



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —

CABINET

AGENDA

Extraordinary Meeting to be held in the
Ceres Suite,
Worksop Town Hall, S80 2AH
on Tuesday, 5th January 2016
at 6.30pm

(Please note time and venue)

**Please turn mobile telephones to silent during meetings.
In case of emergency, Members/officers can be contacted
on the Council's mobile telephone: 07702 670209.**

**In accordance with the Openness of Local Government Bodies Regulations 2014,
audio/visual recording and photography at Council meetings is permitted
in accordance with the Council's protocol 'Filming of Public Meetings'.**

CABINET

Membership 2015/16

Councillors: K Dukes, J Evans, S A Greaves, J A Leigh, S Scotthorne, S E Shaw and J White

Substitute Members: None

Cabinet Members:

Policy, Strategy and Communications:	Councillor S A Greaves
Co-operatives and Corporate Services:	Councillor K Dukes
Finance:	Councillor J Evans
Health and Community Wellbeing:	Councillor S E Shaw
Housing:	Councillor S Scotthorne
Neighbourhoods:	Councillor J A Leigh
Regeneration:	Councillor J White

Advisory Members: Councillor H M Brand
(Non-Voting)

Liaison Members: Councillors H Burton, K H Isard, D G Pidwell and T Taylor
(Non-Voting)

Quorum: 2 Members

Lead Officer for this Meeting

Mr N Taylor - Ext 3266

Administrator for this Meeting

Mrs J A Hamilton - Ext 3146

EXTRAORDINARY MEETING OF CABINET

5th JANUARY 2016

AGENDA

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS * (pages 5-6)
(Members' and Officers' attention is drawn to the attached notes and form)
 - (a) Members
 - (b) Officers

SECTION A – ITEMS FOR DISCUSSION IN PUBLIC

Key Decisions

3. REPORT(S) OF THE CABINET MEMBER – CO-OPERATIVES AND CORPORATE SERVICES *
 - (a) Council Tax Reduction Scheme (Bassetlaw District Council) 2016/17 (Key Decision No. 533) (pages 7-14)
4. REPORT(S) OF THE CABINET MEMBER –FINANCE *
 - (a) Calculation of Council Taxbase 2016/17 (Key Decision No. 531) (pages 15-20)
 - (b) Business Rate Budget 2016/17 (Key Decision No. 532) (pages 21-25)
 - (c) Housing Capital Programme 2016/17 to 2020/21 (Key Decision No. 534) (pages 27-35)
 - (d) Housing Revenue Account Budget 2016/17 and Future Years to 2018/19 (Key Decision No. 535) (pages 37-46)

Other Decisions

None

Exempt Information Items

The press and public are likely to be excluded from the meeting during the consideration of the following items in accordance with Section 100A(4) of the Local Government Act 1972.

SECTION B - ITEMS FOR DISCUSSION IN PRIVATE

Key Decisions

None

Other Decisions

None

* Report attached

NOTES:

1. The papers enclosed with this Agenda are available in large print if required.
 2. Copies can be requested by contacting us on 01909-533146 or by e-mail julie.hamilton@bassetlaw.gov.uk
-

EFFECTIVE DATE OF DECISIONS

1. **All key decisions made at this meeting will be referred to the Overview and Scrutiny Committee and will not come into force until that Committee has considered the decisions and has decided not to "call in" any decision.**
2. **A copy of all non key decisions will be sent to all Members of the Council and any four Members may then, within five days, request that any particular decision be referred to the Overview and Scrutiny Committee - in which case the particular decision will not come into force until that Committee has considered the decision and has decided not to "call in" the same. If no such request is made decisions will come into effect at the end of the five day period.**

DECLARATION OF INTEREST

COMMITTEE

DATE

NAME OF MEMBER :

Type of Interest

- 1. **Disclosable Pecuniary**
- 2. **Non Pecuniary**

Agenda Item No.	REASON *	Type of Interest (1 or 2)
Signed		
Dated		

Note:

* When declaring an interest you must also state the nature of your interest.

Completion of this form is to aid the accurate recording of your interest in the Minutes. The signed form should be provided to the Minuting Clerk at the end of the meeting.

A nil return is not required.

It is still your responsibility to disclose any interests which you may have at the commencement of the meeting and at the commencement of the appropriate Agenda item.

DECLARATION OF INTERESTS

HOW TO USE THIS FORM

There are now only two types of Declaration of Interest:

Disclosable Pecuniary Interests)	Details can be found in the Councillors Code of Conduct which is contained in the Council's Constitution (a summary is printed below)
)	
)	
Non Pecuniary Interests)	

Upon receipt of the attached form you will need to enter the name and date of the Committee and your own name. By looking at the Agenda you will no doubt know immediately which Agenda Items will require you to make a Declaration of Interest.

Fill in the Agenda Item number in the first column of the form.

Enter the subject matter and any explanations you may wish to add in the second column.

In the third column you will need to enter **either** if you are declaring a disclosable pecuniary interest, **or** a non pecuniary interest.

The form must then be signed and dated. Please remember that if during the actual meeting you realise that you need to declare an interest on an additional Agenda Item number please simply amend the form during the meeting.

The form must be handed into the Committee Administrator at the end of the meeting.

NB. The following is a summary prepared to assist Members in deciding at the actual meetings their position on INTERESTS it is not a substitute for studying the full explanation regarding INTERESTS, which is contained in the Council's Constitution and the Code of Conduct for Councillors, which is legally binding.

Members and Officers are welcome to seek, PREFERABLY WELL IN ADVANCE of a meeting advice from the Council's Monitoring Officer on INTERESTS.

Disclosable Pecuniary Interests

May relate to employment, office, trade, profession or vocation carried on for profit or gain
May relate to sponsorship
May relate to contracts
May relate to interests in land
May relate to licences to occupy land
May relate to corporate tenancies
May relate to securities

Action to be Taken

Must disclose to the meeting
- existence of the interest
- the nature of the interest
- withdraw from the room
- not seek improperly to influence a decision on the matter

Non Pecuniary Interests

May relate to any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the Council
May relate to any person from whom you have received a gift or hospitality with an estimated value of at least £25
A Member may also have a non pecuniary interest where a decision in relation to that business might reasonably be regarded as affecting wellbeing or the wellbeing of other council tax payers, or ratepayers or inhabitants in the electoral division or ward, as the case may be, affected by the decision.

Action to be Taken

Must disclose to the meeting
- existence of the interest
- the nature of the interest
- not seek improperly to influence a decision on the matter.

(Note – there are special provisions relating to “Sensitive Interests” which may exclude the above provisions in certain circumstances.)

BASSETLAW DISTRICT COUNCIL

CABINET

5th JANUARY 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

THE COUNCIL TAX REDUCTION (BASSETLAW DISTRICT COUNCIL) SCHEME 2016/17

Cabinet Member: Co-operatives
and Corporate Services
Contact: Mike Hill
Ext: 3174

1. **Public Interest Test**

1.1 The author of this report, Mike Hill, has determined that the report is not confidential.

2. **Purpose of the Report**

2.1 To set out the Council's scheme for Council Tax Reduction (CTR) for 2016/17. This must be in place (following Council approval) by 31st January 2016, to come into effect from 1st April 2016. This will replace the Council Tax Reduction (Bassetlaw District Council) Scheme 2015/16.

3. **Background**

3.1 Prior to 1st April 2013, all local authorities were reimbursed the full costs of awarding council tax benefit via a subsidy grant from central government. In order to reduce the financial pressures of the Welfare system, the Chancellor introduced changes to the system which required local authorities and residents to take a share of the financial burden.

3.2 Amendments to section 10 of the Local Government Finance Act 2012, included the requirement for each billing authority to set a local scheme by the end of January for Council Tax Reduction by way of discounts for residents in "financial need".

3.3 The Secretary of State has the powers to prescribe by regulations, additional requirements which must or must not be included in a scheme. These are contained within The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 and the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations. These regulations are updated annually, and essentially protect people of pensionable age from the restrictions a Local Authority may have in its local Council Tax Reduction Scheme. It also includes provision to allow for annual uprating of allowances and premiums without this being classed as a material change to the scheme, which would then require consultation.

3.4 The Department for Communities & Local Government (DCLG) also issued guidance on other administrative matters to be considered, such as duties to vulnerable people, and that schemes should contain work incentives. The Bassetlaw CTR Scheme will continue to contain

all of these in the form of income and earnings disregards (in line with Housing Benefit levels), and protection from restricted liability for severely disabled people (working-age vulnerable).

The Current Council Tax Reduction Scheme 2015/16

3.5. The Council set the 2015/16 Council Tax Reduction Scheme in January 2015, and it came into force from 1st April 2015. This is the third year of the new arrangements, with the limit being set at 92% for 2013/14, and 90% for 2014/15. Although it is a combined scheme for people of pension age and working age, the requirements for those of pension age are prescribed as stated in paragraph 3.3 above.

3.6 The main features of the 2015/16 CTR local scheme for working-age residents are:

- A maximum limit on the net Council Tax liability (after other discounts) is used to calculate Council Tax Reduction. This limit is 90% of the net annual liability therefore working-age claimants (Class D and E) pay at least 10% of the Council Tax charge. Those of pensionable age and those who are working-age but severely disabled (vulnerable) are still calculated based on 100% of the liability.
- The scheme identifies each class of person entitled to a reduction. The current scheme has the following classes:

Class A	Pensioners whose income is less than the applicable amount	100%
Class B	Pensioners whose income is greater than the applicable amount	100%
Class C	Pensioners - alternative maximum council tax reduction (second adult rebate)	100%
Class D	Persons who are not pensioners whose income is less than the applicable amount	90%
Class E	Persons who are not pensioners whose income is greater than the applicable amount	90%
Class F	Does not apply to the Bassetlaw scheme – previously working-age second adult rebate	Not applicable
Class G	Persons who are not pensioners who are protected under this scheme (vulnerable class)	100%

- The Council's definition of a person within Class G would be where the claimant or partner qualifies for the Severe Disability Premium in the calculation of Housing Benefit or other Department for Work and Pensions (DWP) benefits. This class of person is protected from any restrictions and therefore their Council Tax Reduction is based on 100% liability.
- The Bassetlaw Scheme also includes a full disregard of War Disablement Benefit and War Widows/Widowers Pension, agreed under the Council's Housing Benefits and Council Tax Reduction (disregard of income) Local Scheme Policy.
- A fund has already been set aside under the Council Tax Discretionary Fund Policy to offer help to those experiencing exceptional hardship. It can also be used to fund any further discretionary reductions to the Council Tax due as prescribed under section 13A 1(c) of the Local Government Finance act 2012 e.g. for successful appeals.
- The current scheme has no backdating provision for awards of Council Tax Reduction.

