



Leicester
City Council

Minutes of the Meeting of the
CABINET

Held: MONDAY, 19 JANUARY 2004 at 5.00pm

P R E S E N T :

Councillor R. Blackmore - Chair
Councillor Scuplak - Vice-Chair

Councillor Coles
Councillor Coley
Councillor Hunt

Councillor Johnson
Councillor Metcalfe
Councillor Mugglestone

Councillor Suleman

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173. DECLARATIONS OF INTEREST

Members were asked to declare any interests they may have in the business to be discussed and/or indicate that Section 106 of the Local Government Finance Act 1992 applied to them.

Councillor Metcalfe declared a personal non-prejudicial interest in reports C 'Housing Capital Programme 2003/04 and 2004/07' and D 'Housing Revenue Account – Budget 2004/05' as he was a Council house tenant.

174. LEADER'S ANNOUNCEMENTS

Audit Commission Report

Councillor Blackmore referred to an independent report produced by the Audit Commission in December 2003 which looked in to the causes of high Council tax increases. The report referred to two principle reasons. First, spending by councils went up by more than had been allowed for in the grant settlement. Second, the effect of the grant regime, whereby 75% of funding comes from central government, was that each 1% councils added to spending above amounts allowed for in the grant settlement increased council tax by 4%.

Local Government Association Press Release

Councillor Blackmore also referred to a press release from Sir Jeremy Beacham, Chair of the Local Government Association in which he stated his expressed opposition to capping. Councillor Blackmore also stated it was the unanimous view of the Cabinet that the principle of capping was wrong and anti

democratic.

175. MINUTES OF PREVIOUS MEETING

RESOLVED:

that the minutes of the meeting held on 15 December 2003, having been circulated to Members, be taken as read and signed by the Chair as a correct record.

176. MATTERS REFERRED FROM SCRUTINY COMMITTEES

The Cabinet received the following items from Scrutiny Committees:-

STRATEGIC PLANNING AND REGENERATION SCRUTINY COMMITTEE – 15 JANUARY 2004

2003/04 Capital Programme Monitoring – Period 7

The Committee resolved the following at the above meeting:-

- *that the Corporate Capital Programme 2004/05 be reported to this Scrutiny Committee before any Cabinet decision.*

Councillor Coley noted the issue raised by the Strategic Planning and Regeneration Scrutiny Committee, and referred to problems with the timescales with this year's capital settlement and also noted that the programme was a 'roll-forward' of that which was agreed in the previous year. He also commented that the programme would be submitted to the Finance Resources and Equal Opportunities Scrutiny Committee and to full Council where all Members would have the opportunity to comment on the report.

RESOLVED:

that as the Corporate Capital programme 2004/05 was a 'roll-forward' of a previously agreed programme and it was going to full Council for consideration, that it not be submitted to the Strategic Planning and Regeneration Scrutiny Committee this year for consideration.

HOUSING SCRUTINY COMMITTEE – 15 JANUARY 2004

Adapted Housing Services for Disabled People Inquiry – Outcome and recommendations

The Committee resolved the following at the above meeting:-

- *that the Cabinet consider whether the upper limit for Disabled Facilities Grants should be capped at £20,000 rather than the current figure of £25,000.*

Councillor Metcalfe noted this was one of many recommendations arising from

an inquiry into adapted housing carried out by the Housing Scrutiny Committee. He stated that in relation to this request, legal advice was still awaited on whether this cap was possible. He therefore recommended that any decision on whether to cap the upper limit should be delegated to the Corporate Director of Housing in consultation with the Cabinet Link Member for Housing following legal advice from the Town Clerk.

RESOLVED:

that the decision on whether the upper limit for Disabled Facilities Grants should be capped at £20,000 be delegated to the Corporate Director of Housing in consultation with the Cabinet Link Member for Housing, following legal advice from the Town Clerk.

177. CORPORATE CAPITAL PROGRAMME 2004/05

Councillor Coley submitted a report recommending a corporate capital programme for 2004/05 and which set out the implications of the Prudential Framework for borrowing, effective from 1 April 2004. This meant that he would be recommending a set of 'prudential indicators' to Council as part of the budget to demonstrate that the Council's borrowing decisions were prudent, affordable and sustainable.

