

MEDIUM TERM FINANCIAL PLAN / ANNUAL BUDGET 2011/12

1. INTRODUCTION

- 1.1 At the Cabinet meeting of 3 November 2010 a Budget Strategy for 2011/12 was agreed within the context of the Medium Term Financial Plan. A further report to Cabinet in January 2011 updated the MTFP in light of the Government funding settlement and various financial assumptions. The January report, including details of budget pressures and efficiency savings, has been considered by each of the Review Panels and Committees during January and their comments are included within this report.
- 1.2 In accordance with the Council's Financial Strategy this report sets out proposals for:
- The General Fund Net Budget Requirement for 2011/12
 - A level of Council Tax for 2011/12
 - The Medium Term Financial Plan
 - The General Fund Capital Programme for 2011/12 onwards
- 1.3 As the budget setting process is not an executive function the proposals agreed by Cabinet will become recommendations for consideration by Council on 28 February 2011.

2. MEDIUM TERM FINANCIAL PLAN – GENERAL FUND UPDATE

2.1 The draft MTFP included within the January Cabinet report set out details of the Council's approach to the significant reductions in government grant which had been announced on the 13th December within the draft Local Government Finance Settlement. The Council's objective was to protect front line services by developing five workstreams which had identified approximately £2.5m of savings in 2011/12. These savings together with a number of financial assumptions, including anticipated budget pressures have now been built into detailed budgets. Since the Cabinet meeting in January work has been ongoing to further update the accuracy and robustness of the budget and a number of items have subsequently been identified which change what was previously reported.

2.2 The January report identified a budget gap of £253,000 after allowing for the proposed efficiencies and savings. The latest budget update broadly balances the budget for 2011/12 in accordance with the Council's strategic aim of achieving a balanced budget, without the use of reserves.

2.3 Summary of 2011/12 Proposals and Medium Term Plan

2.3.1 The General Fund **net budget requirement for 2011/12 will be £20.346m (Appendix A(i)), a reduction of £2.758m or 11.9% of the 2010/2011 budget requirement.** The budget proposals and assumptions are summarised in the Medium Term Financial Plan summary, attached as Appendix A (ii).

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The net budget requirement addresses the reduction in Government grant, including the share of business rates of 15.74% after adjusting for the transfer of funding for concessionary travel.

The Band D Council Tax of £155.76 will remain unchanged from 2010/11 and the cost to be met from council taxpayers will be £11.378m after taking into account Collection Fund Performance.

2.3.2 There remains some uncertainty surrounding the 2011/12 budget given the current economic conditions. However, the Council's financial standing in the short term is good. General Fund Reserves stand at £2,036,000.

2.3.3 Initial assumptions have also been made about potential budget movements for 2012/13 and 2013/14. These are summarised in Appendix A(ii). While there are many issues that will result in these assumptions changing it is already clear that the Council faces significant future budget challenge. The initial assumptions indicate that the Council faces further budget shortfall of c £1.6million in 2012/13 and £0.5 million in 2013/14.

The actions taken and strategy put in place should enable the Council to meet these potential budget shortfalls.

2.4 **General Purposes and Licensing – Fees and Charges**

2.4.1 The General Purposes and Licensing Committee at their meeting on 14 January 2011 agreed that their fees and charges for 2011/12 as set out in Appendix C to this report be submitted to the Council for approval.

3. **CAPITAL PROGRAMME & PROJECT WORKS**

3.1 Details of the Council's Capital Programme for 2011/12 have been developed within the context of reduced levels of funding and the need to develop savings and efficiencies. The programme is summarised in Appendix B(i) and details of the specific schemes relating to Asset Management and Partnership/Community projects are set out in Appendix B(ii).

3.2 The proposed programme includes provision for the optimisation project and sharing of Lymington Town Hall with the National Park. Currently tenders are being evaluated and works are anticipated to start in March 2011. Current funding assumptions provide for funding from the National Park Authority of £563,000 for the joint project and £1.761 million from the Council's Capital Reserve.

3.3 Also included for 2011/12 is £1.740 million for the Ringwood Gateway project (total scheme cost £2.130 million), including £300,000 rephased from 2010/11, which will be financed by funding from Hampshire County Council and Ringwood Town Council of £1.055 million and £1.075 million from capital receipts/ the Capital Reserve. (2011/12 - Grant £893,000, £847,000 Capital Reserve).

3.4 The programme also includes proposed expenditure of £1.152 million on Coast Protection items, financed from Government Grants and £9,000 of schemes financed from Developers' Contributions.

3.5 After providing for the two major projects and Coast protection works the proposed General Fund capital programme for 2011/12 totals £3.311m.