- Second Adult Rebate for working-age claims (Class F) was not included in Bassetlaw's scheme from April 2013, but is included for people of pensionable age under the prescribed requirements (Class C).

Funding Arrangements

- 3.7 In 2012/13 the cost of council tax benefit was circa £9.0m. By introducing the new council tax reduction scheme for 2013/14, the Chancellor cut the cost of welfare by 10%, meaning that local authorities would only receive 90% of the cost of providing council tax benefit as a reimbursement, giving a shortfall of £0.9m to be shared amongst the precepting authorities.
- 3.8 The reimbursement grant is payable as part of the Revenue Support Grant mechanism in proportion to the Council tax bill i.e. County 74%, Bassetlaw 11%, Police 11% Fire 4%. For Bassetlaw, its share of the cost was circa £1.0m and received circa £0.9m back in grant i.e. a net cost of £0.1m for the authority. This was funded through a combination of budget savings and the 92% CTR scheme for the local residents.
- 3.9 This funding is no longer separately identified or ring-fenced and it is reasonable to assume that it has therefore been reduced in line with the annual reduction to the Revenue Support Grant. Therefore any shortfall in funding of the Council Tax Reduction Scheme has to be bridged by any combination of:
- raising more income through changes to the Council Tax empty property discounts;
 - additional income raised through Business Rates Retention;
 - reducing the total spend on the Council Tax Reduction Scheme;
 - raising income through other service efficiencies.
- 3.10 Previous shortfalls between the cost of the CTR scheme and the funding (£0.9m as per para. 3.7) were met by amending the Council Tax discounts on empty properties (which raised £0.6m), and decreasing spend on the scheme itself by changing the maximum entitlement available from 92% to 90% (which saved £0.2m).
- 3.11 The current scheme was agreed for 2015/16 based on a caseload and expenditure forecast, including a 1.5% Council Tax increase. The caseload has reduced during 2015/16 mainly due to a Government initiative to match data with HM Revenues & Customs (HMRC) and income data held on claims. This has resulted in some claims being cancelled as they are no longer eligible and others having reduced entitlement. The caseload started the year at 9,376 claimants and as at 30th November, this has reduced to 9,063 claimants, which will mean less is spent on the scheme in 2015/16 than previously estimated.

Claim Group	Caseload @ 1 st April 2014	Caseload @ 1 st April 2015	Actual expenditure on CTR 2014/15	Estimated Expenditure on CTR 2015/16 @ 30 th November
Pension-age (prescribed scheme)	4,800	4,576	£3,969,094	£3,765,631
Vulnerable group (local scheme)	377	505	£433,701	£488,433
Working-age Employed (local scheme)	1,061	1,004	£550,672	£442,773
Working-age other-				

Unemployed (local scheme)	3,634	3,291	£2,837,674	£2,842,417
SUB-TOTAL	9,872	9,376	£7,791,141	£7,539,254
Additional sum set aside for the disregard of War pensions				£25,000
Additional sum set aside for CTR Discretionary hardship awards				£25,000
Contingency set aside for sudden increase in claims				£50,000
Total Expenditure budget for 2015/16 scheme				£7,639,254

3.12 Looking forward to 2016/17, the Spending Review has suggested that local authorities will be allowed to raise council tax by an additional 2% to support social care. It is therefore estimated that the average council tax for Bassetlaw and its preceptors will increase by 3.4%. Assuming no other changes are made to the scheme, the estimated expenditure for 2016/17 is as follows:

Claim Group	Current caseload @ 30th November	Estimated expenditure 2016/17
Pension-age (prescribed scheme)	4,400	£4,014,883
Vulnerable group (local scheme)	545	£482,547
Working-age employed (local scheme)	774	£444,637
Working-age other-Unemployed (local scheme)	3,344	£2,817,099
SUB-TOTAL	9,063	£7,759,166
Additional sum set aside for the disregard of War pensions		£25,000
Additional sum set aside for CTR Discretionary hardship awards (subject to agreement by delegated decision)		£30,000
Contingency set aside for sudden increase in claims		£50,000
Total estimated expenditure budget requirement 2016/17		£7,864,166

3.13 Based on these forecasts, officers would anticipate that a scheme based on a 90% limit on council tax reduction would still be affordable for 2016/17.

The Impact of the Council Tax Reduction Scheme on Collection

3.14 Prior to the new scheme, some households were eligible for 100% Council Tax Benefit, but the introduction of the Council Tax Reduction Scheme in April 2013 meant that only those of pensionable age were able to access 100% help through the Government's prescribed scheme.

3.15 Those of working age are currently able to apply for a maximum award of 90% of their Council Tax liability. Therefore, every working-age household must contribute a minimum of 10% of their Council Tax bill. The table below shows that there has been a minimal impact on the overall collection rate achieved.

Year	% collected
2012/13	97.32%
2013/14	97.24%
2014/15	97.03%
2015/16 up to Q2	51.11% (on target)

3.16 The Council has seen a general increase in the number of reminders issued, which could be an early indicator that any increase in the minimum contribution could have an adverse effect on the ability to pay, and on the Council's costs of recovery. However, the numbers of summons issued have remained at similar levels over the last two years, indicating that those that are sent a reminder are paying, but paying late.

	1st reminder	Summons
2014/15 (1 st 6 months)	1,079	951
2015/16 (1 st 6 months)	2,711	976

3.17 For information, the Council does operate a Council Tax Discretionary Fund, which gives help to people who are experiencing exceptional circumstances or where there is a successful appeal.

Future Options for 2017/18

3.18 With the Revenue Support Grant expected to cease by 2019/20, the Council's ability to meet the continued costs of the CTR scheme will diminish. This means that during the period 2016-2020 Bassetlaw will lose circa £0.6m of grant originally designated as support funding for the Council Tax Reduction scheme.

3.19 The impact of this withdrawal will require Members to carefully consider the options available. This may involve protecting the CTR scheme and reducing services elsewhere within the Council, or making changes to the CTR scheme which will reduce the level of support and pass further costs onto local residents.

3.20 There are many variables that form the basis of the current scheme, and all of these would need to be considered. However three such examples are outlined below:

- A further reduction in the maximum eligible Council Tax Reduction from the 90% limit i.e. each 1% reduction would reduce expenditure by an estimated £40k (for example moving to an 85% limit would reduce expenditure by £200k).
- A reduction in the capital limit from £16k to £10k, which would reduce expenditure in the scheme by approximately £9k.
- Restrict any entitlement to Council Tax Reduction to the equivalent of a Band B property. This would reduce expenditure by an estimated £30k.

3.21 Future changes of this nature to the main CTR Scheme, must have a minimum of 8 weeks consultation and the scheme cannot be changed mid-year. Therefore to meet funding shortfalls in future years, work would need to start in designing a new scheme for 2017/18 in the summer of 2016.

Neighbouring Authorities

3.22 It is always important for a local authority to understand its positioning with regard to its neighbours. The current CTR scheme % limits for 2015/16 are provided in the table below:

	% Limit
Ashfield	100
Bassetlaw	90
Broxtowe	100
Gedling	100
Mansfield	90
Newark & Sherwood	80
Nottingham City	80
Rushcliffe	91.5

4. Implications

a) For service users

The recommendations will mean that the current scheme would continue for another year and that working-age recipients would continue to contribute at least 10% of the Council Tax charge (unless they were in the vulnerable class).

Claimants of pensionable age and those deemed as within Class G (vulnerable) will continue to be unaffected by restrictions to the maximum Council Tax Reduction amount as prescribed by legislation.

b) Strategic & Policy

There will be implications on the budget strategy moving forward, as central government grant is removed and changes to the CTR scheme are made.

c) Financial - Ref: 16/244

The financial implications are provided within the report. The estimated expenditure on maintaining the existing scheme in 2016/17 is £7.864m and assumes a 3.4% increase in the Council Tax from April 2016.

d) Legal – Ref: 337/01/16

The Council Tax Reduction (Bassetlaw District Council) Scheme 2016/17 will take effect from 1st April 2016.

The Secretary of State has the powers to prescribe by regulations, additional requirements which must or must not be included in a scheme. These are contained within The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 and the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations.

The DCLG issues these amendments to the prescribed requirements together with the annual uprating of Allowances and Premiums in December 2015. These are not yet published therefore the schedules within the draft scheme include the 2015/16 amounts. A

final version of the scheme and updated schedules will be appended to the report that is referred to full Council in January.

e) Human Resources

None arising from this report.

f) Community Safety, Equalities, Environmental

The Equality Impact assessment has been reviewed with no issues identified.

g) This is Key Decision No. 533.

5. Options, Risks and Reasons for Recommendations

- 5.1 The Council Tax Reduction Scheme is a local scheme for working age people, set by the billing authority each year, and Members asked that matters affecting the scheme be reported back annually. There is a fine balance between the cost of the scheme, the available funding and the ability of people on low incomes being able to afford to pay their Council Tax. Although there was a change to the main element of the scheme in April 2014 (from a 92% limit to a 90% limit) this has not adversely affected overall collection rates. There is a risk that any further change to the scheme could result in more people falling into arrears and collection costs increasing.
- 5.2 There is no option to change the scheme relating to pensioners as this is a prescribed scheme which protects this group from changes within the Council's local scheme. Therefore the funding associated with this group (£4.0m out of £7.9m) must be maintained.

6. Conclusions

- 6.1 It is anticipated that the funding available in the collection fund for 2016/17 will be sufficient to make no changes to the current CTR scheme (as set out in para. 3.6) except for the annual uprating of allowances and premiums to bring these in line with those of Housing Benefit.
- 6.2 A copy of the full scheme, as amended for uprating and any changes to the prescribed scheme, will be made available in the Members' Room.

