

## RECOMMENDATIONS TO COUNCIL

CABINET - 14 February 2017

### CA/020/17 HOUSING REVENUE ACCOUNT BUSINESS PLAN ANNUAL REVIEW 2016/17

#### Decision

#### Resolved to Recommend:

1. to approve the updated Housing Revenue Account Business Plan
2. to approve the revised development programme budgets as set out in Section 6.3 of the Cabinet report and the budget for the Martindale Development in Appendix 2, in part II of the Cabinet report

#### Reason for Decision

To update Cabinet on the Annual Review of the Council's Housing Revenue Account Business Plan

#### Corporate Objectives

Delivering Affordable Housing

#### Monitoring Officer/S.151 Officer Comments

##### Monitoring Officer:

No comments to add to the report.

##### Deputy S.151 Officer:

The Business plan sets out the key financial assumptions and the dependencies and will be reviewed on a dynamic basis to ensure that the assumptions remain valid and any exceptions are reported for consideration by Cabinet.

The impact of the government proposals for the sale of high value properties will need to be analysed once details have been released and considered. Any material changes to the plan will be brought back for Cabinet consideration and if necessary the plan will be updated.

The necessary Secretary of State approvals for the sale of market value properties will need to be built into the project plan for the delivery of the scheme at Martindale and if approval is rejected then the plan would need to be amended and brought back for consideration.

#### Advice

Councillor Griffiths explained that the business plan needed to be approved prior to budget setting for 2017/18.

E Brooks added that additional resources were now in the plan due to the right to buy levels decreasing. This would be monitored annually. The plan had estimated 20 per year, however the actual was 100.

Additional funds were set out in section 6 of the report and there could be the option to review the scope of the Martindale proposal too.

Councillor Williams asked if the council could use the right to buy receipts to raise the 30% costs for new builds and land.

E Brooks said they could work with housing associations to collect the remaining 70%. This would be monitored throughout the year as the policy included the sale of high value homes, but this hadn't been included in the business plan yet.

He noted that the council could be asked to generate more funds; however that would not be for this financial year.

### **Voting**

None.

### **CA/021/17 BUDGET 2017/18**

#### **Decision**

**Resolved to Recommend:**

#### **General Fund Revenue Estimate**

- a) **a Dacorum Borough Council General Fund Council Tax requirement of £10.709m, and of £11.442m for the combined Borough Council and Parish Councils' requirement for 2017/18;**
- b) **an increase of 2.71% in Council Tax for Dacorum Borough Council;**
- c) **the base estimates for 2017/18, as shown in Appendix A1, and the indicative budget forecasts for 2017/18 – 2020/21, as shown in Appendix A2;**
- d) **the forecast balances of Revenue Reserves as shown in Appendix J, and approve paragraphs 10-20 of this report as the updated Reserves Strategy;**
- e) **increases in Fees and Charges for 2017/18 as set out in Appendices C3, D3, and E3;**
- f) **the Treasury Management Strategy for 2017/18, attached at Appendix K;**
- g) **the Treasury Management Principles and Practices for 2017/18, attached at Appendix L;**
- h) **that this budget paper will form part of the Medium Term Financial Strategy.**

#### **Capital Programme**

- i) the revised Capital Programme for 2016/17, and for 2017/18 to 2021/22, as detailed in Appendix I;
- j) the financing proposals in Appendix I subject to an annual review of the financing options by the Corporate Director (Finance & Operations), in consultation with the Portfolio Holder for Finance and Resources, during the preparation of the Statement of Accounts.

#### **Housing Revenue Account (HRA)**

- k) reduce dwelling rents by 1% in accordance with government legislation, resulting in an average rent of £104.17 per week (based on 52 weeks);
- l) the HRA estimate for 2017/18 as shown in Appendix F.

#### **Terms & Conditions**

- m) the continued application of a living wage supplement for all affected employees, in accordance with the rates of the Living Wage Foundation, for 2017/18 (to be reviewed annually thereafter).

#### **Statement by Chief Finance Officer**

- n) the statement by the Chief Finance Officer regarding the robustness of the budget estimates and level of reserves as set out in Appendix M.

#### **Reason for Decision**

To present to Cabinet budget proposals for recommendation to Council in relation to:

- Revenue and Capital Expenditure together with the potential use of reserves
- The setting of the Council Tax for 2017/18
- The Treasury Management Strategy 2017/18
- The level of fees and charges for 2017/18
- Advice to Councillors on the robustness of the Budget proposals and adequacy of balances and reserves as required by the Local Government Act 2003

#### **Corporate Objectives**

All of the Council's corporate objectives are reflected in the Budget proposals.

