items will normally be taken in the order printed but, in particular circumstances, the Chair may agree to vary the order.

Refreshments : tea, coffee and water are normally available at meetings - please serve yourself.

Decisions

Decisions at the meeting will be taken by the **Councillors** who are the democratically elected representatives. They are advised by **Officers** who are paid professionals and do not have a vote.

Members of the Public

Members of the public may, by prior arrangement, speak at meetings of the Council or its Committees. Specific procedures exist for Appeals Hearings or for meetings involving Licence or Planning Applications. For further information on this point, please speak to the Committee Support Officer.

Special Arrangements

If you have any particular needs, please contact the Committee Support Officer.

Infra-red devices for the hearing impaired are available on request at the meeting. Other facilities may require prior arrangement.

Further Information

If you require any further information, please contact the Committee Support Officer (see foot of page opposite).

Fire/ Emergency instructions

If the alarm is sounded, please leave the building by the nearest available exit – these are clearly indicated within all the Committee Rooms.

If you discover a fire, inform a member of staff or operate the nearest alarm call point (wall mounted red rectangular box). In the event of the fire alarm sounding, leave the building immediately following the fire exit signs. Officers have been appointed with responsibility to ensure that all visitors are escorted from the building.

Do Not stop to collect personal belongings.

Do Not use lifts.

Do Not re-enter the building until told to do so.

The emergency **Assembly Area** is on **Walter Stranz Square**.

Declaration of Interests: Guidance for Councillors

DO I HAVE A "PERSONAL INTEREST" ?

- Where the item relates or is likely to affect your **registered interests** (what you have declared on the formal Register of Interests)

OR

- Where a decision in relation to the item might reasonably be regarded as affecting **your own** well-being or financial position, or that of your **family**, or your **close associates** more than most other people affected by the issue,

you have a personal interest.

WHAT MUST I DO? **Declare the existence, and nature, of your interest and stay**

- The declaration must relate to specific business being decided - a general scattergun approach is not needed
- **Exception** - where interest arises only because of your membership of another **public body**, there is no need to declare unless you **speak** on the matter.
- You **can vote** on the matter.

IS IT A "PREJUDICIAL INTEREST" ?

In general only if:-

- It is a personal interest **and**
- The item affects your **financial position** (or conveys other benefits), or the position of your **family, close associates** or bodies through which you have a **registered interest** (or relates to the exercise of **regulatory functions** in relation to these groups)

and

- A member of public, with knowledge of the relevant facts, would reasonably believe the interest was likely to **prejudice** your judgement of the public interest.

WHAT MUST I DO? **Declare and Withdraw**

BUT you may make representations to the meeting before withdrawing, **if** the public have similar rights (such as the right to speak at Planning Committee).

20th February 2012

7.00 pm

Council

Council Chamber Town Hall

Agenda

Membership:

Cllrs:	Anita Clayton (Mayor)	Bill Hartnett
	Peter Anderson	Roger Hill
	Michael Braley	Gay Hopkins (Deputy Mayor)
	Rebecca Blake	Robin King
	Andrew Brazier	Wanda King
	Juliet Brunner	Alan Mason
	David Bush	Phil Mould
	Michael Chalk	William Norton
	Simon Chalk	Jinny Pearce
	Greg Chance	Brenda Quinney
	Brandon Clayton	Mark Shurmer
	Andrew Fry	Luke Stephens
	Carole Gandy	Debbie Taylor
	Adam Griffin	Derek Taylor
	Malcolm Hall	

1. Welcome	<p>The Mayor will open the meeting and welcome all present.</p> <p>The Mayor's Celebrant, Ms June Saville, will lead the Council in a moment's reflection.</p>
2. Apologies	<p>To receive any apologies for absence on behalf of Council members.</p>
3. Declarations of Interest	<p>To invite Councillors to declare any interests they may have in items on the agenda.</p>
4. Announcements	<p>To consider any exceptional Announcements under Procedure Rule 10:</p> <ul style="list-style-type: none">a) Mayor's Announcementsb) Chief Executive's Announcementsc) Leader's Announcements <p>(Oral report)</p>