7. Recommendations

- 7.1 That the Council Tax Reduction (Bassetlaw District Council) Scheme 2016/17, to apply from 1st April 2016, be recommended to the Council meeting on 28th January 2016 for approval and adoption, and the following be agreed:
1. That there are no changes to the Council Tax Reduction scheme for working age people as described in para. 3.6 of this report, except for the annual uprating and amendments of allowances and premiums in line with Housing Benefit levels from April 2016.
 2. That the Housing Benefits and Council Tax Reduction (disregard of income) Local Scheme Policy continues to apply within the Council Tax Reduction Scheme for 2016/17 in respect of war disablement and war widows pension disregards.

Background Papers**Location**

Equality Impact Assessment (reviewed Dec 2015) (ref- 01/1314)

SRBM

Council Tax Reduction Scheme (Bassetlaw District Council) 2016/17
Council Tax Reduction Scheme Appendix B (Schedules 1-10)

Members' Room
Members' Room

BASSETLAW DISTRICT COUNCIL

CABINET

5th JANUARY 2016

REPORT OF THE DIRECTOR OF COROPORATE RESOURCES

CALCULATION OF COUNCIL TAX BASE 2016/17

Cabinet Member: Finance
Contact: M Hill
Ext. 3174

1. Public Interest test

1.1 The author of this report, Mike Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 To set out and approve the calculation of the Council's 2016/17 tax base as required by The Local Government Finance Act 1992 in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

3. Background and Discussion

3.1 The Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the council tax base regulations), specify the formulae for calculating the council tax base, which must be set each year between 1st December and 31st January.

3.2 The 'billing authority' must calculate the tax base based on information contained in its Council Tax valuation list on the 30th November in the year immediately preceding.

3.3 The tax base calculations for Bassetlaw are also used by Nottinghamshire County Council as well as the Nottinghamshire Police and Crime Commissioner and Combined Fire Authority to determine their respective levies for 2016/17. Additionally the figures are used by the 57 local parish and town councils throughout Bassetlaw.

3.4 The council tax base is a measure of the number of dwellings on which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating an authority's Band D council tax. The tax base calculation has changed to take into account the introduction of the local Council Tax Reduction scheme which commenced in 2013/14.

3.5 Under this scheme, the council tax base is affected by whether persons living in a dwelling within an authority area are in receipt of a council tax reduction award, as the billing authority foregoes council tax income from those dwellings. These local council tax reductions are reflected in the calculation of the council tax base, in order

to calculate the correct amount of Band D council tax for the billing and precepting authorities in the area.

- 3.6 For Council Tax purposes, properties are placed in different property 'bands' based broadly on the value of the property, using April 1991 as the baseline valuation date. The band is used to determine the Council Tax levied for that property.
- 3.7 The Council's basic tax figure is calculated in respect of Band D. Other bands are then calculated as a fraction of the tax at Band D.

The fractions applicable to the various Council Tax bands are as follows:

Band	A	B	C	D	E	F	G	H
Fraction	6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths

- 3.8 The tax base calculation is determined by identifying the number of properties liable to be levied and the banding in which the properties are placed and then applying relevant exemptions, discounts, including the local Council Tax Reduction scheme, and banding reductions. The information is compiled for each parish/town council and the authority's tax base is built up from these bands. The resultant figures are then adjusted to the number of Band D equivalents by applying the proportions shown above.
- 3.9 As can be seen in Appendix 1, the total number of dwellings in Bassetlaw is 51,368 (line 1). Once adjusted for discounts, exemptions, premiums and band reductions this figure reduces to 46,762.0 (line 14). The total is then converted into the number of Band D equivalents, 38,413.89 (line 16). The figure is finally adjusted for the local Council Tax Reduction scheme (line 18) to produce the tax base figure of 33,917.96 properties (line 19).
- 3.10 The final Band D equivalent figure is then further adjusted to allow for a provision of growth of housing stock, any anticipated losses on collection, and any other relevant foreseen adjustments. A final tax base figure is then obtained, shown on Appendix 1 as 33,079.77 Band D properties.
- 3.11 Regulations under the Localism Act enacted as an amendment to the LGFA 1992 state that a Council should calculate a tax base. The tax base recommended on the attached appendices is 33,079.77 properties, net of reduction, discounts and growth. This tax base shows an increase in Band D equivalents of 534.42 properties compared to the tax base set for 2015/16. This in turn will result in additional income for all preceptors.

4. **Implications**

a) For Service Users

The tax base forms the basis of the Council Tax levels for 2016/17 for Bassetlaw's Council Tax payers. The amount required to be met from Council Tax for 2016/17 (to be approved by Council on 7th March 2016) will be divided by the tax base set to determine the Bassetlaw District Council charge.

b) Strategic & Policy

The income received from Council Tax is key to financing the provision of Council services.

c) Financial – Ref: 16/337

The tax base forms the basis of the Council's Council Tax setting resolution for 2016/17 which is due to be considered by full Council on 7th March 2016.

The adjusted Bassetlaw tax base must be notified to Nottinghamshire County Council and to respective Police and Fire Authorities before 31st January 2016.

The Parish tax base figures are notified individually to the Parish Councils in order that they may determine their level of precept on Bassetlaw District Council.

The tax base calculation performed as at 30th November 2015 is subject to a collection rate factor which has been set at 98%.

d) Legal – Ref: 338/01/16

The relevant regulations place a legal requirement on a billing authority to set a tax base.

e) Human Resources

None from this report.

f) Community Safety, Equalities, Environmental

None from this report.

g) This is Key Decision No. 531.

5. Options, Risks and Reasons for Recommendations

5.1 The Council has a statutory obligation to set a tax base and to notify precepting authorities. To not set a tax base would mean a breach of the statutory requirement and there would be no basis on which to set a Council Tax for 2016/17.

5.2 Setting the Council tax base is the first step in determining the Council Tax for 2016/17. The tax base must be determined and notified to other relevant bodies by 31st January each year.

6. Recommendations

6.1 Cabinet agrees that the Council tax base for the year 2016/17 shall be 33,079.77 Band D properties, subject to the Council Tax Reduction Scheme being agreed as proposed at this meeting.

6.2 That Cabinet recommends to Council the calculations set out in Appendix 1 to agree the Council tax base calculation for the district for 2016/17 and instructs officers to notify this figure to the major precepting authorities.

6.3 That Cabinet recommends to Council the calculations set out in Appendix 2 figures which are tax bases for parts of the area and instructs officers to notify the 2016/17 tax base to Town and Parish Councils, Parish Meetings and Charter Trustees as soon as is practicable.

Bassetlaw District Council - Council Tax Base 2016/17

	1	2	3	4	5	6	7	8	9	10	
Dwellings shown on the Valuation List for the authority on 30th November 2015	Band A entitled to disabled relief reduction	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	TOTAL	
1	Total number of dwellings on the Valuation List		26,492	7,613	6,160	5,928	3,017	1,430	673	55	51,368
2	Number of dwelling on valuation list exempt on 30th November 2015 (class B & D to W exemptions)		397	81	61	46	19	7	11	1	623
3	Number of demolished dwellings on 30th November 2015		0	0	0	0	0	0	0	0	0
4	Number of chargeable dwellings on 30th November 2015 (lines 1-2-3)		26,095	7,532	6,099	5,882	2,998	1,423	662	54	50,745
5	Number of chargeable dwellings in line 4 subject to disabled reduction on 30th November 2015		141	56	63	51	28	17	13	11	380
6	Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	141	56	63	51	28	17	13	11		380
7	Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6)	141	26,010	7,539	6,087	5,859	2,987	1,419	660	43	50,745
8	Number of dwellings in line 7 entitled to a 25% discount by virtue of occupancy on 30th November 2015	49	10,434	2,259	1,615	1,222	480	213	79	4	16,355
9	Number of dwellings in line 7 entitled to a 50% discount by virtue of occupancy on 30th November 2015	0	22	7	4	9	6	12	20	2	82
10	Number of dwellings in line 7 entitled to a 25% discount by virtue of being empty less than 6 months on 30th November 2015		439	97	57	52	21	7	5	0	678
11	Number of dwellings in line 7 entitled to a 25% discount by virtue of being empty and uninhabitable on 30th November 2015		41	5	2	3	2	1	1	0	55
12	Number of dwellings in line 7 assumed to be entitled to no discounts (line 7-8-9-10-11)	92	15,074	5,171	4,409	4,573	2,478	1,186	555	37	33,575
13	Number of dwellings in line 7 subject to a 50% surcharge by virtue of being empty more than 2 years on 30th November 2015		124	41	19	12	5	8	9	2	220
14	Total equivalent number of dwellings after discounts, exemptions and disabled relief (to 2 decimal places) ((line 8 x 0.75) + (line 9 x 0.5) + (line 10 x 0.75) + (line 11 x 0.75) + (line 12) + (line 13 x 1.5))	128.75	23,456.50	7,006.75	5,695.00	5,553.25	2,865.75	1,369.75	642.25	44.00	46,762.00

		5/9	2/3	7/9	8/9	1	1 2/9	1 4/9	1 2/3	2	
15	Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
16	Number of Band D equivalents (to 2 decimal places) (line 14 x line 15)	71.53	15,637.67	5,449.69	5,062.22	5,553.25	3,502.58	1,978.53	1,070.42	88.00	38,413.89
17	Tax base for Revenue Support Grant purposes										38,413.89
18	Reduction in tax base due to Council Tax Reduction Scheme										4,495.93
19	Tax base before adjustment for growth										33,917.96

Estimate of dwellings due for completion by 31.03.16 not yet on Valuation List	40.42	
Estimate of new building coming on stream in 2016/17	22.86	
Estimate of reduction in empty home income	-14.00	
Estimate of growth in cost of Council Tax Reduction Scheme	-59.66	
Additional growth in Council Tax Reduction Scheme assuming 3.4% CT increase	-152.74	
Total	33754.84	
Collection Adjustment (98%)	-675.07	
Taxbase for Bassetlaw for 2016/17 (2015/16 in brackets)	33,079.77	(32545.35)

