

4 FEBRUARY 2009

NEW FOREST DISTRICT COUNCIL

CABINET

Minutes of a meeting of the Cabinet held at Appletree Court, Lyndhurst on Wednesday, 4 February 2009.

- p Cllr B Rickman (Chairman)
- p Cllr E J Heron (Vice-Chairman)

Councillors:

- p G C Beck
- p Mrs D M Brooks
- p Mrs J L Cleary

Councillors:

- p Mrs M D Holding
- p C R Treleaven
- p C A Wise

In Attendance:

Councillors:

- D Harrison
- P E Hickman
- Mrs M E Lewis
- L R Puttock

Councillors:

- Mrs A M Rostand
- Mrs B Smith
- F P Vickers
- P R Woods

Also In Attendance:

Mrs P White and Mrs A Murphy, Tenants' Representatives. Mrs W Celea was also present.

Officers Attending:

D Yates, R Jackson, J Mascall, Ms J Bateman and Miss G O'Rourke and for part of the meeting Ms R Drummond, D Brown, C Elliott and N Hunt.

90. MINUTES.

RESOLVED:

That the minutes of the meeting held on 3 December 2008, having been circulated, be signed by the Chairman as a correct record.

Arising on the Minutes:-

Minute No 87 - Settlement of Litigation

The Chairman drew members' attention to this minute relating to the settlement of litigation brought against the Council over the cause of slippery floors at three of the Council's Health and Leisure Centres. As reported elsewhere on the agenda before the Cabinet, the eventual sum paid in costs was £105,000.

The Chairman said that he took his responsibilities to the New Forest taxpayer as seriously now as Leader as he did when he was Leisure Portfolio Holder. He said that he always thought staff had acted correctly with the information available at the time.

The Chairman wished to make very clear his personal support for a full and open review of the issue so that any necessary lessons could be learned. To this end he and the Chief Executive had asked the two Executive Directors, who had had no involvement whatsoever in the process before the court judgement, to conduct a full investigation and prepare a report to aid the relevant review panel(s) in its deliberations. How the Panel would use the report would be for the Panel(s) and its Chairman to decide. The Chairman said he was determined that the Council demonstrated to taxpayers that it wished to learn from the experience.

91. DECLARATIONS OF INTEREST.

Cllr D Harrison declared an interest in Minute No. 95

Cllrs Mrs Brooks and Rickman declared interests in Minute No. 97

92. PUBLIC PARTICIPATION.

No issues were raised during the public participation period.

93. CHILDREN AND YOUNG PERSON PLAN : CONSULTATION (REPORT A).

The Cabinet considered a response made by the Chief Executive to a consultation paper from Hampshire County Council on behalf of the Children and Young People Management Board on a new Children and Young People Plan for Hampshire.

The Leisure, Culture and Youth Matters Portfolio Holder commented that she fully supported the response to the new Plan and outlined a wide variety of ways in which the Council currently supported young people including play development and 8-16 clubs in health and leisure centres; the 'Night Stop' scheme; Cook to Eat projects and the healthy kids' referral schemes.

The Crime and Disorder Portfolio Holder also supported the Plan and commented that the Crime and Disorder Reduction Partnership also undertook a number of projects in support of children and young people. He highlighted the current excellent work being rolled out to schools in relation to the 'Don't do it' scheme which aimed to raise awareness of the effects of criminal damage on the community.

The Housing Portfolio Holder confirmed that she had made a grant of £5,000 from the additional housing grant money previously agreed by the Cabinet, to the 'Night Stop' scheme to support their work.

Members noted that the work being carried out across a wide range of activities, and in conjunction with a number of other partners was proving very positive for young people across the district. Once confirmed the Cabinet would be invited to engage further with the proposals in the Plan.

RESOLVED:

That the response of the Chief Executive to the consultation on the Children and Young People Plan for Hampshire attached as Appendix 1 to Report A to the Cabinet be endorsed.