RESOLVED:

That Council be recommended to approve the following:-

- (1) the development of a new capital strategy for the period 2005/06 to 2007/08;
- (2) the capital programme shown at Appendix 2 of the report subject to any changes Council wishes to make following comments from Finance, Resources and Equal Opportunities Scrutiny Committee;
- (3) that the following be designated as service resources for the purposes of this programme:-
 - (i) Housing capital receipts,
 - (ii) 80% of Housing and 80% of the Transport maintenance elements of the Single Capital Pot.
 - (iii) profits made by the Housing Maintenance DSO;
 - (iv) the Education element of the Single Capital Pot other than formulaic allocations.
- (4) the following status of the schemes in Appendix 2,
 - (i) Block A, being schemes which can proceed once the programme is approved, subject to compliance with Finance Procedure Rules;

- (ii) Block B, being schemes which can proceed subject to a decision relating to the Performing Arts Centre
 - (iii) Block C being schemes that require further approval by Cabinet with regard to the detailed implementation of the scheme, to the extent that the further approval has not yet been obtained;
 - (iv) Block D, being schemes that are subject to both further approval with regard to detailed implementation and a decision relating to Performing Arts Centre.
- (5) the following addition to Financial Procedure note 5.3.4 in relation to “Spend to Save” schemes following discussion at the Procedures Working Party:
- (I) bids to be funded by additional borrowing be approved by the Chief Finance Officer, in consultation with the Cabinet Link for Finance, for schemes up to a limit of £250,000,
 - (II) bids for schemes above £250,000 must be approved by Cabinet,
 - (III) the Chief Finance Officer be required to maintain a statement of rules for such spend to save schemes, the first such statement being at Appendix 2;
- (6) that it be noted that as part of approving the 2004/05 General fund and Housing Revenue Account revenue budgets the Council will be asked to approve appropriate Prudential Indicators as set out in Appendix 3 to meet the requirements of the 2003 Local Government Act and CIPFA’s Code of Practice on Prudential Borrowing;
- (7) that it be noted that actual performance against the approved Prudential Indicators will be reported to Members as part of the routine capital monitoring reporting process.

178. REVENUE BUDGET CONSULTATION 2004/5

Councillor Coley submitted a report notifying the Cabinet of the findings of a the recent budget consultation exercise. This exercise was advertised on a widespread basis and response forms were provided in a variety of locations such as area housing offices, libraries and in the Leicester Mercury. Whilst it was noted that there was an indication of support for the Cabinet’s priorities he also noted there were some anomalies in the responses received. It appeared that large numbers of the responses were completed in relation to a single specific issue area thus skewing the results. He also noted that even though the responses were demographically representative, there was no certainty that the views expressed were representative of the majority of Leicester’s citizens. Apart from the People’s Panel, all respondees were self-selecting. He

therefore recommended this be taken in to account when considering how the results should be used.

RESOLVED:

- (1) that the results of the consultation exercise, be noted;
- (2) that consideration be given in due course, how to use the consultation to shape the revenue strategy for submission to Council.

179. HOUSING CAPITAL PROGRAMME 2003/04 AND 2004/07

Councillor Metcalfe submitted a report which advised the Cabinet on the position at period 7 of this year's capital programme. The report revised the forecast for the 2003/04 out-turn and proposed a three year housing capital programme for 2004/2007.

Councillor Metcalfe noted the wide range of works that were due to be undertaken under the proposed capital programme. He also stated that he commended all the proposed recommendations to Council as he thought it was very good news for the city.

Members of the Cabinet in particular welcomed the inclusion of £600,000 for purchasing empty homes and new affordable housing.

The relevant minutes extract from the Housing Scrutiny Committee held on 15 January 2004 were attached. An amended page 8. of the report was also circulated.

RESOLVED:

that the following be recommended to Council:-

- (1) that the revised programme, outlined at Appendix 1 of the report, for 2003/2004 and funding arrangements outlined in paragraph 4.2 of the Supporting Information, be approved and that the Head of Legal Services be authorised to enter into any contracts necessary to maximize the spend against the revised programme;
- (2) that the resources shown in Appendix 2 of the Supporting Information, including the use of £200,000 from Housing Maintenance DSO Profits, £1m from Housing Balances and £6m from utilizing the Prudential Framework be approved to support the Housing Capital Programme in each of 2004/2005, 2005/2006 and 2006/2007;
- (3) that the Housing Capital Programme for 2004/2007 outlined at Appendix 3 of the report including a small level (3.5%) of overprogramming, be approved and the

Corporate Director of Housing in consultation with the Cabinet Link Member for Housing, be given delegated authority to authorize any contracts, and the Head of Legal Services to sign any contracts within the overall programme, to achieve a maximum spend against the resources available;

- (4) to note that the 2004/05 Programme will be reviewed during the financial year and particularly, following the result of the Stock Options Appraisal, and the 2005/07 Programmes will be subject to further ratification as part of the normal annual budget cycles; and
- (5) that the Corporate Director of Housing and Cabinet Link for Housing, be authorised to approve bids from Community Associations under the 'Capital Receipt Initiative' allocation.

