

SCRUTINY MANAGEMENT BOARD – 24TH JANUARY 2018

Report of the Budget Scrutiny Panel

ITEM 6 BUDGET SCRUTINY PANEL

Purpose of the Report

To report the findings and consider the recommendations of the Budget Scrutiny Panel.

Action Requested

1. That the Scrutiny Management Board considers the content and recommendations in the Budget Scrutiny Panel report, attached as an Annex, and, if satisfied with the report, submit it to the Cabinet.

Background

In accordance with the decisions of the Scrutiny Management Board at its meeting on 29th March 2017, a Budget Scrutiny Panel, chaired by Councillor Miah, has undertaken scrutiny of the Council's budget for 2018/19. The Panel's first meeting took place on 27th June 2017 and the Panel concluded its business in respect of the 2018/19 draft budget at its meeting on 3rd January 2018.

The Panel has formalised their areas of focus on various aspects of the proposed budget with the intention that the Cabinet consider them before agreeing the budget for 2018/19.

Background Papers

As identified in the Panel's report, attached as an Annex.

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REPORT OF THE BUDGET SCRUTINY PANEL – 2018/19 DRAFT BUDGET

1. Background

Following a decision of the Scrutiny Management Board at its meeting on 29th March 2017, the Budget Scrutiny Panel has undertaken scrutiny of the Council's budget for 2018/19.

2. Panel Membership

Chair: Councillor Miah
Councillors Bebbington, Gerrard, Jukes, Parsons and Seaton

3. Meetings and Terms of Reference

The Scrutiny Management Board agreed a budget scrutiny process for the Panel setting out the timing of its meetings and discussion topics as follows:

Panel Meeting 1

27th June 2017, following publication of the final outturn reports for the year (revenue, capital and Housing Revenue Account (HRA) for 2016/17).

Panel discussion topics:

- Explanation of the reports by officers
- Approach and methods used to create the Medium Term Financial Strategy
- Summary of the service analysis to highlight any concerns within any of the service areas.

Panel Meeting 2

3rd October 2017 – following publication of the Medium Term Financial Strategy 2018 - 2021 (MTFS).

Panel discussion topics:

- The detail of the MTFS in terms of projections made and deficits highlighted
- The level of risk due to the uncertainty surrounding future government funding
- The proposed use of Council reserves.

Panel Meeting 3

5th December 2017 – informal meeting of the Panel following publication of the Draft Budget for 2018/19. The Panel also considered the MTFS and the draft Capital Plan as part of their scrutiny of the draft budget.

Panel discussion Topics:

- Highlighting service pressure requests that that Panel wanted to scrutinise and identifying Heads of Service to invite to their next meeting
- External risks to the Council
- The ratio of Council funds being used in Loughborough in relation to the rest of the borough.

Panel Meeting 4

3rd January 2018

Panel discussion topics:

- Service pressure requests explained to the Panel by the invited Heads of Service
- The internal and external risk factors faced by the Council
- Recommendations for the Cabinet

4. Information and Officers

The Panel considered the information listed below in undertaking its scrutiny:

- The following reports of the Head of Finance and Property Services were reviewed in order to scrutinise the budgets for 2018/19: General Fund and HRA Revenue Outturn for 2016/17, Capital Outturn report 2016/17, Summary Service Budget 2017/18, Service Analysis 2015/16.
- Report of the Head of Finance and Property Services setting out the updated version of the Medium Term Financial Strategy 2018 to 2021.
- Report of the Head of Finance and Property Services setting out the draft 2018-19 General Fund and HRA Budgets and the draft Capital Plan 2018-19 to 2020-21.

All of above information is available at:

https://www.charnwood.gov.uk/committees/budget_scrutiny_panel or
<http://www.charnwood.gov.uk/committees/cabinet>.

At the meeting on 3rd January 2018, the following officers attended the meeting to assist the Panel in undertaking its scrutiny:

Head of Landlord Services
Head of Strategic and Private Sector Housing
Group Leader for Development Management

The Panel was supported by S. Jackson – Strategic Director of Corporate Services and Section 151 officer and C. Hodgson – Head of Finance and Property Services.