Bassetlaw District Council - Parish Council Tax Base 2016/17

Parish/Town	Area Council Tax Base
Askham	80.73
Babworth	222.12
Barnby Moor	111.78
Beckingham-cum-Saundby	470.88
Blyth	478.44
Bole	49.05
Bothamsall	97.56
Carburton	24.84
Carlton-in-Lindrick	1583.10
Clarborough & Welham	384.84
Clayworth	141.03
Clumber & Harwick	33.66
Cuckney	77.94
Dunham-on-Trent with Ragnall, Fledborough & Darlton	212.76
East Drayton	114.57
East Markham	471.78
East Retford Charter Trustees	6582.06
Elkesley	227.34
Everton	361.08
Gamston with West Drayton & Eaton	239.58
Gringley-on-the-Hill	327.06
Harworth & Bircotes	1856.79
Haughton	20.34
Hayton	155.43
Headon-cum-Upton with Grove & Stokeham	152.64
Hodsock	570.51
Holbeck & Welbeck	123.39
Laneham	145.26
Lound	188.82

Parish/Town	Area Council Tax Base
Markham Clinton	93.24
Mattersey	241.65
Misson	265.59
Misterton	705.78
Nether Langwith	137.07
Normanton-on-Trent with Marnham	197.55
North Leverton with Habbleshthorpe	263.88
North & South Wheatley	339.48
Norton	53.10
Rampton	269.82
Ranskill	488.34
Rhodesia	214.47
Scaftworth	17.19
Scrooby	130.32
Shireoaks	445.95
South Leverton	192.78
Sturton-le-Steeple	192.87
Styrrup with Oldcotes	243.54
Sutton	257.58
Torworth	83.25
Treswell with Cottam	118.44
Tuxford	770.49
Walkeringham	350.19
Wallingwells	14.40
West Burton	6.66
West Stockwith	110.97
Wiseton	44.19
Worksop Charter Trustees	11325.60
TOTAL	33079.77

BASSETLAW DISTRICT COUNCIL

CABINET

5th JANUARY 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

BUSINESS RATE BUDGET 2016/17

Cabinet Member: Finance
Contact: Mike Hill
Ext: 3174

1. Public Interest Test

1.1 The author of this report, Mike Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 To set the Council's estimated net yield from local business rates for 2016/17, which will be used to calculate Bassetlaw's share for the purpose of budget setting in the February 2016: *General Fund Revenue Budget 2016/17 to 2018/19* Cabinet report.

3. Background and Discussion

Methodology

3.1 Traditionally, central government requires all local billing authorities to complete a return (*called the NNDR1 return*), which sets out the business rate income baseline for the purposes of budget setting.

3.2 Prior to 2013/14, the *NNDR1 return* informed government of how much the Council was due to collect and pay over to the Department for Communities and Local Government (DCLG), and this was then amalgamated with all other billing authority *NNDR1 return* submissions to determine the size of the national business rate pot. This was then redistributed back to individual Councils using population statistics.

3.3 The Business Rates Retention Scheme came into operation on 1st April 2013, and although the arrangements are very similar to before, the importance of this return has changed significantly. With the projected withdrawal of Revenue Support Grant by 2019/20, business rate income is fast becoming the most significant source of income for the Council.

3.4 The arrangements now enforce a direct link between the *NNDR1 return* and the amount of business rates retained by the Council. The total is currently allocated on the basis of:

- 50% to be paid to the Central Government;
- 40% allocated to the District Council;
- 9% to be paid to the County Council;
- 1% to be paid to the Fire & Rescue Authority.

- 3.5 From this figure, further calculations are applied for tariffs or top-up's, and safety net payments or levies, before arriving at an individual business rate budget for a local authority for 2016/17.
- 3.6 Bassetlaw currently pays a tariff i.e. the 40% retained business rate income is much higher than central government deems to be required, and therefore a tariff is payable back to central government for distribution to other councils that require a top-up payment i.e. most Unitary and County Councils.
- 3.7 The position as regards to whether a safety net is receivable or a levy is payable is less clear, as it depends upon how much income is collected in year when compared against the government's baseline position i.e. what central government expected Bassetlaw to collect.

Pooling

- 3.8 From 1st April 2013, all of the seven Nottinghamshire District Councils joined forces with Nottinghamshire County Council to form a business rates pool. This arrangement works exactly the same as for an individual authority, except the tariff or top-up, and the safety net payment or levy, is calculated on the Pool as a single entity.
- 3.9 This approach has enabled a greater level of financial resources to be retained within Nottinghamshire, as the 50% levy paid by a district council on business rate growth would ordinarily be paid to central government, whereas under the pooling arrangements, this is retained locally and redistributed back to partner authorities. It also affords the same degree of protection against volatility of business rates as would have occurred without the pool i.e. a safety net payment for any reduction in business rates income below 92.5% of the expected baseline figure.
- 3.10 Another benefit from joining the pool is the assurance against the volatility of business rates. Circa 45% of Bassetlaw's business rate income is receivable from only thirteen hereditaments, and this includes four power stations. All business rates income is subject to appeal or business closure, and therefore a sudden loss in any one of these thirteen hereditaments (of which five are currently under appeal) would have a major impact on the finances of the Council.
- 3.11 For the 2013/14 outturn, Bassetlaw received a safety net payment from the Pool of £1.3m. In 2014/15, Bassetlaw generated a business rate surplus payable to the Pool of £0.8m, and the projected outturn for 2015/16 is a contribution to the Pool of £1.4m.
- 3.12 At the Nottinghamshire Chief Executive's Group meeting in July 2015 it was agreed that:
- Any Pool surplus generated in 2013/14 would be retained by the Combined Authority (did not Apply to Bassetlaw as in a safety net position);
 - 50% of the Pool surplus generated in 2014/15 would be retained by the Combined Authority and 50% would be returned to Pool members in line with the terms set out in the Memorandum of Understanding. From this arrangement Bassetlaw has received a £0.4m pay-out;
 - Similar arrangements to apply in future years, with the Chief Executives reviewing and agreeing the 50/50 distribution annually.

Calculation

- 3.13 Part 2 of the Non-Domestic Rating (Rates Retention) Regulations 2013 require all billing authorities to calculate the following amounts and to notify these to the Secretary of State and any relevant precepting authorities by 31st January each year via the *NNDR1 return*:
- (a) *the amount of the central share of its non-domestic rating income;*
 - (b) *the amount of each relevant precepting authority's share of its non-domestic rating income in accordance with regulation 5;*
 - (c) *the amount (if any) to be deducted from the central share payment in accordance with regulation 4(1);*
 - (d) *the amount of each relevant precepting authority's share of any amount to be deducted from the central share payment in accordance with regulation 4(1);*
 - (e) *the amount (if any) specified by regulation 7(2).*
- 3.14 The intention of this report is for Cabinet and ultimately full Council, to set the Business Rate budget for 2016/17. This is entirely based on the figures resulting from the *NNDR1 return*.
- 3.15 Line 25 of Appendix 1 provides the officers' latest forecast of business rates to be collected in 2016/17 of £55.7m, with Bassetlaw's share before taking account of the tariff payment being £22.7m. The provisional Local Government Finance Settlement has set the tariff at (£15.4m) giving a net benefit to Bassetlaw of £7.3m.
- 3.16 This figure is high because it takes three financial years to filter the total effects of each year's business rate collections into the accounts, and the addition of the new West Burton B power station into the rating valuation list during 2014/15 will still impact on the 2016/17 financial year. For this reason, the declared surplus at the end of 2015/16 will be utilised to mitigate previous year's deficits held in each of the major preceptors' balance sheets.

4. Implications

- a) For service users

Services continue to be funded by a combination of locally retained business rates and Revenue Support Grant. However the business rates quantum is relatively fixed, so central government is using the Revenue Support Grant element to manage reductions in the central budget aligned with the well-publicised cuts in national public spending.

- b) Strategic & Policy

The manner in which local government is funded will continue, but with total funding levels being eroded over time.

- c) Financial - Ref: 16/241

The provisional Local Government Finance Settlement was announced on 17th December 2015, with Revenue Support Grant being set at £1.907m and baseline retained business rates of £3.712m for 2016/17.

The Chancellor has proposed to remove the Revenue Support Grant by 2019/20 and replace the mechanism with 100% of business rates by this date. Further announcements are awaited.

- d) Legal – Ref: 342/01/16

The Council has a duty under The Non-Domestic Rating (Rates Retention) Regulations 2013 (previously the Local Government Finance Act 1988) to prepare a business rate retention scheme and consider potential policy arrangements available within Nottinghamshire.

- e) Human Resources

None.

- f) Community Safety, Equalities, Environmental

The business rate retention scheme has been subject to an initial Equality Impact Assessment for Bassetlaw. There is no need to progress to a full EIA, as there is no evidence of any potential adverse impact.

- g) This is Key Decision No. 532.

5. Options, Risks and Reasons for Recommendations

- 5.1 The figures reported in the Appendix represent the best estimates of the likely retained business rates forecast for 2016/17 and associated surplus at the end of 2015/16. The final *NNDR1 return* and any associated changes to this report will be reported to Members as part of the referral to the Extraordinary Council meeting on 28th January 2016.

6. Recommendations

- 6.1 That Cabinet approves the provisional calculation of the *NNDR1 return* for 2016/17 as follows:
- the net yield from local business rates of £48.390m;
 - the cost of collection allowance of £0.174m;
 - the amounts retained in respect of renewable energy schemes of £0.460m;
 - the declared surplus at the end of 2015/16 of £6.699m.
- 6.2 That Cabinet recommends this report to the Extraordinary Council on 28th January 2016 where the final figures from the *NNDR1 return* for 2016/17 will be considered.