180. HOUSING REVENUE ACCOUNT - BUDGET 2004/05

Councillor Metcalfe submitted a report that summarised the position of the Housing Revenue Account (HRA) for 2003/04 and 2004/05, and seeking approval for the setting of rents for 2004/05 on the basis of the Government's 'formula rents'.

The relevant minutes extract of the Housing Scrutiny Committee held on 15 January 2004 were circulated. Councillor Metcalfe commented that the comment made by the Scrutiny Committee supporting a growth bid of £43,200 for the 17 smaller Tenants Associations would be considered as part of the budget process.

RESOLVED:

that the following be recommended to Council:-

- (1) to note the estimated working balance of £2.011m at the start of 2004/05, and the base budget for 2004/05 as detailed in Appendix A, of the report;
- (2) that the request from the Housing Scrutiny Committee that a growth bid of £43,200 for the 17 smaller Tenants Associations be considered as part of the budget process;
- (3) that the setting of rents for 2004/05 on the basis of "formula rents", be approved, giving an average rent rise of 3.36% (although individual rents will be different), but utilizing permitted tolerances to restrict large increases in accordance with the resolution of the 21st July 2003 meeting of the Cabinet;
- (4) that the revised level of miscellaneous payments and

charges to be applied in 2004/05, as detailed in Appendix C, be approved.

- (5) that the proposed service developments for 2004/05 as detailed in Section 6 of the 'Supporting Information', be approved.
- (6) that the 'prudential indicators' for the Housing Revenue Account as detailed in Section 8 of the 'Supporting Information', be approved.
- (7) that the £0.5m included in the 2004/05 Housing Revenue Account base budget be used to facilitate the inclusion of £6m of additional Housing Revenue Account capital expenditure in the 2004/05 Housing Capital Programme, to be financed by unsupported borrowing under the Prudential Framework and £1m as a Revenue Contribution to Capital Outlay (RCCO).

181. INCREASING THE IMPACT OF THE EMPTY HOMES STRATEGY

Councillor Metcalfe submitted a report informing the Cabinet of the number of empty homes in Leicester, current arrangements for bringing homes back in to use and it contained proposals for extra resources to accelerate the process.

Cabinet members expressed concerns regarding the lack of support from the Regional Housing Board being given to Leicester, particularly for funding the rehabilitation of currently empty properties.

Further concerns were expressed regarding general support from the Regional Housing Board which seemed to be focusing its efforts on the Milton Keynes area where large amounts of new housing were proposed. They felt that this meant that Leicester was losing out on investment money because of this. The Leader agreed that he would write to the city's three Members of Parliament detailing these concerns. It was also suggested that as well as the lobbying of the Regional Housing Board proposed in the report, that lobbying of the Office of the Deputy Prime Minister also be undertaken.

RESOLVED:

- (1) that two extra staff be employed to aim to bring back into use all properties that have been vacant for more than 18 months;
- (2) that the Regional Housing Board be reminded of the Council's concerns that their lack of support for rehabilitation of properties (rehab) undermines the Council's Empty Homes Strategy;
- (3) that the three local Members of Parliament and the Office of the Deputy Prime Minister be written to outlining the

Council's concerns regarding the expenditure of regional housing funding being spent largely in one specific area.

182. PROPOSED BIOMASS PLANT AT ST MARKS AND EXTENSION OF THE COMBINED HEAT AND POWER (CHP) LINKS

Councillor Hunt submitted a report dealing with a proposal to build a new biomass plant at St. Marks and to extend Combined Heat and Power links from St. Marks to St Matthews. He commented further that this project would mean sustainable heating would be provided to 2300 homes and it would reduce CO2 levels which would in turn reduce problems such as asthma. This project would help to put Leicester at the forefront of environmental innovation.

Members of the Cabinet enquired about the benefits for local farmers and whether they would be able to use crops such as oil seed rape as fuel for this biomass plant. The Head of Energy Services commented that the fuel for this plant would be woodchip with a potentially limitless local supply. The crops would be grown to replace those being used and offset any carbon production. Whilst there was no use for oil seed rape in this plant the local Rural Energy Trust was looking in to ways of using crops for fuels in the future.