94. RISK MANAGEMENT (REPORT B).

The Cabinet considered a new Risk Management Strategy together with an action plan to formalise processes and embed risk within the governance procedures already in existence in respect of performance management, service, financial and audit planning and committee reporting.

Members supported the proposed Strategy and agreed that whilst Risk Management was important it should be undertaken pragmatically and without unnecessary bureaucracy.

RESOLVED:

- (a) That the revised Risk Management Strategy shown at Appendix 1 to Report B to the Cabinet be approved; and
- (b) That the action plan to implement the Strategy and embed risk management further into the culture of the organisation shown at Appendix 2 to Report B to the Cabinet be noted.

95. TRAFFIC MANAGEMENT AGENCY AGREEMENT (REPORT C).

Cllr D Harrison declared a personal interest as a Hampshire County Councillor. He did not consider his interest to be prejudicial. He remained at the meeting and took part in the discussion. He did not have a vote.

The Cabinet noted that the Council had received notice from HCC to terminate the existing traffic management agreement with the aim of securing changes to improve the service by negotiating a new agreement. The new agreement would strengthen performance provisions and reduce the termination period to one year.

The Planning and Transportation Portfolio Holder supported the new arrangements which would continue to give the district and town and parish councils an important opportunity to input into local traffic management issues.

RESOLVED:

- (a) That a revised Traffic Management Agency/Partnership Agreement be agreed as detailed in Appendix A to Report C to the Cabinet but that the financial implications of retaining the traffic management agency be subject to regular review;
- (b) That the Priority Assessment Process for Traffic Management Proposals as set out in Appendix B to Report C to the Cabinet be adopted; and

- (c) That the Council's Parking Policies in respect to residents' parking permits be amended as set out in Appendix C to Report C to the Cabinet.

96. FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD 2008 TO DECEMBER 2008 (REPORT D).

The Cabinet considered the Council's budget performance for the first 9 months of 2008/09 on a portfolio and committee basis.

The Finance and Efficiency Portfolio Holder detailed the main variations in the budget, as a direct result of the economic climate, as reductions in income from building control and land charges and from health and leisure centres. However it was noted that there had been additional interest income received and concessionary travel costs were not as high as anticipated. Overall, the position at year end was currently anticipated to be £244,000 over budget.

Members noted that the Capital Programme had reduced by a further £2,185,000 with the main variation arising from a significant expenditure reduction on Social Housing Grants due largely to the current housing market conditions, the global economic situation and the timing of grant payments already approved.

The Housing Revenue Account remained reasonably stable.

The Chairman thanked the Finance and Efficiency Portfolio Holder and the Executive Director with responsibility for Finance for their hard work in the current very difficult economic situation.

RECOMMENDED

That the following supplementary estimates be approved:-

- ***£77k in respect of the Land Drainage budget overspend;***
- ***£56k in respect of Leisure cleaning;***
- ***£145k in respect of various Health and Leisure Centre / Dibden Golf Course variations (As detailed in Appendix 4 to Report D to the Cabinet);***
- ***£85k in respect of a further Planning Application income shortfall;***
- ***£60k in respect of Building Control income shortfall; and***
- ***£100k in respect of a projected interest earnings shortfall.***

RESOLVED:

- (a) That the items set out in the revised General Fund, Capital Programme and Housing Revenue Account budgets, as shown in Appendices 1 – 3 of Report D to the Cabinet be approved; and

- (b) That the actual expenditure position after 9 months (75%) compared to the budgets for the General Fund, Capital Programme and Housing Revenue Account as set out in Appendices 1 – 3 of Report D to the Cabinet be noted.

97. THE MEDIUM TERM FINANCIAL PLAN – ANNUAL BUDGET 2009/10 (REPORT E).

Cllrs Mrs Brooks and Rickman declared personal and prejudicial interests in this item in that they were both beach hut owners. There was no discussion on this aspect of the report. They remained at the meeting but did not vote on this particular aspect of the decision.