Background Papers

Location

Head of Finance & Property office

NATIONAL NON-DOMESTIC RATES RETURN - NDR1
2016-17

Please e-mail to: nldr.statistics@communities.gsi.gov.uk by no later than 31 January 2016.
In addition, a certified copy of the form should be returned by no later than 31 January 2016 to the same email address

All figures must be entered in whole £

Please check the validation tabs and supply answers to the validation queries that require a comment

Local Authority : **Bassetlaw**

Ver 1

PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of 2016-17 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Bassetlaw	Column 3 Nottinghamshire County Council	Column 4 Nottinghamshire Fire Authority	Column 5 Total
Retained NDR shares					
13. % of non-domestic rating income to be allocated to each authority	£ 50%	£ 40%	£ 9%	£ 1%	£ 100%
Non-Domestic Rating Income for 2016-17					
14. Non-domestic rating income from rates retention scheme	24,194,851	19,355,881	4,355,073	483,897	48,389,702
15. (less) qualifying relief in Enterprise Zones	0	0	0	0	0
16. Not used this year					
17. TOTAL:	24,194,851	19,355,881	4,355,073	483,897	48,389,702
Other Income for 2016-17					
18. add: cost of collection allowance		174,205			174,205
19. add: amounts retained in respect of Designated Areas		0			0
20. add: amounts retained in respect of renewable energy schemes		460,000	0		460,000
21. add: qualifying relief in Enterprise Zones		0	0	0	0
22. add: City of London Offset		0			0
23. Not used this year					
Estimated Surplus/Deficit on Collection Fund					
24. Estimated Surplus/Deficit at end of 2015-16	£ 3,349,970	£ 2,679,975	£ 602,994	£ 66,999	£ 6,699,938
TOTAL FOR THE YEAR					
25. Total amount due to authorities	£ 27,544,821	£ 22,670,061	£ 4,958,067	£ 550,896	£ 55,723,845

BASSETLAW DISTRICT COUNCIL

CABINET

5th JANUARY 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

HOUSING CAPITAL PROGRAMME 2016/17 TO 2020/21

Cabinet Member: Finance
Contact: Mike Hill
Ext: 3174

1. Public Interest Test

1.1 The author of this report, Mike Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 To consider and approve the Housing Capital Programme for 2016/17 to 2020/21.

3. Background and Discussion

3.1 As part of the arrangements for the new HRA self-financing regime, the Council prepared a 30 year Business Plan which identified the levels of capital expenditure required to maintain council housing stock at the 'Decent Homes' standard prescribed by central government into future years.

3.2 As a result of this work, an initial five year capital programme was developed for the period 2012/13 to 2016/17, which covered the four elements of:

- Decent Homes;
- Fuel Poverty;
- Crime & Disorder;
- Disability.

3.3 As the fourth year is now coming to an end, the Business Plan has been fully developed into a 'live' model that is updated on a continuous basis to reflect any changes that materialise. The commitment made in the original Business Plan regarding the first five years of the capital programme remains in place, with later years being added and revised according to latest information. This is important as 2013/14 heralded the end of the Decent Homes funding, and this programme now looks at wider agendas and is therefore more balanced and diverse.

Major Improvements

- 3.4 In considering the schemes and the funding available, the first task is to maintain the Decent Homes standard going forward. Appendix 1 shows that a total of £21.8m has been identified as a five-year commitment to maintain the housing stock at minimum decency levels.

Green Energy

- 3.5 One of the biggest risks to the financial stability of Bassetlaw's tenants is their ability to pay energy bills and a level of household income that prevents them from being classed as 'fuel poor'. The aim of this set of priorities in the capital programme is to minimise fuel poverty wherever possible, ensuring properties have good levels of insulation, A-rated boilers, solar PV, renewable energy and efficient well maintained district heating schemes. A1 Housing set itself a target of 20% of the stock to be on some form of renewable heating by 2020.
- 3.6 A1 Housing have developed a sound tradition of pioneering air source and ground source heat pumps to properties that were previously dependent on expensive heating systems. A number of schemes have therefore been included in the 2016/17 – 2020/21 Capital Programme. The programme areas identified in Appendix 1 cumulate in an investment of £4.0m over the five years covered in this report, with £1.0m being recommended for 2016/17. Expenditure will be committed to renewable energy schemes, external wall insulation to solid wall properties, boiler and heating replacements.

Decent Neighbourhoods

- 3.7 Other emerging priorities are anti-crime and community safety measures. The commitment to this is for £1.3m in 2016/17, with an outline total of £4.7m invested by the end of 2020/21.
- 3.8 This priority group of projects includes not just property protection, but also environmental protection to assist with community wide safety. Crime risk can be minimised in the home with 'Secured by Design' windows and doors, but it is often the community projects that reduce anti-social behaviour and crime. Community safety doesn't however solely refer to crime but includes fire risk assessments, health protection from poor sanitation, waste management (2 or 3 bin systems for properties designed for only a single bin), Housing Health & Safety Rating System, safe car parking, putting footpaths into good repair and properties in a good state of structural repair.
- 3.9 Fire Risk Assessments have provided one of the most significant additional funding requirements over the last few years. This will have to remain one of the first priorities on the annual delivery programme.

Homes for Life

- 3.10 Commitments to meet Equality Act requirements for tenants living with a disability and further home adaptations are being put forward with some £0.7m in 2016/17, with a total of £3.3m by the end of 2020/21.
- 3.11 The main thrust of this area will be the requirement for the delivery of adaptations to council tenants (to mirror the Disabled Facilities Grant process for private sector

residents). As part of this process it is important Bassetlaw remains innovative and adopts initiatives designed to reduce accidents and prevent the decline in people's health prematurely. This is where self-referral schemes are important. In addition, though this will always be a desire, the lifetime homes criteria (16 points relating to access in and around the home) should always be adopted wherever possible and schemes to improve some suitable properties would be beneficial. With new-build schemes, lifetime homes should always be a criteria for consideration.

- 3.12 Any pressures in this area can be kept to a minimum through good asset management and by obtaining grants wherever possible and working with partner organisations such as United Living (formerly Bullocks), energy companies and maximising tariff schemes to ensure any duplication is removed from processes. Ensuring procurement gives value contracts that deliver both the product, the service and specifications that ensure product delivery is maximised and repair obligations minimised. Relying on capital budgets without including the above will always leave Bassetlaw behind the times.

Other Schemes

- 3.13 The HRA capital programme includes details of other schemes as follows:

- Airey Housing, Harworth – the Council has been successful in attracting HCA funding for Phases 1, 2 and 3 of this scheme of £1.7m, which is a contribution towards the construction of seventy-one new homes at an overall cost of £7.5m. Phase 4 of the project is estimated to cost £0.75m and HCA funding of £0.15m will be applied for in due course.
- Abbey Grove – a report was brought to Cabinet in July 2015 that presented the options appraisal for the current site at Abbey Grove. A sum of £7.8m has been included in the capital programme which is dependent upon external contributions of £3.9m from Nottinghamshire County Council and HCA.
- New Build Contribution – a sum of £4.0m has been included within the programme in the latter years to enable further options for new build to be considered.
- Community Alarm Equipment – there is a need to replace the existing warden hard-wired system and Telecare service with an upgraded digital system. This work commenced in 2014/15 and will continue for a further year. For this purpose, £0.3m has been included within the HRA capital programme.
- Vehicle Fleet Replacement – A1 Housing operate a varied fleet and some vehicles can expect a longer life than others. A replacement programme has been included in the 30 year business plan based on a life of between six and seven years for each vehicle.
- Non Dwelling Assets (Community Centres, boiler houses, garages etc.) - these have received very little capital investment over the last few years, and the programme has set aside a total of £0.5m within this five year period to provide for capital improvement work. A report was brought to the October 2012 Cabinet meeting regarding the conversion of a number of community centres into dwellings.

- Contribution to Flood Prevention Schemes – The Council is very proactive in developing new flood prevention schemes, and an annual contribution from the HRA is made towards the overall costs of protecting the HRA properties.
- Damp Proofing Works – There is a need to inspect and provide damp proofing works to properties, and a sum of £0.6m has been included in the five year programme.
- Electrical Installation Condition Testing – This is a health and safety issue, and a sum of £1.6m has been included in the five year programme to deliver this testing programme.
- Capital Works Needs Beyond Major Improvements – Many properties require additional works in excess of the decent homes standard and a budget of £1.5m has been included for this purpose.
- Other – Minor schemes such as the walling of Mews Court, installing security doors to electrical switchgears, and secondary Emergency Cut-off Valves for flats are included in the programme.

Funding

- 3.14 The Self Financing Regime for the Housing Revenue Account commenced in April 2012, and under it councils can self-finance capital investment provided they maintain their commitments within the borrowing limit. In addition to this, capital receipts from council house sales can also be used to finance capital expenditure, and if there is enough flexibility, revenue contributions to capital can also be made to provide additional funding through the Major Repairs Reserve (MRR).
- 3.15 In summary, the Housing Capital Programme for 2016/17 totals £10.750m, which is to be funded by:
- £9.365m from the Major Repairs Reserve;
 - £1.000m unsupported borrowing;
 - £0.385m of capital receipts.
- 3.16 Members will note that the Major Repairs Reserve is funded from a combination of asset depreciation charges and other revenue contributions, and this level of revenue contributions is significant to the coherence of the unfolding plan. It also emphasises the importance of the value for money savings within the Housing Revenue Account, and the commitment required on rents to maintain the level of quality that tenants now expect and are demanding.

Capital Receipts and the Right to Buy Scheme

- 3.17 Under changes approved by Parliament in April 2012, local authorities were given the option of either transferring all Right to Buy receipts in excess of a government-set sales target back to central government, or to retain the receipt and reinvest in replacement homes.
- 3.18 Bassetlaw opted to retain the additional Right to Buy receipts, and this means that the receipts:
- a) Must be used for the provision of affordable rented homes;

- b) Will constitute no more than 30% of total investment in such homes (net of any contribution from another public body);
- c) If they have not been used after three years, the Council will pay the unused sums, plus interest, back to the Secretary of State.

3.19 As part of the introduction of the self-financing scheme, the government set Bassetlaw a Right to Buy sales target of circa 18 properties for 2016/17. This means that Bassetlaw will only retain 100% of the capital receipt from property sales in excess of this figure. In the interests of prudence, no retained right to buy receipts have been included within the updated business plan.

3.20 However, the 30 year Business Plan does include an assumption of £0.385m of Right to Buy receipts being generated in each financial year.