RESOLVED:

that the proposal to provide a new biomass plant at St Marks and an extension of Combined Heat and Power links to St Matthews as described in this report be approved subject to the capital costs being met by a £200,000 grant from the Rural Energy Trust and the balance being available from the East Midlands Development Agency .

183. BRAUNSTONE YOUTH HOUSE

Councillor Johnson submitted a report outlining progress on the refurbishment of Braunstone Adult Centre to a purpose built Youth House.

Councillor Johnson moved an amendment to recommendation (2) of the report to, 'Note the financial implications, subject to the VAT implications being approved by the Chief Finance Officer'. This was agreed.

Members of the Cabinet expressed concerns about the length of time taken to progress this and the Braunstone Library project. Officers commented that negotiating the detail of these projects with partners was a difficult process and took time reaching agreement.

Concerns were also expressed over the financing of the Youth House in particular the proposed service developments. Officers commented that that principle of developing services further had already been approved by the Cabinet although the level of service was dependent on the results of the current budget round. It was however still intended to provide youth services from this building even if the funding for service developments did not materialise from the current budget round.

The Leader also requested that he and his Cabinet colleagues be provided with a briefing every two months on this and the Braunstone Library project throughout the projects durations.

RESOLVED:

- (1) that the contents of this report, be noted and approval be given to proceed with this project,
- (2) that the financial implications be noted subject to the VAT implications being approved by the Chief Finance Officer.
- (3) that the proposed procurement route, be approved.
- (4) that the Corporate Director of Education be authorised to seek and accept tenders.
- (5) that the Corporate Director of Education be authorised to enter into contract with the successful contractor
- (6) that the Corporate Director of Education be authorised to negotiate any reduction in tender costs received, should they be above the available budget.

184. COLLECTION FUND SURPLUSES

Councillor Coley submitted a report identifying the estimated financial position of the Collection Fund Account as at 31 March 2004. It was noted that this was a statutory duty as the surplus or deficit must be taken in to account when setting the Council Tax.

RESOLVED:

- (1) that the estimated collection fund surplus figure of £545,000, be approved; and
- (2) that the estimated shares payable to the Police Authority of £53,000 and the City Council of £492,000 be approved.

185. COUNCIL TAX - TAXBASE

Councillor Coley submitted a report which detailed the statutory requirement of setting a 'taxbase'. The 'taxbase' is the number of properties in the City on which Council tax is charged but expressed as if all properties were in Band D.

RESOLVED:

- (1) that the report be endorsed; and
- (2) that a taxbase for 2004/2005 of 72,791 properties expressed as the equivalent number of "Band D" properties, be recommended to Council.

186. REVENUE BUDGET MONITORING 2003/2004 - PERIOD 7

Councillor Coley submitted a report showing a summary position comparing spending with the budget for all General Fund Services.

RESOLVED:

- (1) that the expenditure to date and the budgetary issues that have emerged so far this year, be noted;
- (2) that the proposals put forward to ensure that spending is contained within the Departments budgets, be noted;
- (3) that the virements specified in section 5 of the supporting information, be approved.

187. 2003/2004 CAPITAL PROGRAMME MONITORING - PERIOD 7

Councillor Coley submitted a report updating the Cabinet on the progress of the Capital Programme for 2003/04 up to the end of October (Period 7).

RESOLVED:

- (1) that a revised level of programmed expenditure of £71.090 million, be approved;
- (2) note the level of expenditure to the end of October 2003 of £30.8 million;
- (3) that the position relating to capital receipts, be noted;
- (4) to note the following additions to the programme relating to schemes that will be fully funded from service resources:
 - (i) the Intermediate Business Scheme at Ross Walk at a total cost of £454,145;
 - (ii) programmes of work relating to the Housing programme to be funded from additional receipts from Council House sales (£1 million), contributions and the Building reserve (£226,000) and a Supplementary Credit Approval and resources brought forward (£1 million);
 - (iii) the redevelopment of two elderly persons homes (£584,000).
- (5) that the detailed list of schemes to be carried out at the Riverside as detailed in paragraph 4.4 of the report, be approved.

188. REVISED STATEMENT OF ACCOUNTS 2002/03

Councillor Coley submitted a report which met the requirement of the Accounts and Audit regulations 2003 for the authority to report on changes made to the draft accounts following the audit. It was noted that the District Auditor had given an unqualified opinion.

Councillor Blackmore asked that the Cabinet's thanks be passed on to all staff involved in the production and monitoring of the accounts.

RESOLVED:

that the revised Statement of Accounts for 2002/03, be noted.

189. CLOSE OF MEETING

The meeting closed at 5.55pm.