In accordance with the Council's Financial Strategy the Cabinet considered proposals for:

- The General Fund Net Budget Requirement 2009/10
- The General Fund Capital Programme 2009/10 onwards
- A level of Council Tax for 2009/10
- The Housing Revenue Account budget 2009/10
- The Medium Term Financial Plan
- A Strategic Efficiency Savings Plan
- The Treasury Management Strategy for 2009/10

The Finance and Efficiency Portfolio Holder presented the main budget implications for the Council as detailed in Appendix 1 to these minutes.

The Chairman said that the Council was experiencing an exceptional financial situation but members would continue to work in the best interests of the local tax payer to maintain the Council's traditional high standards of financial prudence.

In particular the Cabinet expressed concern at the way in which the Government set the rent increase, which for 2009/10 would be 5.8%. Members were also particularly unhappy with the arrangement whereby the Government drew back 40% of the rental income received which for 2009/10 would amount to £8.5m. The Council was part of an active campaign to lobby the Government to change the current arrangements. The Housing Portfolio Holder had written to the Government directly expressing the Council's concern. She said she would also be writing to all tenants explaining the situation.

The Housing Tenants' Representative said that the matter had been discussed at the Tenants' Committee and they understood the difficulty that the Council faced. She said that those tenants not in receipt of housing benefit would find it particularly difficult to cope.

The Leader of the Liberal Democrats said that his Group would work constructively with the Majority Group in what were extraordinary financial circumstances. He supported the need to lobby the Government forcefully to change the rules to ensure that more help could be given to those most in need.

It was reported that the Employee side had no specific comments on the budget proposals but would comment in detail once the outcome of the Savings and Efficiency Plan was known.

RECOMMENDED:

- (a) That site licence fees and service charges at Stillwater Park be increased by 3%;**
- (b) That the additional fees and charges schedules, as set out in Appendix A(iii) of Report E to the Cabinet be approved;**
- (c) That a General Fund Net Budget Requirement of £22,700,000, be agreed after allowing for additional reductions in expenditure amounting to £324,000 that result in a reduced call on reserves;**
- (d) That a Band D Council Tax of £153.16 be agreed;**
- (e) That a Capital Programme for 2009/10 of £11.568m be agreed;**
- (f) That the HRA budget as set out in Appendix C of Report E to the Cabinet, including an average increase of 5.8% in rents for 2008/09, in line with rent restructuring guidelines, a 40p per week increase in garage rents (plus VAT for garages let to non-Council tenants) and increases in service charges in line with the detailed proposals in Section 2 of Appendix C to Report E to the Cabinet be agreed;**
- (g) That the Treasury Management prudential indicators be adopted, and the treasury management strategy and prudential indicators as set out in Appendix D of Report E to the Cabinet and as amended by the implications of the additional budget reductions as set out in (c) above be approved; and**
- (h) That the development of a Strategic Efficiency and Savings Plan be agreed to be presented for consideration by the Cabinet in April 2009.**

Attachment: Minute No. 97 – Appendix 1

CHAIRMAN

(DEMOCRAT/CB040209/MINUTES.DOC)

Throughout the world there are many organisations, large and small, in financial difficulty. Councils in this country have not been immune, although the impact has varied according to the profile of their resources. This Council has suffered a number of blows. We also recognise that there are those in our community who have taken a knock. This is the scene in which this budget has been set.

You may have read that government is to come to the rescue of councils with additional funding of £2.96 billion representing an increase of 4.2% in the support grant. This is simply not so. Our increase is to be £75,000 which amounts to a mere 0.7%. One wonders which councils are to receive more than their fair share? I leave you to guess whether these will be Labour led councils!

We started formulating our plans in the summer. Since then the world has suffered economic meltdown. Even the credit rating of countries is being called into question. When we began, our investments were earning 7% and more. Today it is difficult to find a safe haven which will pay 2.5%. Should interest rates fall further, perhaps to zero, the impact will be greater. This, coupled with the property market literally falling off a cliff, has substantially impacted this Council and during the course of our plan preparation, quite rightly in my view, we have changed direction.