5. Summaries of Panel Meetings

The following summarises the matters considered at each meeting of the Panel:

1. 27th June 2017

The Panel noted its Terms of Reference. At its first meeting the Panel reviewed the final outturn for the previous year and received explanation of how the process for setting the budget was devised.

Outcome of Panel discussions

The Panel noted the process for the meetings to be held in 2017/18. Councillor Barkley, the Cabinet Lead Member for finance was invited to the Panel's December meeting to comment on the draft budget and answer any questions the Panel had.

2. 3rd October 2017

At their second meeting the draft Medium Term Financial Strategy (MTFS) 2018 - 2021 was discussed and noted by the Panel.

Outcome of Panel discussions

The Panel had no recommendations to submit to the Cabinet in respect of the draft MTFS 2018 – 2021.

3. 5th December 2017 (informal meeting)

The Panel met to identify potential areas where it might wish to focus its scrutiny of the 2018/19 budget, and the officers it wished to invite to assist with deliberations. To do so, the Panel considered the Draft 2018/19 General Fund and HRA Budgets and the Draft Capital Plan 2018/19 to 2020/21 and the input from Loughborough Councillors in respect of the Loughborough Special Expenses.

Outcome of Panel discussions

The following issues were identified to be considered at the meeting of the Panel scheduled for 3rd January 2018 and the attendance of the identified officers and reports were requested:

Issue	Additional Officer attendance requested	Additional information requested
Income and Expenditure Amounts	Head of Planning and Regeneration	To provide details on the amounts projected as well as questions on the risk level to the service.
Homelessness Reduction Grant funding	Head of Strategic and Private sector Housing	To provide detail regarding the grant, how the funding will be used and to explain changes to the service.
Electrical Works Programme	Head of Landlord Services	To provide detail on the 5 year programme and explain how it will be funded in the future.

4. 3rd January 2018

The Panel scrutinised the identified issues relating to the Draft 2018/19 General Fund and HRA Budgets and the process for developing and scrutinising the Council's budget before discussing and agreeing the conclusions and recommendations its report should include.

Outcome of Panel discussions

The Panel made the recommendations and observations relating to the Draft 2018/19 General Fund and HRA Budgets and the process for developing and scrutinising the Council's budget set out in section 6 below.

More details of the matters considered and issues discussed at formal meetings of the Panel are set out in the minutes of those meetings, attached as appendices to this report.

6. **Recommendations and Observations – Draft 2018/19 General Fund and HRA Budgets**

Following its scrutiny work, the Panel agreed the following in respect of the draft 2018/19 General Fund and HRA Budgets:

Recommendations to the Cabinet

1. that the Cabinet be informed that alternatives should be investigated for the Loughborough Special Expenses arrangements in the future.

Reasons

1. To explore how the money could be better spent in Loughborough and the surrounding areas.

Observations

1. that the Cabinet be informed of the Panel's concerns regarding the use of Council reserves to meet the proposed budget. The Council have a history of underspending and the Panel was concerned how future requirements would be met if the funds were not available.
2. that the Cabinet be informed of the Panel's concerns regarding the consideration of the forthcoming report on the Planning Service Restructure. In particular to take note of the figures for the expected planning fee income for the service and the costs for the proposed restructure.
3. that the Cabinet be informed of the Panel's concerns regarding the number of people currently in temporary accommodation and the cost to the Council.
4. that the Cabinet be informed that the Panel thought the electrical works programme created by the Head of Landlord services was a prudent move and commended by the Panel.

Reasons

1. To inform the Cabinet of the Panel's concerns.
2. To inform the Cabinet of the Panel's concerns.
3. To inform the Cabinet of the Panel's concerns.
4. To inform the Cabinet of the Panel's views.

7. Background Papers

No further papers to those already identified in/appended to this report.