<p>5. Executive Committee - Referrals</p> <p>(Pages 1 - 10)</p> <p>Head of Finance and Resources, Head of Housing</p>	<p>To consider a referral from the Executive Committee on 31st January which relates to financial decisions relevant to tonight's business.</p> <ul style="list-style-type: none"> Housing Revenue Account - Initial Estimate 2012-13 <p>(Decision and report attached)</p> <p>(All Wards)</p>
<p>6. Adjournment</p>	<p>To adjourn the meeting to permit a meeting of the Executive Committee to be held to consider the setting of the Council Tax for 2012/13 and any associated financial items.</p>
<p>[Meeting of Executive Committee]</p>	
<p>7. Initial Estimates Report 2012/13, 2013/14 and 2014/15</p> <p>Executive Director (Finance and Corporate Resources)</p>	<p>On the resumption of the meeting, to receive and consider recommendations from the Executive Committee and to pass the appropriate resolutions in respect of the Initial Estimates 2012/13 – 2014/15.</p> <p>(Executive Committee Report refers)</p> <p>(All Wards)</p>
<p>8. Council Tax - Year ending 31st March 2013</p> <p>Head of Finance and Resources</p>	<p>On the resumption of the meeting, to receive and consider recommendations from the Executive Committee and to pass the appropriate resolutions fixing the Council Tax for the year ending 31st March 2013.</p> <p>(Executive Committee Report refers)</p> <p>(All Wards)</p>
<p>9. Urgent Business - general (if any)</p>	<p>To consider any additional items exceptionally agreed by the Mayor as Urgent Business in accordance with the powers vested in her by virtue of Section 100(B)(4)(b) of the Local Government Act 1972.</p> <p>(This power should be exercised only in cases where there are genuinely special circumstances which require consideration of an item which has not previously been published on the Order of Business for the meeting and/or on the Leader's Forward Plan.)</p>

10. Exclusion of the Public

Should it be necessary, in the opinion of the Chief Executive, to consider excluding the public from the meeting in relation to any items of business on the grounds that exempt information is likely to be divulged it may be necessary to move the following resolution:

“that, under S.100 I of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public be excluded from the meeting for the following matter(s) on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in the relevant paragraphs (*to be specified*) of Part 1 of Schedule 12 (A) of the said Act, as amended.”

[Subject to the “public interest” test, information relating to:

- **Para 1 – any individual;**
- **Para 2 – the identity of any individual;**
- **Para 3 – financial or business affairs;**
- **Para 4 – labour relations matters;**
- **Para 5 – legal professional privilege;**
- **Para 6 – a notice, order or direction;**
- **Para 7 – the prevention, investigation or prosecution of crime;**

may need to be considered as ‘exempt’.]

(Note: Anyone requiring copies of any previously circulated reports, or supplementary papers, should please contact Committee Services Officers in advance of the meeting.)

REDDITCH BOROUGH COUNCIL**COUNCIL**20th February 2012

157. HOUSING REVENUE ACCOUNT – INITIAL ESTIMATE 2012/13**RECOMMENDED that**

- 1) the draft 2012/13 Estimates for the Housing Revenue Account, attached to the report at Appendix 1, be approved;**
- 2) the actual average rent increase for 2012/13 be 7%; and**
- 3) £2 million be transferred to a reserve as a Revenue Contribution to Capital to fund the future Capital Programme.**

**EXECUTIVE
COMMITTEE**

31st January 2012

HOUSING REVENUE ACCOUNT - INITIAL ESTIMATE 2012/13

Relevant Portfolio Holder	Councillor Brandon Clayton, Portfolio Holder for Housing, Local Environment and Health
Portfolio Holder Consulted	Not stated
Relevant Heads of Service	Teresa Kristunas, Head of Finance and Resources and Liz Tompkin, Head of Housing Services.
Wards Affected	All Wards
Ward Councillor Consulted	Not applicable
Key Decision	

1. SUMMARY OF PROPOSALS

To present Members with the Initial Estimates for the Housing Revenue Account for 2012/13 and the proposed dwelling rents for 2012/13.