Put simply, the task facing us is as follows. We are proposing an increase in council tax of 3%. This will provide us with an extra £350,000. If we then add the additional £75,000 from government our increase in funding will total £425,000. Compare this to the £2.5 million impact we have suffered and it gives you the size of the task before us.

The three of our income sources which have been most affected are lower investment income of £1 million, lower planning fees following the housing market drop of £0.8 million and lower attendance at Leisure Centres of £0.6million. Even the sales value of recycled waste is expected to suffer.

A reduction in expenditure levels to offset these major falls in income without damaging services requires careful management. So far, Cabinet members have reduced their expenditures by £945,000 and the revised recommendations before you are to incorporate a further reduction of £324,000. Capital expenditure has also been prioritised and £1.1 million delayed. However, with all the many other required changes we are still left with a shortfall of £1.0 million in order to balance our budget. Initially, it is planned to cover this with reserves. However, reserves do not last forever and we expect therefore to announce in the spring a further programme of expenditure reductions to ensure that the use of reserves is brought to an end.

Taking this second bite at the cherry also has the advantage of enabling us to make a more informed judgement as to the effect of any further fall in interest rates and, equally important, any impact on our finances from deflation, the extent of which remains difficult to forecast but could well impact on wages and prices throughout the country.

In these exceptional times I believe we have put together a sensible plan. As I have said it calls for a 3% increase in council tax but it does ensure a continuation of the present level of services. Indeed, I

anticipate that after the implementation of the action plan the organisation will, as the economy begins to recover, become leaner and more efficient. Of course, should there be a material change before Council meets towards the end of this month then a further amendment may become necessary.

We shall remain alert to future major economic changes but the plan has been drawn up with some caution for we intend to weather this storm which built up under the watch of Gordon Brown through his poor monitoring of the banking sector and his blatant failure to recognise the massive rise in private debt which he then compounded with his own profligate spending.

Finally, a key objective of this administration has always been the prudent management of our finances. This shall remain so. Reserves are held to cover unforeseen circumstances and I believe that such circumstances have arisen. However, the further programme of expenditure reductions is to be aimed at restoring a balanced budget by the end of the coming year and in order to demonstrate a real lead to the Council it is intended to ask members, when the time comes, to waive the 4% increase in allowances to which, under the independently set policy, they are entitled.

HOUSING REVENUE ACCOUNT (page 32)

Unlike the General Fund our housing service is not faced with a loss of income and is able to continue with its Business Plan and deliver decent homes and carry out essential improvements.

However government stipulates that rents should rise by 1% over the RPI as at last September which was 5%. The government's purpose is to raise rents so as to align them with those charged by Registered Social Landlords. To comply with these conditions rents are to be increased by 5.8%. I cannot pass over this however without mentioning that next year government will take 40% which is £8.5 million of the rental income we receive. This is unacceptable and we, along with other councils across the country, are lobbying for this scandalous tax to be withdrawn.

TREASURY MANAGEMENT STRATEGY (page 38)

Sound Treasury Management is an important subject right now but as you have listened patiently to what I have said I will be brief but to the point. Before you, is a technical report introduced so I am told after certain Labour controlled councils became bankrupt some decades ago. Reference to the report illustrates that we pass all the prudency tests and having paid off all our debt several years ago continue well within the limits set by the indicators. In addition, it may reassure you to know that we follow our own in house criteria before making an investment and these criteria are reviewed and if necessary amended following each Bank of England base rate announcement or major event in the financial markets.

In commending the report and amended recommendations to Cabinet I would like to say thank you to Bob Jackson our Executive Director who has led the preparation of this budget and worked with me throughout. This year must be amongst the more difficult councils have had to experience.

Colin Wise

Portfolio Holder for Finance & Efficiency, NFDC