Affordability

3.21 Bassetlaw's Overall Borrowing Limit under the self-financing valuation is £105.4m, and the Council cannot breach this limit. In considering the report Members therefore need to see the interaction between existing commitments, the existing level of HRA long term debt, the amount of internal and temporary borrowing, plus the commitments outlined in this report, less any loan repayments and/or new borrowings.

3.22 The updated HRA Business Plan provides the assumptions for the Council's loan financing profile over the next thirty years. For information, the scheduled long term debt repayments that are built into the Business Plan over the next 10 years are:

- 2017/18 - £5.6m
- 2019/20 - £3.3m
- 2022/23 - £4.1m
- 2023/24 - £3.3m

3.23 It is the marginal value between these components that Members need to assess over the period of the capital programme:

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Overall Borrowing Limit	105.436	105.436	105.436	105.436	105.436
Less:					
Existing HRA Long Term Debt @ 1 st April	95.457	96.457	95.866	95.866	97.093
Internal Borrowing @ 1 st April	0	0	0	0	0
Additional Borrowing in year	1.000	5.000	0	4.500	0
Plus:					
Scheduled Debt Repayments in year	0	(5.591)	0	(3.273)	0
Equals:					
Existing HRA Long Term Debt @ 31 st March	96.457	95.866	95.866	97.093	97.093
Margin of Safety @ 31st March:	£8.979	£9.570	£9.570	£8.343	£8.343

3.24 As the above figures show, with the cessation of the Decent Homes programme there is a direct impact on the decisions made on:

- (i) the level of capital investment;
- (ii) the pace of that investment;
- (iii) the levels of rent that tenants will be asked to pay for the quality of homes in which they live.

3.25 As has previously been highlighted, **affordability in the revenue account is the essential ingredient**, and does not directly correlate with the value of the Margin of Safety outlined above. The former is about working within set revenue budgets whilst retaining the minimum working balance determined by the Council. The latter is about the 'potential' to borrow but does not consider the revenue costs and affordability associated with that borrowing.

3.26 Hence considerations need to be made about the pace of investment and improvement. If an ambitious and proactive approach is taken in 2016/17 and 2017/18 then overspends will occur in the revenue account which will take it below the approved minimum working balance of £1.3m.

3.27 The four maturing loans as outlined above will all be repaid in year. However, due to the prescribed 1% cut in rents, this has removed the flexibility that was previously expected within the HRA Business Plan from 2017/18. This is because there is now a

need to re-borrow similar amounts to those repaid to keep the business plan a viable option over the next five years.

4. Implications

- a) For service users.

Considered in tandem with the *Housing Revenue Account Budget 2016/17 & Future Years to 2018/19* report the link between capital decisions on investment and the revenue account is self-evident, as is the relationship between income (rents) and expenditure (improvements and repairs). This is partly skewed by the control of the Overall Borrowing Limit and Members need to decide if they wish to pace the level of improvements or make immediate commitments to the programme submitted on the priority areas put forward.

- b) Strategic & Policy.

There are a number of programme areas that are/will emerge as part of the post Decent Homes era, and from within the Corporate Plan for Bassetlaw. These are outlined in the report.

- c) Financial - Ref: 16/427

Until the Chancellor's Budget speech in July 2015, the business plan was based on a fair split between capital investment in old and new housing stock, and the repayment of long term debt.

The Chancellor's announcement regarding a 1% rent reduction each year for four years has effectively meant a 3% swing (as the business plan projected a 2% increase in rent each year). This has significantly impacted on the business plan in that £30.2m of rent has been lost as result of this decision over the next ten year period.

Ultimately this decision has forced some difficult decisions to be made, resulting in the commitment to the capital programme being maintained, with the consequence of the repayment of debt being deferred to later years.

- d) Legal - Ref: 341/01/16

The Council needs to ensure compliance with the Equality Act 2010 and the appropriate levels of decency for its properties.

- e) Human Resources

None arising directly from this report.

- f) Community Safety, Equalities, Environmental

The programme has been developed through tenant consultation. Ensuring the suitability of property for disabled users has been reflected in the scheme's priorities.

- g) This is Key Decision No. 534.

5. Options, Risks and Reasons for Recommendations

- 5.1 Members can decide what schemes to include or exclude, and the timing of those commitments. The summary provided under the section '*Affordability*' sets out the full situation. In coming to a view on what priorities Members want to establish, consideration must be given to the overall limit on investment set by the Overall Borrowing Limit of £105.4m, coupled with the impact that long term borrowing has on the affordability within the Housing Revenue Account.

6. Conclusions

- 6.1 The year 2013/14 saw the end of government funding for the Decent Homes programme, but for Bassetlaw, the legacy and further commitment to the programme will be ongoing.
- 6.2 What should be avoided at all costs is a full commitment right up to the Overall Borrowing Limit of £105.4m. The Council will always need some room for manoeuvre and for this reason only full approval for the 2016/17 programme is being sought at this stage. Following years' capital programmes are therefore only being approved on an indicative basis and will be confirmed in succeeding financial years.
- 6.3 The government-prescribed reduction in rent has had a significant detrimental impact on the sustainability of the HRA Business Plan, and caution should be exercised when considering any more proposals for new build in the medium term up to 2020.

7. Recommendations

- 7.1 That Members approve the programme set out in Appendix 1 of the report for 2016/17.
- 7.2 That Members approve the indicative programmes for 2017/18 – 2020/21 in Appendix 1 of the report.
- 7.3 That Cabinet recommends the report to the Extraordinary Council meeting for approval on 28th January 2016.

Background Papers

Location

A1 Housing Capital Schemes
HRA Self Financing data

Head of Finance & Property's
office

HRA 5 YEAR CAPITAL INVESTMENT PLAN						
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR IMPROVEMENTS						
Maintaining the Decent Homes standard	3,820	4,605	4,531	4,435	4,435	21,826
GREEN ENERGY						
Renewable Energy Schemes	250	250	250	250	250	1,250
External Wall Insulation to Solid Wall Properties	300	300	-	-	-	600
Boiler and Heating Replacements	440	440	440	440	440	2,200
DECENT NEIGHBOURHOODS						
Fire Protection to Blocks of Flats with Communal Areas	350	350	370	370	370	1,810
Structural Repairs	150	150	150	150	150	750
Improved Waste Storage Facilities in Communal Areas and Dwellings	110	110	110	110	110	550
Estate Parking Improvements	110	110	110	110	110	550
Smoke and Heat Detection	352	-	-	-	-	352
Repairs to Un-adopted Roads and Paths	210	110	110	110	110	650
HOMES FOR LIFE						
Adaptations - from OT Referrals	550	550	550	550	550	2,750
Lifetime Homes Works	40	40	40	40	40	200
Communal Areas - Disability Access	65	65	65	65	65	325
OTHER SCHEMES						
Airey Housing, Harworth	2,750	-	-	-	-	2,750
Abbey Grove	-	3,000	4,784	-	-	7,784
New Build Contribution	-	-	-	2,000	2,000	4,000
Community Alarm Equipment	300	-	-	-	-	300
Vehicle Fleet Replacement	-	-	450	450	450	1,350
Non Dwelling Assets (Community Centres, Boiler Houses, Garages etc)	100	100	100	100	100	500
Contribution to Flood Prevention Schemes	50	50	50	50	50	250
Damp Proofing Works	120	120	120	120	120	600
Mews Court Walling	25	-	-	-	-	25
Security Doors to Switchgears	25	25	25	25	25	125
Electrical Installation Condition Testing	310	310	310	310	310	1,550
Secondary Emergency Cut-off Valves for Flats	15	15	15	15	15	75
Capital Works Needs Beyond Major Improvements	308	300	300	300	300	1,508
TOTAL SPENDING:	£ 10,750	£ 11,000	£ 12,880	£ 10,000	£ 10,000	£ 54,630

FINANCED BY:

	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve	9,365	3,615	8,915	5,115	9,615	36,625
External Funding	-	1,000	2,880	-	-	3,880
New Build Reserve	-	1,000	500	-	-	1,500
Unsupported / Internal Borrowing	1,000	5,000	200	4,500	-	10,700
Capital Receipts	385	385	385	385	385	1,925
TOTAL FUNDING:	£ 10,750	£ 11,000	£ 12,880	£ 10,000	£ 10,000	£ 54,630

BASSETLAW DISTRICT COUNCIL

CABINET

5th JANUARY 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

**HOUSING REVENUE ACCOUNT BUDGET 2016/17
& FUTURE YEARS TO 2018/19**

Cabinet Member: Finance
Contact: Mike Hill
Ext: 3174

1. Public Interest Test

1.1 The author of this report, Mike Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 To consider and approve the Housing Revenue Account budget for 2016/17 and provide indicative figures for 2017/18 and 2018/19.

2.2 To make recommendations to Council on the 28th January 2016 to set the budget and rent levels for 2016/17.

3. Background and Discussion

3.1 Unlike the General Fund that comprises a range of different services, the Housing Revenue Account is a single service account which is funded by tenants' rent income for the social housing and the landlord functions Bassetlaw provides via the Arm's Length Management Organisation, A1 Housing. Therefore all decisions on income and expenditure will have a direct impact on tenants' service levels and the level of investment in their homes.

3.2 This has been re-enforced by the new 'Self Financing Regime for Housing' which became effective in April 2012. This means that expenditure now has to be entirely supported from rental and other income. The main tool for the future financial management of the HRA is the 30 year Business Plan, which has recently been updated by officers of the Council and A1 Housing.

3.3 The introduction of HRA self-financing did not end the requirement to maintain a statutory ringfenced HRA, and the Council is still required to maintain a separate account for the income received and expenditure incurred on council housing.

The 2016/17 HRA Revenue Budget

3.4 The Housing Revenue Account is provided for information at Appendix 1. Due to the changes made under self-financing, any surplus in year over and above that expected within the Business Plan is now transferred to the New Build Reserve. This

decision can, of course, be changed if the 2016/17 outturn is significantly different to the planned budgets. This means that it is essential that the HRA adopts a long term efficiency plan over the next few years in order to protect services to tenants and ensure continued best value.