8. Appendices

Appendix A – Minutes of the Budget Scrutiny Panel meeting held on the 27th June 2017.

Appendix B – Minutes of the Budget Scrutiny Panel meeting held on the 3rd October 2017.

Appendix C – Minutes of the Budget Scrutiny Panel meeting held on the 3rd January 2018.

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**BUDGET SCRUTINY PANEL
27TH JUNE 2017**

PRESENT: The Chair (Councillor Miah)
 Councillors Bebbington, Gerrard, Jukes and Smidowicz

Strategic Director of Corporate Services
Head of Finance and Property Services
Democratic Services Officer (NA)

APOLOGIES: Councillors Parsons and Seaton

1. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 3rd January 2017 were confirmed as a correct record and signed.

2. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

3. DECLARATIONS – THE PARTY WHIP

No declarations were made.

4. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions had been submitted.

5. BUDGET SCRUTINY PROCESS/TERMS OF REFERENCE

The budget scrutiny process and terms of reference for the Panel as agreed by the Scrutiny Management Board at its meeting on 29th March 2017 were submitted (item 6 on the agenda filed with these minutes).

RESOLVED that the budget scrutiny process and terms of reference for the Panel be noted.

Reason

To confirm the purpose of the meeting and the work of the Panel.

6. FINAL OUTTURN FOR THE PREVIOUS FINANCIAL YEAR

The purpose of the item was to note the revenue, capital and Housing Revenue Account for 2016/17 and explain to the Panel the process behind setting the budgets.

The Strategic Director of Corporate Services and the Head of Finance and Property Services gave a presentation to the Panel which explained how the budgets were set and the process behind the decisions taken by officers. The presentation also covered the timings and suggested purpose of future meetings to ensure that the Panel were comfortable with the proposed programme of work.

The following documents had been supplied to the Panel as background reading prior to the meeting: Capital Outturn Report 2016/17, General Fund and HRA Revenue Account 2016/17, Summary Service Analysis report and detailed Service Analysis.

The Strategic Director explained that the service analysis and summary service budgets had been provided to show the Panel the differences between teams at the Council and to account for differences in expenditure. The General Fund and Capital outturn reports were included to provide context on the current situation. The Head of Finance and Property Services explained the key points which formed the meeting's discussion.

Summary of discussion:

- (i) The underspend in expenditure and additional income received had resulted in the service expenditure being under budget. There were also carry forward requests due to some projects not being completed by 31st March 2017 which contributed to the underspend. The Panel was advised that the underspend had been transferred to reserves and put the Council in a strong position for the future if money was needed. It was intended that a reserve will be set up for known projects that cover more than one financial year (e.g. Local Plan expenditure).
- (ii) The Council were building revenue reserves to cover unknown costs for the future such as changes which could affect the Housing Revenue Account. For example the premium to be paid on high value voids was still uncertain and could generate a large cost for the Council.
- (iii) There was a discussion regarding the culture of underspending at the Council with the view that a generic underspend value be attributed to the budgets. Previous underspend amounts were due to differing reasons and it could not be guaranteed to always be the same.
- (iv) The idea of "ring fencing" money for certain areas was identified but this could limit the use of funds. If there was a need for more money then the Head of Service could ask for a service pressure providing they had a viable business case to justify the need for extra funds.
- (v) The Council's substantial reserves were indicative of the Council's disciplined approach.
- (vi) The increasing pension deficit for Council employees was raised as an area of concern. The budgets under discussion did not include the employee pension as this was separate to the General Fund general expenditure. The Council were making contributions to balance out the deficit and financial support for the pension fund was available.

- (vii) The Capital Outturn for the General Fund was considered to be in an improved position to 2016/17. Additionally more controls had been put in place for both the General Fund and HRA to monitor spending, a RAG (Red, Amber, Green) rating system had been introduced as well as action plans to monitor any slippage.
- (viii) The large underspend was noted as a slippage of funds rather than a large underspend which was in part due to projects taking longer to complete so funds had been transferred into the next financial year. Members of the Panel expressed concerns that funds allocated should remain in the year they were set. Officers advised they were trying to move towards that way of working.
- (ix) The process for producing the Medium Term Financial Strategy (MTFS) was explained to the Panel, including the need for an efficiency plan. The Panel was advised that the officers looked at different efficient measures such as savings on contracts and known underspends as well as looking at productivity.