2. RECOMMENDATIONS

The Committee is asked to **RECOMMEND** that

- 1) **the draft 2012/13 Estimates for the Housing Revenue Account, attached to the report at Appendix 1, be approved;**
- 2) **the actual average rent increase for 2012/13 be 7%; and**
- 3) **£2 million be transferred to a reserve as a Revenue Contribution to Capital to fund the future Capital Programme.**

3. KEY ISSUES**Financial Implications**

- 3.1 This report only considers those items included in the Housing Revenue Account (HRA). General Fund items will be considered separately when setting the Council Tax.

**EXECUTIVE
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31st January 2012

- 3.2 The Council, through the system of Housing finance introduced by the Local Government and Housing Act 1989, has been subject to reducing external support to the Housing Revenue Account in the form of diminishing Housing Subsidy over the past few years. The Council has paid in excess of £6.8 million to central government because of it being in a negative subsidy position. The system of housing subsidy giving rise to this payment will cease on the 31st March 2012.
- 3.3 On 5th October 2010 the Government announced in a Written Ministerial Statement its intention to replace the Housing Revenue Account subsidy system with a devolved system of Council housing finance called self-financing. The proposal in the form of a financial settlement will mean a redistribution of the `national' housing debt.
- 3.4 Rent restructuring was introduced in 2002/03. The objective of this is set out in a Government policy statement "Quality and Choice: A Decent Home for All – The Way Forward for Housing". It is proposed that rent setting in the social housing sector should be brought on to a common system based upon relative property values and local earnings levels. The intention was for there to be rent convergence between sectors within 10 years. Briefly, the rent increase each year should be based on an increase for inflation plus an adjustment of 10% of the difference between the formula rent and the actual rent on an individual property basis. The 10% adjustment, which is aimed at achieving the formula rent for all properties within 10 years, may result in an increase or decrease in rent. The target date for rent convergence is 2015/16. In valuing each local authority's housing business the Government has assumed continued adherence to this rent policy.
- 3.5 This section of the report outlines the major issues which have an impact upon the Housing Revenue budget Account setting process for 2012/13.
- 3.6 Based on the data included in the draft Determination to Implement Self-financing for Council Housing the actual average rent increase for 2012/13 will be 7%. The average rent on a 52 week basis will be £71.91, or £77.90 on a 48 week basis. This compares to the actual average for 2011/12 on a 52 week basis of £67.22 and £72.82 on a 48 week basis.
- 3.7 The Settlement Payments Determination 2012 details the self-financing valuation of each local housing authority's Council housing stock using a discounted cash flow model. The model is based on assumptions made by the Government about rental income and expenditure required to maintain each Council's Council housing stock over 30 years.

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Where the valuation is greater than the authority's Subsidy Capital Financing Requirement (SCFR) then the authority must pay to the Secretary of State the amount by which the self-financing valuation exceeds the SCFR. The payment has to be made on or before the 28th March 2012. For Redditch Borough Council this amounts to £99,512,000.

- 3.8 Self-financing will place a limit (Debt Cap) on borrowing for housing purposes at the closing position for 2011/12. This is estimated to be £118,040,000. The figures at Appendix 1 allow for the payment of interest on this sum.

Capital Resources

- 3.9 From the 1st of April 2004 capital receipts from the sale of housing land and dwellings have been subject to pooling, (75% of Right To Buy (RTB) receipts have to be paid to the Government for redistribution). Officers have estimated that in the short term the number of RTB sales for this Council will be around 5 per annum, generating around £85k in usable capital receipts.
- 3.10 The introduction of the Major Repairs Allowance from April 2001 provided the Council with additional capital resources. With the introduction of self-financing and the end of the current subsidy system this arrangement will cease. In 2011/12 £3,843,949 was transferred from the Housing Revenue Account into a Major Repairs Reserve. In place of this transfer to a Major Repairs Reserve each authority will be required to transfer an amount to the Reserve in respect of depreciation. This Reserve will continue to be available to fund capital expenditure for Housing Revenue Account purposes and to repay borrowing. The self-financing determination provides for a 5 year transitional period before the full depreciation figure must be funded. It is permissible to use the uplifted Major Repairs Allowance. The transfer for 2012/13 will be £5,835,930.
- 3.11 The Council has previously made transfers of monies from the HRA, when resources permit, to transfer sums to a reserve to fund future capital programmes. It is estimated that there will be sufficient resources in the HRA in 2012/13 to allow £2m to be transferred in this way. With the introduction a Debt Cap from 1st April 2012 these monies will be required to support the Housing Capital Programme.
Housing Repairs Account
- 3.12 The budgeted contribution to the Housing Repairs Account as shown at Appendix 1 is £4,251,600 for 2012/13, including inflationary increases where appropriate.