#### **Monitoring Officer/S.151 Officer Comments**

##### **Monitoring Officer:**

Under the Council's Constitution it is the responsibility of Cabinet to draw up firm proposals for the Budget, having regard to the responses to the consultation, and to

present those proposals to full Council for approval. Once full Council has approved the Budget it is the responsibility of Cabinet to implement it.

#### **S.151 Officer:**

Comments contained in body of report. Chief Finance Officer Statement contained in Appendix M of the report.

#### **Advice**

Councillor Elliot gave the following introduction to the report:

##### The Budget Context

After already absorbing annual funding reductions of over £6m since 2010, this budget sets out plans for Dacorum Borough Council to save a further £1.4m in 2017/18.

The scale of the medium-term financial challenge facing the Council is significant, with a further £2.3m of savings required by 2020/21.

The Council has set the budget for 2017/18 with a strong focus on delivering its corporate priorities into the medium-term, and has already identified further savings initiatives of over £1.4m to address future years' savings targets.

##### Continuing to invest in the Borough

Despite the extent of these financial challenges, Dacorum Borough Council is proposing a capital investment programme of over £185m to improve the services we provide to our residents over the next 5 years.

Some of the areas identified for capital investment include:

- £90m investment in our existing housing stock
- £60m investment in our ambitious and successful new build programme
- £14m investment in community facilities including car parks, cemeteries, community and sports premises
- £9m investment in Economic Development including affordable housing, town centre investment and the regeneration of Gadebridge Park
- £2m investment in IT improvements that will reduce the day-to-day costs of delivering our services and further improve the customer experience for all our residents in the future

##### Maintaining our front-line services

Over the last 6 years Dacorum Borough Council has managed to protect its front-line services in the face of funding reductions in excess of 60%. The council has again found the savings required for 2017 without reducing its front-line services.

The Council has worked hard to deliver the efficiencies required through fostering a culture of innovation and a focus on continuous improvement. This has enabled us to deliver savings through a range of initiatives including digital transformation, more efficient structures, improved commercialisation and the delivery of our ambitious new building, The Forum – which has significantly reduced annual running costs.

### Council Tax

As part of the budget for 2017/18, the Council is proposing to increase Council Tax by 2.71%.

This proposal was strongly endorsed through the Council's budget consultation process, with 88% of residents supporting the decision.

A 2.71% increase in Council Tax equates to less than 10p per week for a Band D property.

### In Conclusion

Unquestionably, there are significant financial challenges ahead for the Council, both over the period of the current 4-year Settlement, and in particular beyond 2020 with the implementation of Business Rates reform yet to be worked through.

However, I remain confident that with the processes this Council has in place, the culture of innovation we continue to develop, and most of all with the continued commitment of Officers and Members we will continue to deliver for our residents.

Councillor Griffiths added that the HRA was part of this recommendation and she felt it was a good news story. The council was complying with the law with a 1% reduction in rents and we had now agreed a higher quality of repairs and maintenance. It was noted that there was an additional £9mil capital expenditure included in the capital programme.

Councillor Williams supported the recommendations and noted there were challenges to be faced ongoing for the next 3-4 years.

### **Voting**

None.

## **CA/022/17      APPOINTMENT OF AUDITORS 2018 AND BEYOND**

### **Decision**

#### **Resolved to Recommend:**

- 1. to approve the Council opting into the Public Sector Audit Appointment's Sector Led Body for the appointment of the Council's external auditors for the audit of the 2018/19 accounts and beyond**

## **Reason for Decision**

To provide details of the options available to the Council on appointing its own external auditors for the audit of the 2018/19 accounts and beyond.

## **Corporate Objectives**

Modern and efficient council

## **Monitoring Officer/S.151 Officer Comments**

### **Monitoring Officer:**

No comments to add to the report.

### **S.151 Officer:**

This is a S151 Officer report.

## **Advice**

Councillor Elliot gave the following introduction to the report:

Following the winding down of the Audit Commission, transitional arrangements were put in place to appoint Local Authorities auditors until the completion of the 2017/18 audits.