RESOLVED

1. that the process for the 2017/18 meetings be noted;
2. that Councillor Barkley is invited to the December meeting to comment on the draft budget;
3. that the presentation by the Strategic Director of Corporate Services be published on the Council's website for reference.

Reasons

1. to set the focus for the individual meetings.
2. to answer questions on any areas of interest or concern.
3. to allow access to the information.

7. FURTHER PANEL MEETING DATES 2017/18

Further meetings of the Panel in 2017/18 (to accord with the process for scrutiny of the budget as agreed by the Scrutiny Management Board) had been scheduled and notifications sent to members of the Panel as follows:

- Tuesday, 3rd October 2017 at 6:00pm
- Tuesday, 5th December 2017 at 6.00pm
- Wednesday 3rd January 2018 at 6:00pm

In addition there will be an informal meeting with Loughborough councillors in September 2017 to discuss the suggestions that had been made regarding the Loughborough Special Expenses for 2017/18.

The Panel agreed they would invite Councillor Barkley to their December meeting to comment on the draft budget and to answer questions about any areas of concern or interest.

**BUDGET SCRUTINY PANEL
3RD OCTOBER 2017**

PRESENT: The Chair (Councillor Miah)
Councillors Bebbington, Parsons and Seaton

Councillor Slater (invited as Leader of the Council)

Strategic Director of Corporate Services
Democratic Services Officer (MH)

APOLOGIES: Councillors Gerrard and Jukes

Councillor Barkley who had been invited as Lead Member for
Finance and Revenues & Benefits

8. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 27th June 2017 were confirmed and signed as a correct record of the meeting.

9. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

The following disclosures were made:

- (i) by Councillors Miah and Seaton – personal interests as members of Leicestershire County Council.

10. DECLARATIONS – THE PARTY WHIP

No declarations were made.

11. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions had been submitted.

12. BUDGET SCRUTINY PROCESS/TERMS OF REFERENCE

A report was submitted setting out the budget scrutiny process and terms of reference for the Panel in respect of the 2018/19 budget, as agreed by the Scrutiny Management Board on 29th March 2017 (item 6 on the agenda filed with these minutes).

RESOLVED that the budget scrutiny process and terms of reference for the Panel be noted.

Reason

It was necessary for the Panel to understand its terms of reference and the agreed budget scrutiny process so that its scrutiny was undertaken in accordance with that.

13. DRAFT MEDIUM TERM FINANCIAL STRATEGY 2018-2021

A report of the Strategic Director of Corporate Services, setting out the draft Medium Term Financial Strategy (MTFS) 2018-2021 which had been agreed by the Cabinet on 21st September 2017, was submitted for consideration by the Panel. An extract from the notes of the informal meeting held on 19th September 2017 to enable Loughborough Councillors to put forward suggestions for the Loughborough Special Expenses element of the draft budget 2018/19 was also submitted (item 7 on the agenda filed with these minutes).

The Strategic Director of Corporate Services and the Leader of the Council assisted with the consideration of the item and provided the following responses to issues raised:

- (i) The MTFS made projections of expenditure and income based on current expenditure and income, known changes such as pay rises and changes in large contracts, removing one-off items from previous years and making projections for other items, including inflation. The draft MTFS identified a deficit in each of the next three years. Management actions to address the deficit would be identified through the annual budget each year.
- (ii) A rise in inflation was not a significant risk given the likely range of increases. A rise in inflation could be accompanied by a rise in interest rates which would increase the Council's income from investments.
- (iii) Over the MTFS period the risk posed by increases to the Council's pension contributions was low because contributions were reviewed on a three year basis and changes smoothed over a longer period.
- (iv) There could be changes to the amount the Council received through the New Homes Bonus as a result of the number of new properties added each year (including the net change in the number of empty properties) and changes to the scheme by the Government. There had been recent changes to the scheme that meant that the Council would receive less money.
- (v) The projections in the MTFS regarding the number of new properties that would be added each year were reasonable based on past performance and future additions from the sustainable urban extensions identified in the Core Strategy. The figures in the draft MTFS would be refined as more information became available. The number of new properties that would be used to

calculate the New Homes Bonus that the Council would receive in 2018/19 would be known in October 2017.