3.5 Under the old housing subsidy system, the government gave a Major Repairs Allowance (MRA) which was used to fund capital expenditure. Within the government's self-financing settlement figures released in March 2012, the MRA for 2016/17 was set at a figure of £7,019,000 for Bassetlaw. The depreciation budget in the Business Plan is lower than this amount, and therefore additional revenue contributions to capital have been provided for to bring this figure up to the level of the MRA (this government requirement will continue for five years with 2016/17 being the last financial year). These two elements together represent a cash charge to the HRA which is required to be transferred to the Major Repairs Reserve (MRR) to provide for future capital expenditure and/or the repayment of debt.

3.6 The HRA outturn for 2015/16 is expected to deliver a £0.119m surplus in year, a positive variance of £0.006m over the original budget.

3.7 The estimated balances on the HRA and MRR are as follows:

	HRA	MRR
	£'000	£'000
Balance at 1 April 2015	1,485	1,083
Surplus/(deficit)	119	
MRA (made up of Depreciation & additional payment)		6,798
Voluntary revenue contribution for repayment of debt/capital expenditure		1,699
Housing Capital Expenditure		(8,506)
Repayment of Debt		0
Balance at 31 March 2016	1,604	1,074
Surplus/(deficit)	(99)	
MRA (made up of Depreciation & additional payment)		7,019
Voluntary revenue contribution for repayment of debt/capital expenditure		1,711
Housing Capital Expenditure		(9,365)
Repayment of Debt		0
Balance at 31 March 2017	1,505	439
MRR Balance Analysed Over:		
Housing Revenue Expenditure	1,505	
Housing Capital Expenditure		3
Repayment of Debt		436
Balance at 31 March 2017	1,505	439

Rents

- 3.8 Previously, to avoid any large variation in the rent level from one year to the next, the government's proposal for rent convergence limited any changes to individual tenants' rents to a maximum of RPI, plus increases of 0.5%, plus £2 per week. However, from 2015/16, a new system of CPI + 1% was been adopted nationally.
- 3.9 As part of the Budget speech on 8th July 2015, the Chancellor announced that social housing rents will have to be cut by 1% each year for the next four years from April 2016. He said it was aimed at ending 'the ratchet of ever higher housing benefit chasing up ever higher rents in the social housing sector'.
- 3.10 Taking this into account, the Council is recommending a rent **reduction** for 2016/17 of 1.0% or an average of £0.75 per week. This is broken down by property types as follows:

CHANGES BY PROPERTY TYPE						
	Bedsit	1 Bed	2 Bed	3 Bed	4+ Bed	Overall
	£	£	£	£	£	£
2015/16	54.05	66.74	75.95	80.48	87.90	74.91
2016/17	53.51	66.07	75.19	79.68	87.02	74.16
£	(0.54)	(0.67)	(0.76)	(0.80)	(0.88)	(0.75)
%	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)

(Based on a 52 week rent year)

- 3.11 The recommended rent reduction for 2017/18 and 2018/19 is also assumed to be 1.0% for both years as follows:

Average reduction 2016/17		Average reduction 2017/18	
Per Week £	%	Per Week £	%
(0.74)	(1.0%)	(0.73)	(1.0%)

(Based on a 52 week rent year)

- 3.12 Whilst there may be some concerns nationally about the level of rents, circa 61% of tenants get assistance through the Housing Benefit scheme, and 65% of those on HB (39% of all tenants) receive a full rebate and pay nothing. Housing Benefit is met by a charge to the General Fund, and in turn this is met by a grant from the DCLG currently covering 99.4% of the actual costs.

Repairs & Maintenance

- 3.13 The amount of money spent on responsive repairs is estimated at £6.3m for 2016/17, compared to £10.8m for planned maintenance in the HRA's capital budget. This balance is deemed to be sound compared to the standard split of 40% responsive and 60% for planned repair expenditure.

Pensions Provisions

- 3.14 Under the contract arrangements with A1 Housing they include, via the Management Fee, the payment of all the employers' pension contributions from the start of the A1 contract. Bassetlaw is required to pay any shortfall for the employers' contributions

before this time. Currently estimates of £1.2m are included for 2016/17 and £0.7m for 2017/18, when all the arrears for pensions will be met.

Depreciation

- 3.15 Under the previous HRA regime depreciation (the annual charges made to reflect historic assets and improvements) was an in/out adjustment which made no difference to the overall level of HRA resources. Under the Self Financing regime these calculations are more important as all depreciation adjustments are in effect 'real' cash set aside for investment, and then used up once the asset or improvement they originally financed needs to be replaced. The 2016/17 budget for depreciation is £7.0m, and this is transferred into the Major Repairs Reserve to fund future capital expenditure.

Value For Money and the A1 Housing Management Fee

- 3.16 All elements of the HRA budget and business plan are subject to review in relation to value for money. In addition, the impact of any General fund Budget Review savings and service reviews will achieve reductions in costs for the Housing Revenue Account, thus releasing additional resources for the housing stock.
- 3.17 Whilst no specific savings targets have been set for A1 Housing moving forward in the Business Plan, there is expectancy that greater emphasis will be placed on sharing services with the Council, resulting in savings for both organisations.

	2016/17	2017/18	2018/19
	£'000	£'000	£'000
Repairs and Maintenance	6,323	6,387	6,473
Supervision & Management-General:			
- A1 staff/services	2,532	2,558	2,584
- BDC SLA's	1,409	1,425	1,438
- Welfare Reform	50	50	50
Supervision & Management-Special:			
- Rates on Void Properties	60	60	60
- Supporting People	440	446	453
- District Heating Fuel	75	77	78
- Decent Neighbourhoods-Caretakers and Works	523	528	536
- Grounds Maintenance SLA	349	352	356
- Support to Tenants Organisations	60	60	60
- Community Centres & Sheltered Schemes	160	160	160
Total:	11,981	12,102	12,248

- 3.18 The basis for each element of the management fee can be analysed as follows:

- Repairs and Maintenance – This has been linked to the rate of inflation (CPI) and has been increased by 1.0% for 2016/17 with an assumed increase of 1.0% each year thereafter.
- A1 Staff/Services - This has been increased by 1.0% each year in line with the assumptions made on pay awards. The base has also been increased to

reflect increase in national insurance costs resulting from changes to the superannuation scheme.

- BDC SLA's – This is primarily based on recharges of staff time, therefore increases have been linked to the assumed pay increase each year.
- Welfare Reform – The Council has previously provided additional resources to A1 Housing for a money advice service and additional recovery work, and this is a continuation of this investment.
- Rates on Void Properties – This is a sum to recognise the payment of council tax that is incurred during the one month void period.
- Supporting People – This is for the warden alarm service and visits where the HRA retains the income and passports this back to A1 Housing via the management fee.
- District Heating Fuel – This is the cost of fuel that is subsequently recharged back to tenants. A number of energy efficiency measures have been employed that have reduced the cost for the service, which is then fully recharged back to the tenants.
- Decent Neighbourhoods – This budget pays for the costs of the community caretakers, and increases have been aligned to the annual pay award. An allocation is also made for neighbourhood improvement works.
- Grounds Maintenance SLA - This budget pays for the costs of grounds maintenance in the council-owned areas of land, and inflationary increases have been aligned to the annual pay award.
- Support to Tenants Organisations – This has been fixed at an annual contribution of £60,000.
- Community Centres and Sheltered Schemes – this is the cost of running these services.

3.19 As part of the contractual agreement, the management fee can be varied during the year by a Cabinet decision.

Provision for Bad debts

3.20 Current changes to welfare reform, including the 'bedroom tax' for under occupancy, and the introduction of the Local Council Tax Reduction Scheme from April 2013, all have the potential to increase the level of debts outstanding for council house rents. It is therefore prudent that the Council takes measures to mitigate the financial impacts of these changes. These include an annual bad debt provision of £150,000, and the welfare reform initiatives as identified above.

Treasury Management

3.21 As part of the new self-financing arrangements, Bassetlaw inherited £26.9m of the national housing debt in March 2012, which increased its overall HRA debt level to £96.5m. Overall this has an average debt interest rate of 4.09% and these figures are reflected in the budget profiles. This level of debt and average interest rate will

fluctuate over time as existing loans mature and decisions are made as to whether to replace or pay off debt in the longer term.

3.22 As part of this transfer of debt, the government set Bassetlaw an overall HRA borrowing limit of £105.4m. The Council is taking a very prudent approach to this as for every additional £1m in borrowing, the cost to the HRA budget will be c£80,000. However Members may, in due course, wish to utilise this borrowing 'gap' for further investment in our housing stock, or to self-build, but the **affordability of the revenue budget** will always be the controlling factor.

3.23 The updated HRA Business Plan provides the assumptions for the Council's loan financing profile over the next thirty years. For information, the scheduled long term debt repayments and associated reductions in interest costs that are built into the Business Plan over the next 10 years are:

- 2017/18 - £5.6m
- 2019/20 - £3.3m
- 2022/23 - £4.1m
- 2023/24 - £3.3m

3.24 Due to the introduction of 1% rent reductions each year for four years, re-borrowing will be necessary to retain the Council's current levels of capital investment, and for this reason further borrowing has been built into the HRA Business Plan as follows:

- 2016/17 - £1.0m
- 2017/18 - £5.0m
- 2019/20 - £4.5m
- 2022/23 - £4.0m
- 2023/24 - £4.0m

3.25 The *Treasury Management Strategy 2016/17 to 2018/19* being reported to Cabinet in February 2016 will detail the borrowing requirements of the Housing Revenue Account. To ensure the stability of the HRA, its debt portfolio is that of long-term fixed rate borrowings. Therefore, for the purposes of Treasury Management, any additional borrowing requirement will be facilitated through similar fixed term loans.