The Council must appoint a new auditor by December 2017 and can choose one of three options to procure the appointment. In summary

- the Council procures its new auditors alone
- the Council joins with several other authorities to procure the new auditors, thereby slightly increasing its buying power which will probably result in improved terms from the new appointment.
- The Council joins a national body of councils to procure the new auditors, thereby significantly increasing its buying power which will almost certainly result in improved terms from the new appointment.

In order to realise the savings available through procuring auditors jointly with local authorities across the country, it is recommended that Cabinet go with option 3 and appoint the PSAA to procure the new auditors for post 2017.

Councillor Marshall agreed that option 3 was the most sensible however she felt that the report seemed to be open ended. She asked what would the duration of the audit contract be, let by the PSAA on behalf of the opted-in councils.

J Deane explained that for 2017/18 the audit would be carried out by the current provider and that the new appointment would be for 5 years from 2018.

He advised that this recommendation had received the full endorsement of the council's Audit committee.

Councillor Marshall asked how easy it would be to pull out of the PSAA.

J Deane said having granted authority to the PSAA to appoint an auditor, if the Council wished to change its auditor within the 5-year period it must consult with the PSAA and

make the case as to why. If for any reason the council wished to change its auditor during this period it would need to consult with the PSAA who would consider changing the auditors, based on the merits of the council's arguments. Generally, the reasons for change would be for independence reasons, e.g. if a conflict of interest came to light.

He also confirmed that the contractual relationship would be between the PSAA and the appointed auditor. This would be underpinned by a separate agreement between DBC and the PSAA, granting them the authority to procure and appoint. The Council will be consulted by the PSAA on the proposed appointment as part of the procurement process.

He assured Members that we would also make representations to the PSAA if we felt that the service the council was receiving was below the standard we expect. He didn't see the risks of a sub-standard service as any greater under this arrangement than under the direct procurement route – arguably they would be reduced as the levers that could be pulled through the powers of the PSAA (as the holder of very high value contracts) would exert far more force than the levers that would be available only to us.

Councillor Marshall asked if the council could end up with the same auditors as now. J Deane said it was possible, but the agreement would be on different terms.

Councillor Elliot asked if the council had to use one of the big 4 companies.

J Deane said that the council would go out to tender.

S Marshall added that the PSAA were looking at the 5 firms they have contracts with and they were looking to expand this and encourage more.

### **Voting**

None.

## **CA/023/17 REPORT BY THE INDEPENDENT REMUNERATION PANEL 2016 – MEMBERS ALLOWANCES FOR DACORUM BOROUGH COUNCIL**

### **Decision**

1. The report of the Independent Remuneration Panel be formally received following its review of the Council's existing Members' Allowances Scheme.
2. That thanks be expressed to the panel for all of their work and time dedicated to the review.
3. **Resolved to recommend the approval of the changes to the Members' Allowances Scheme as recommended by the Independent Remuneration Panel in its report.**

### **Reason for Decision**

To formally receive the proposals of the Independent Remuneration Panel 2016 for a revised Scheme of Members' Allowances.

### **Corporate Objectives**

The role of Local Councillor is a major part of Dacorum Borough Council's delivery of an efficient, effective and modern Council. As such the remuneration that councillors receive should reflect this central role and assist in attracting the calibre of Council Member the residents of Dacorum deserve.

### **Monitoring Officer/S.151 Officer Comments**

#### **Monitoring Officer:**

This report was written in consultation with the Solicitor to the Council as Monitoring Officer and his comments have been incorporated with the report.

#### **Deputy S151 Officer:**

The recommendations contained within the report can be met from the proposed budget for 2017/18.

#### **Advice**

Councillor Williams welcomed L Evans, Chair of the Independent Remuneration Panel (IRP). He explained that the council was required to have an independent panel. Member's allowances had been frozen since 2009 even though the panel had recommended increases. The report suggested a modest increase in order to catch up with the Hertfordshire average.

L Evans felt that councillors should not suffer financial hardship and therefore recommended a 2.1% increase.

Councillor Griffiths thanked the panel for their work and supported the recommendations. She noted that she did vote against the previous recommendations to increase the allowances, however now was the time to acknowledge the IRP work and accept their recommendations.

Councillor Marshall agreed with the recommendations. She too had declined the increase over the past few years and said it was embarrassing to vote for an increase for oneself. However it needed to be increased to make it fairer for current and future councillors.

Councillor Williams explained that the Hertfordshire average was significantly different and it would seem that not everyone had frozen the allowances over the years. He suggested that an additional recommendation be included to thank the panel for all their work and time dedicated to the review.

#### **Voting**

None.