- (vi) The loss of income due to the reduction in waste credits that the Council would receive had been included in the calculations in the MTF5. There were still some uncertainties about the effect of the changes, for example regarding the location site that the Council would have to deliver material to. The loss in income could be mitigated through making changes to the Council's contracts with Serco and recycle companies. The MTF5 did not include any of these potential management actions.
- (vii) Two of the greatest areas of uncertainty were the fair funding assessment which was due in 2019 and the introduction of 100% Business Rates retention. They would have a significant effect in determining the Council's financial position.
- (viii) The projected increase in the amount of Council Tax that would be collected was based on growth in the Council Tax base and the size of new properties, as the Council Tax base was calculated in terms of Band D equivalents. Overall Charnwood was a growing borough and there was a compounding effect of this over the years.
- (ix) In the past one of the factors that the Revenue Support Grant funding from the Government took into account was Council Tax exemptions for students. However, the Revenue Support Grant was due to cease within the next three years.
- (x) Councils were not part of the Government's public sector pay cap and pay awards were administered through Local Government Employers. A larger pay award would have a significant impact as employment costs made up two-thirds of the Council's expenditure. Current negotiations on pay involved a percentage pay award and changes to the pay structure. A view would be taken on the best estimate regarding pay to include in the final version of the MTF5.
- (xi) There were services for which the Council found it difficult to recruit staff, such as planning and legal services where the Council was in competition for staff with the private sector. The Council also had to be transparent about how much it paid its staff.
- (xii) It would be for councillors to determine whether the Council should adopt new creative strategies, for example in selling services. In order to deliver such an approach the Council would need to ensure it had the appropriate skills and had considered whether it was willing to take on more risk.
- (xiii) The Council could spend money to build social housing. There were constraints on this, including acquiring land (as the Council did not own much suitable land), the current annual 1% reduction in rents and the right to buy scheme, which meant developing a business case was difficult. Different types of affordable housing could be funded out of the Housing Revenue Account and the General Fund. The Council could explore providing affordable housing within the sustainable urban extensions.

- (xiv) The Council could also borrow money, within prudential limits and ensuring that the requirements relating to maintaining a minimum revenue provision were adhered to. The Council could amend its own rules relating to borrowing if it was willing to take on more risk.

Members of the Panel made the following comments:

- (i) It was a concern that the projections for the number of new houses that would be provided had been revised down from last year's MTFS.
- (ii) The fact that there was a history of underspends at the end of the financial year could not be relied upon in the future.
- (iii) The Council would be using its reserves over the period of the MTFS. This was a concern as reserves could only be used once. However, the strategy was sustainable in the short term.
- (iv) It may not be appropriate to refer to different scenarios for staff pay awards as optimistic or pessimistic.
- (v) The amount of money the Council received from the Government was decreasing and the Council should do more to try and be locally self-sufficient. The Council was a trusted supplier and could develop additional charged-for services, for example a gardening service which operated alongside the waste collection service. Such an approach could enhance services, raise income locally and enable the Council to support those in need.
- (vi) Proposed changes to the Business Rates regime and the size of the Council could facilitate the adoption of a more self-sufficient approach. That approach would mean that local government would decide what was needed and how money would be spent locally.
- (vii) Some councils had formed development companies to provide housing. Such an approach would also give councils more control over the five year land supply.
- (viii) The format of the MTFS was good and it was easy to read.

Councillor Slater left the meeting at 7.00pm.