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Right to Buy Scheme - Rent Income

- 3.13 The 2012/13 figures at Appendix 1 allow for the sale of 5 Council homes. The full effect is an anticipated £18,696 loss of rent income.

Provision for Bad and Doubtful Debts

- 3.14 Members will be aware that the provision was reduced to £550,000. Appendix 1 reflects the need to maintain this provision for 2012/13.

Housing Revenue Account Balances

- 3.15 The Head of Finance and Resources has previously advised Members on the minimum level of revenue balances to be maintained in lieu of unforeseen events affecting the Housing Revenue Account and the Council's housing stock. Members have previously approved the retention of a minimum balance of £600,000.
- 3.16 The figures shown in Appendix 1 indicate that the balance carried forward at the 1st of April 2012 will be £1,018,530, which will leave a working balance of £836,270 at the 31st March 2013.

Legal Implications

- 3.17 Section 76 of the Local Government and Housing Act 1989 requires that the Council sets its budget relating to the Housing Revenue Account such that the account does not plan to be in a deficit position.

Service/Operational Implications

- 3.18 The Council since 2002/03 has set its dwelling rents by reference to the rent formula introduced as part of the Government Rent Restructuring policy.
- 3.19 The HRA provides the financial resources to enable the Council to meet its objectives with respect to the management and maintenance of its housing stock.
- 3.20 The budget provides resources for the maintenance of the housing stock.

Customer / Equalities and Diversity Implications

- 3.21 The report contains implications for customers in terms of rent increases.

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4. RISK MANAGEMENT

- 4.1 There are financial risks to the Council of not following government policy in terms of rent restructuring.
- 4.2. The Council needs to approve the rents in a timely manner in order to allow officer time to notify the tenants of the annual rent increase.

5. APPENDICES

Appendix 1 - Housing Revenue Account 2012/13

6. BACKGROUND PAPERS

Housing Subsidy Determination 2011/12 - DCLG

AUTHOR OF REPORT

Name: Teresa Kristunas
E Mail: teresa.kristunas@bromsgroveandredditch.gov.uk
Tel: (01527) 64252 ext 3295

REDDITCH BOROUGH COUNCIL**EXECUTIVE
COMMITTEE****Appendix 1**

31st January 2012

HOUSING REVENUE ACCOUNT**2012/13 Initial Estimate**

	2011/12 Initial Estimate	2012/13 Initial Estimate
<u>INCOME</u>		
Dwelling Rents	20,924,790	22,202,850
Non Dwelling Rents	522,500	484,000
Charges for Services & Facilities	194,050	190,280
Contributions to Expenditure	0	0
Government Subsidies	0	0
Total Income	21,641,340	22,877,130
<u>EXPENDITURE</u>		
Supervision & Management	5,433,830	5,515,090
Repairs & Maintenance	4,135,820	4,251,600
Rents, rates, taxes & other charges	186,800	165,150
Depreciation	3,843,950	5,835,930
Item 8 Debit	259,600	5,049,620
Negative HRA subsidy payable	6,810,710	0
Provision for Bad Debts	100,000	150,000
Total Expenditure	20,770,710	20,967,390
Net Cost of Services	(870,630)	(1,909,740)
Revenue Contributions to Capital	1,000,000	2,000,000
Provision for Job Evaluation	190,000	190,000
Net Operating Expenditure	319,370	280,260
Interest Receivable	(15,000)	(98,000)
(Surplus) / Deficit on services	304,370	182,260

REDDITCH BOROUGH COUNCIL**EXECUTIVE
COMMITTEE****Appendix 1****31st January 2012**

HOUSING REVENUE ACCOUNT BALANCE

B/fwd Balance	1,322,900	1,018,530
Surplus/(Deficit) for year	(304,370)	(182,260)
C/fwd Balance	1,018,530	836,270