Reserves

3.26 Due to the uncertainty around the new self-financing arrangements, the level of recommended minimum balances for the Housing Revenue Account was increased to £1.3m in April 2013. There are a number of benchmarks that are used for Housing authorities to determine the correct level as follows:

	£,000
£200 per property (Housing Finance Act 1989 recommended £150 based on 6,867 properties)	1,373
5% of dwelling rental income	1,320
5% of gross expenditure (excl. transfers to MRR)	1,297
Average of the 3 options	1,330

- 3.26 As the results of the three options are wide-ranging, it would be prudent to keep the minimum working balance under review each year. However for 2016/17, it is recommended that the Council retains the minimum working balance at £1.3m.
- 3.27 This prudent approach reflects the level of uncertainties arising from welfare reform and the potential for tenants to accrue significant debts under these changes. In addition, the major work programmes planned under the Housing capital programme will require some properties to be held void, which reduces rent income levels. Finally, reserves should not be used to negate rent increases as this would only be effective in the short term.

4. Implications

- a) For service users.

Bassetlaw provides 6,867 homes for its residents, and this makes up some 14% of the number of homes in the district. The housing service has improved under the ALMO arrangements and significant resources have been spent on improving the condition of the housing stock.

- b) Strategic & Policy.

Decisions about the long term financial health of Bassetlaw's council housing are now local ones, and Members now have a lot more influence over more significant matters of choice than previously. Long term decisions about quality and rent income are more pronounced, as is the long term financial stability of Bassetlaw's HRA. With the end of the Decent Homes programme, Members need to consider what improvements they wish to make to the Council's housing service, but this needs to be affordable both in the short and long term.

If Members wish to be positive about the improvements that can be made then they need to generate the income to pay for them, and this will influence the Council's rent policies (where possible). As with anything else, improvements need to be funded accordingly.

- c) Financial - Ref: 16/356.

These are set out in the report, but the point that needs to be emphasised is that any decision now will impact over the long term. The recommended rent decrease is based on the government's set parameters of a 1% rent reduction, and this has removed £30.2m from the HRA Business Plan over the next ten year period. This has necessitated the modelling of £18.5m of further long term borrowing going forward to keep the Business Plan sustainable. This means that any further investment over and above that planned needs to be considered very carefully for its impact on the viability of the Housing Revenue Account.

- d) Legal – Ref: 340/01/16.

These are set out in the report.

- e) Human Resources.

There are none arising from the report.

- f) Community Safety, Equalities, Environmental.

The Council must ensure that decisions are made in such a way as to minimise unfairness and ensure that there is not a disproportionate effect on any protected group as defined in Equalities legislation. Recommendations to increase/decrease rent levels do not directly discriminate any particularly group as they apply across all tenants. Rent increases do however, have a negative socio-economic impact for individuals. These are addressed either fully or partially by those able to access benefits. Both A1 Housing and Bassetlaw District Council provide financial and welfare advice and work with voluntary sector partners to ensure tenants can receive advice and support.

- g) This is Key Decision No. 535.

5. Options, Risks and Reasons for Recommendations

- 5.1 The Council needs to set a balanced budget for its HRA services with income equalling expenditure, and ensure that:

(i) it does not breach the overall borrowing limit of £105.4m at any stage. The KPMG External Auditor will take action if it does.

(ii) the Housing Revenue Account remains solvent, with the adequate reserves of a “going concern”.

- 5.2 This budget sets out the approach to maintain levels of quality and investment, and comply with the borrowing limit. The rent reduction of 1.0% could be lowered even further, but this will impact on the levels of investment in this and successive financial years.

- 5.3 The Budget assumptions are based on the HRA Business Plan. The associated risks include any variances in estimates for inflation, interest rates, volume of voids, and the number of Right to Buy sales.

- 5.4 The viability of the Business Plan is based on the management of debt levels coupled with investment in the Council's existing and new stock. In reality the Business Plan needs to be flexible enough to cope with changes to this strategy over time.

6. Conclusions

- 6.1 The Council now has a self-sufficient HRA, in which income from tenants is used to pay for the delivery of services to tenants and investment in the housing stock. The transition to self-financing represents a key shift in risks, with the Council taking full responsibility for managing and maintaining its own housing stock in return for access to all of its revenue income.

- 6.2 For these reasons the budget has been framed to minimise any risks identified. Members have a clear set of recommendations to support a soundly financed housing service as the 2016/17 budget will set the foundation for the next 30 years of council house funding in Bassetlaw.

7. Recommendations

- 7.1 That Members approve the Housing Revenue Account budget set out in Appendix 1 of the report for 2016/17.
- 7.2 That Members approve the indicative Housing Revenue Account budgets set out in Appendix 1 of the report for 2017/18 and 2018/19.
- 7.3 That Members approve an average rent reduction of 1.0% for 2016/17 in accordance with government policy.
- 7.4 That Members, in accordance with best practice, approve the indicative rent reductions of 1.0% for both 2017/18 and 2018/19.
- 7.5 That Members approve the minimum level of HRA reserves to remain at £1.3m in recognition of the overall funding value of the HRA.
- 7.6 That Cabinet recommends this report to the Extraordinary Council meeting for approval on 28th January 2016.

Background Papers:

Self Financing Data
HRA Budget Papers

Location:

Head of Finance & Property's office

Housing Revenue Account - Budget Forecast 2016-2019

BUDGET 2015/16		Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Internal Services Recharged £	Capital Charges £	GROSS EXPEND £	INCOME £	NET EXPEND 2016/17 £	ESTIMATE 2017/18 £	ESTIMATE 2018/19 £
	A1 Housing												
60,000	A1 Management - Rents Rates & Taxes					60,000			60,000		60,000	60,000	60,000
5,492,800	A1 Management - Supervision and Management					5,547,800			5,547,800		5,547,800	5,605,500	5,664,700
6,256,400	A1 Management - Repairs & Maintenance					6,323,400			6,323,400		6,323,400	6,386,600	6,473,500
50,000	A1 Management - Welfare Reform					50,000			50,000		50,000	50,000	50,000
11,859,200	Total A1 Housing Management Fee	0	0	0	0	11,981,200	0	0	11,981,200	0	11,981,200	12,102,100	12,248,200
	Council Managed HRA Budgets												
	Expenditure												
150,000	Movement in the Allowance for Bad Debts				150,000				150,000		150,000	150,000	148,500
47,400	Debt Management Costs						44,100		44,100		44,100	44,500	44,900
0	Negative HRA Subsidy Limitation				80,000				80,000		80,000	80,000	80,000
5,332,400	Depreciation and Impairment of Non-Current Assets							5,288,700	5,288,700		5,288,700	5,570,400	5,715,500
933,000	Management Costs	34,900	192,900	1,000	152,700	20,000	326,700		728,200		728,200	735,800	743,400
6,462,800	Total Council Expenditure	34,900	192,900	1,000	382,700	20,000	370,800	5,288,700	6,291,000	0	6,291,000	6,580,700	6,732,300
	Income												
-111,600	District Heating - Charges								0	-75,400	-75,400	-76,600	-77,700
-26,719,600	Rent Income - Dwellings								0	-26,403,400	-26,403,400	-26,120,200	-25,762,200
-224,100	Rent Income - Garages								0	-231,000	-231,000	-234,500	-238,000
288,200	Rent Income - Voids								0	289,600	289,600	288,400	286,300
-82,300	Community Centre - Charges								0	-85,200	-85,200	-86,500	-87,800
-90,500	Rent Income - Shops								0	-94,000	-94,000	-98,000	-98,000
-6,900	Rent Income - Land & Wayleaves								0	-6,800	-6,800	-6,800	-6,800
-331,300	Supporting People Warden Service Charges								0	-439,800	-439,800	-446,400	-453,100
-32,500	Contributions Towards Expenditure								0	-32,500	-32,500	-32,500	-32,500
-27,310,600	Total Income	0	0	0	0	0	0	0	0	-27,078,500	-27,078,500	-26,813,100	-26,469,800
241,700	HRA Services share of Corporate and Democratic Core				328,700				328,700		328,700	332,000	335,300
146,600	HRA Share of Other Amounts				125,000				125,000		125,000	125,000	125,000
-8,600,300	Net Income/Costs for Service	34,900	192,900	1,000	836,400	12,001,200	370,800	5,288,700	18,725,900	-27,078,500	-8,352,600	-7,673,300	-7,029,000
42,500	Gain (-) or Loss on Sale of HRA Non-Current Assets					32,500		1,100,000	1,132,500	-1,100,000	32,500	32,500	32,500
3,812,400	Interest Payable and Similar Charges							3,787,400	3,787,400	3,787,400	3,875,300	3,818,400	
-8,700	Interest and Investment Income								0	-6,900	-6,900	-13,000	-13,000
-16,100	Capital Grants and Contributions Receivable								0	-29,200	-29,200	-29,200	-29,200
-4,770,200	Surplus (-) or Deficit for the Year on Service	34,900	192,900	1,000	836,400	12,033,700	370,800	10,176,100	23,645,800	-28,214,600	-4,568,800	-3,807,700	-3,220,300
	Movement on HRA Balance												
-5,232,400	Charges for Depreciation and impairment on non-current assets									-5,188,700	-5,188,700	-5,470,400	-5,615,500
-75,000	Revenue Expenditure Funded from Capital Under Statute									-50,000	-50,000	-50,000	-50,000
0	Gains/Loss (-) on Sale of HRA Non Current Assets								0	0	0	0	0
-42,500	Capital Expenditure Charged against the HRA							1,090,000	1,090,000	-1,122,500	-32,500	-32,500	-32,500
1,210,000	Employers Contribution Payable to NCC Pension Fund and Retirement Benefits Payable Direct to Pensioners								1,210,000		1,210,000	735,200	0
8,797,400	Transfer to Major Repairs Reserve								8,729,500		8,729,500	8,770,400	8,995,500
4,657,500	Net Additional Amount Required by Statute								11,029,500	-6,361,200	4,668,300	3,952,700	3,297,500
-112,700	Net (Increase) or Decrease in HRA Balance in Year										99,500	145,000	77,200

	£
Balance b/fwd @ 1 April 2015	-1,485,019
Budgeted HRA Deficit 2015/16	-112,700
Projected Year End Variance	-6,000
Balance c/fwd @ 1 April 2016	-1,603,719

Balance Brought Forward	-1,603,719	-1,504,219	-1,359,219
HRA Surplus (-)/Deficit	99,500	145,000	77,200
Balance Carried Forward	-1,504,219	-1,359,219	-1,282,019