RESOLVED

1. that the draft Medium Term Financial Strategy 2018-2021 and the information in respect of Loughborough Special Expenses be noted;
2. that the Panel did not wish to make any formal recommendations to the Cabinet at this time regarding the draft Medium Term Financial Strategy 2018-2021;
3. that the Panel be provided with further information regarding whether and how efficiency savings and opportunities for increasing income that had been identified were being realised, and regarding any updates to

the projections in the draft Medium Term Financial Strategy 2018-2021 that were made as more information became available;

Reasons

1. To acknowledge the information that had been received.
2. The Panel was satisfied with the draft MTFS following its scrutiny of the matter and had concluded that it contained reasonable assumptions given the information that was known at the current time.
3. To inform the Panel's remaining work.

Note

These minutes are subject to confirmation as a correct record at the next formal meeting of the Panel, which is scheduled for Wednesday 3rd January 2018.

**BUDGET SCRUTINY PANEL
3RD JANUARY 2018**

PRESENT: The Chair (Councillor Miah)
Councillors Bebbington, Gerrard, Jukes, Parsons and
Seaton

Strategic Director of Corporate Services
Head of Finance and Property Services
Head of Landlord Services
Head of Strategic and Private Sector Housing
Group Leader Development Management (SS)
Democratic Services Manager
Democratic Services Officer (NA)

Councillor Barkley attended the meeting as the Cabinet Lead Member for Finance and Property Services.

7. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 5th December 2017 were confirmed as a correct record and signed.

8. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

9. DECLARATIONS – THE PARTY WHIP

No declarations were made.

10. QUESTIONS UNDER SCRUTINY COMMITTEE PROCEDURE 11.17

No questions had been submitted.

11. BUDGET SCRUTINY PROCESS/TERMS OF REFERENCE

The budget scrutiny process and terms of reference for the Panel agreed by the Scrutiny Management Board at its meeting on 29th March 2017 were submitted (item 6 on the agenda filed with these minutes).

RESOLVED that the budget scrutiny process and terms of reference for the Panel be noted.

Reason

To confirm the purpose of the meeting and the work of the Panel generally.

12. DRAFT GENERAL FUND AND HRA BUDGETS 2018/19

The purpose of the item was to consider the draft General Fund and HRA Budgets for 2018/19 submitted to the Cabinet meeting held on 14th December 2017. These had also been submitted to the Panel at its informal meeting held on 5th December 2017, at which specific issues to focus on had been identified. The Panel's report and recommendations would be submitted to the meeting of the Scrutiny Management Board to be held on 24th January 2018, prior to consideration by the Cabinet on 15th February 2018.

The Panel considered each of the issues identified in the submitted agenda papers, with the assistance of relevant officers invited to the meeting. The Strategic Director of Corporate Services and the Head of Finance and Property Services provided support to the Panel in its consideration of the item and gave the following responses to questions raised in relation to both the revenue budgets and the Capital Plan (2018/19):

- (i) The National pay proposals for 2018-2020 had been sent out to the workplace unions for consultation with their members.
- (ii) The financial settlement from the government had been received but the Council was still waiting to receive the finalised business rates figures.
- (iii) The Council was aware of the problems surrounding the introduction of Universal Credit and although no specific budget had been set aside there were provisions in place to support claimants. They included the Discretionary Housing Payment to help with rent payments. There would also be a review of the process to check how it was working.
- (iv) The Panel was advised that all the projects submitted to the Loughborough Special Expenses Panel had been included. It was noted that there was no set budget so the money spent was dependent on the projects that were submitted.

Income and Expenditure Amounts

The Group Leader for Development Management attended the meeting to provide an explanation of the figures given for the expected income received and the service restructure.

They gave the following responses to questions raised:

- (i) The government had issued a letter to advise that the planning fee increase would come into effect from 17th January 2018.
- (ii) The figures for the service restructure and the planning fee income increase were likely to correlate due to the restructure being informed at least in part by the expected rise in income fee. It was also clarified

that the income received could only be spent on the planning service which was the reason it was being used to fund the restructure.

- (iii) The restructure would look at the problems identified such as recruitment for certain posts and salary evaluation and make investment in those areas. The restructure would also create a more efficient service that could compete with neighbouring councils.
- (iv) There was a suggestion that there should be a review into why staff had left and the cost to the Council of recruiting new staff. Setting up a Panel was suggested to carry out the review and also look at the restructure of the service going forward.
- (v) The Panel was informed that there was a report going to Cabinet that would explain the restructure in more detail and there was a consensus to wait for the outcome of the report which could be scrutinised by the Overview Scrutiny Group before going to Cabinet for approval.

Homelessness Reduction Grant Funding

The Head of Strategic and Private Sector Housing attended the meeting to provide detail of how the grant would be used and an explanation of how the service would change. The following responses were given to issues raised:

- (i) The Homelessness Reduction Act was the biggest change seen in homelessness legislation for 20 years. It proposed several new duties and increased the Council's duty to homeless applicants which would cause a change in working practices and the need for additional resources. For example there was a requirement to issue a personal housing plan which created a "contract" between the applicant and the Council. It was anticipated that there would be a need for more staff as the work required was more intensive.
- (ii) The temporary accommodation budget for 2017/18 was expected to be overspent based on the current usage and the expected increase of residents requiring assistance. The Homelessness Reduction Act was expected to see a further increase in the need for temporary accommodation due to the anticipated rise of homeless applicants and accordingly the budget for 2018/19 had increased to reflect this. This was thought to be the case until the new duties had been embedded and accommodation had been procured to meet the requirements of the Act.
- (iv) The working balance for the properties within the HRA was worked out as £110 per property. This amount was available should the Council's other funds not be sufficient. The Panel was advised that more than this amount was being spent on the properties to ensure they met the "Charnwood Standard" in the normal course of business.

- (v) The HRA fund balance of £6.2m was assured to be sufficient for the Council's requirements. The debt repayments were scheduled at different times and at different amounts and were payable through the reserves available.
- (vi) The capital request for £1.9m was identified as being for the acquisition of properties to add to the Council's housing stock. The objective was to acquire preferably two bed accommodation and bungalows on sale on the open market to address the housing needs of households on the Housing Register. The acquisitions would be funded from Right to Buy sale receipts and Major Repairs funding.

Electrical Works Programme

The Head of Landlord Services attended the meeting to provide details about how the programme would operate and how the budget would be allocated.

They gave the following responses to issues raised:

- (i) The programme was for a period of 5 years and a rolling programme would now be put in place for all properties to conduct periodic electrical tests and carry out any appropriate works identified, therefore reducing the level of risk.
- (ii) The budgeted amount was for next year's works. It was listed as a one off amount as it was an estimate of how much was needed but next year would be listed as an ongoing cost.

Members of the Panel had a discussion before making the following resolutions:

RESOLVED

1. that the Cabinet be informed that alternatives should be investigated for the Loughborough Special Expenses arrangements in the future.
2. that the Cabinet be informed of the Panel's concerns regarding the use of Council reserves to meet the proposed budget. The Council have a history of underspending and the Panel was concerned how future requirements would be met if the funds were not available.
3. that the Cabinet be informed of the Panel's concerns regarding the consideration of the forthcoming report on the Planning Service Restructure. In particular to take note of the figures for the expected planning fee income for the service and the costs for the proposed restructure.

4. that the Cabinet be informed of the Panel's concerns regarding the number of people currently in temporary accommodation and the cost to the Council.
5. that the Cabinet be informed that the Panel thought the electrical works programme created by the Head of Landlord services was a prudent move and commended by the Panel.

Reasons

1. To explore how the money could be better spent in Loughborough and the surrounding areas.
2. To inform the Cabinet of the Panel's concerns.
3. The inform the Cabinet of the Panel's concerns.
4. To inform the Cabinet of the Panel's concerns.
5. To inform the Cabinet of the Panel's views.