3.6 The programme includes investment of £1.707m in new/replacement equipment related to maintaining services.

	£'000
Vehicle Fleet	908
ICT Hardware & Software	440
Leisure Equipment	359

	1,707

This expenditure is deferred over the life of the assets and is financed from service revenue budgets. In most cases there is no additional revenue impact as revenue budgets already exist for equipment being replaced. The additional General Fund revenue cost in 2011/12 of the proposed programme is however estimated at £61,000 and was included within the Medium Term Financial Plans figures considered by Cabinet in January. This is the cost of the element of the ICT Work Programme for which revenue budgets do not already exist and is matched to efficiencies made in services.

3.7 To help support Cabinet the Asset Management Group has developed a system of project prioritisation for expenditure on the Council's existing assets that addresses the following categories of work:

- a. Statutory
- b. Intended to protect the fabric of the building
- c. Likely to have a positive impact on income generation
- d. Desirable to enhance the quality of service

In light of the pressure on Council resources, the Asset Management Group has only proposed schemes in the first three categories totalling £1.358m. The individual scheme proposals are set out in Appendix B(ii) with references to the three categories.

3.8 In addition to investment in the Council's own assets, plans are presented related to partnership and community projects. Currently new schemes totalling £235,000 are set out within Appendix B(ii) for consideration by Cabinet. In addition, project costs of £11,000 on one scheme have been rephased from 2010/11.

3.9 Expenditure on Asset Management Group proposals and Partnership Projects are financed from the annual revenue contribution, capital receipts or the Council's Capital Reserve. The proposed programme exceeds the revenue contribution and new capital receipts by £493,000 and this amount will be drawn from the Capital Reserve.

4. RISK ASSESSMENT (Financial Officer Statement on budget Robustness)

4.1 The reductions in government grant have meant that the budget for 2011/12 has been a significant challenge. However, the approach to its development has reduced the level of risk with the savings required being applied within the

budget. However, there still remain some risks and uncertainties surrounding the budget's eventual delivery, including those related to the savings and efficiency workstreams.

To manage this financial risk, the Council already provides regular budgetary monitoring reports to Cabinet and has General Fund reserves of £2 million which are available to support service budgets during these turbulent times. Within this overall context the budget as now presented to Cabinet is considered to be a robust and deliverable financial plan.

5. CRIME AND DISORDER, ENVIRONMENT AND EQUALITY & DIVERSITY

5.1 There are no specific implications arising directly from this report.

6. EMPLOYEE SIDE COMMENTS

6.1 These will be reported orally at the meeting.

7. PORTFOLIO HOLDER COMMENTS

7.1 Given the significant challenges that have faced the Council in developing the budget for 2011/12 it is good that we are able to present a budget for 2011/12 that not only safeguards our commitment to front line services but achieves this whilst at the same time "freezing" the level of Council Tax which will remain at £155.76 (Band D). At approximately £3 a week (Band D) I believe we are achieving very good value for money for our residents and council taxpayers. Our approach to this budget has proved to be the right one and we must continue this strategy as the challenge for balancing future years' budgets still remains considerable. Finally, I would like to thank all Portfolio Holders and Officers for their assistance in developing this budget.

8. REVIEW PANEL COMMENTS

8.1 Review Panel/Committee Comments are included in Appendix D.

9. RECOMMENDATIONS

Cabinet is asked to recommend to Council:

9.1 That site licence fees and service charges at Stillwater Park be increased by 4.6%, in line with RPI inflation;

9.2 That a General Fund Net Budget Requirement of £20,345,950 be agreed;

9.3 That a Band D Council Tax of £155.76 be agreed; and

9.4 That a General Fund Capital Programme for 2011/12 of £8.536m be agreed.

For Further Information Please Contact:

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Background Papers:

MTFP Reports – Cabinet November 10/
Jan 11

NEW FOREST DISTRICT COUNCIL
DRAFT GENERAL FUND REVENUE BUDGET SUMMARIES
SUMMARY OF NET BUDGET REQUIREMENTS WITH FINANCE (REVISED)

	2010/11 Budget	2011/12 Gross Expenditure	2011/12 Income	2011/12 Budget
	£,000	£,000	£,000	£,000
PORTFOLIO REQUIREMENTS				
Finance & Efficiency	5,001	57,851	-52,555	5,296
Crime & Disorder	721	709	-55	654
Planning & Transportation	1,860	4,408	-3,947	461
Environment	7,387	8,488	-1,567	6,921
Housing	1,439	2,411	-1,079	1,332
Employment, Health & Wellbeing	2,262	2,709	-757	1,952
Leisure, Culture & Youth Matters	3,462	9,511	-6,471	3,040
General Purposes & Licensing Committee	748	969	-277	692
Planning Development Control Committee	1,253	1,761	-582	1,179
Provision for LPSA related expenditure	250	0	0	0
	24,382	88,817	-67,290	21,527
Deduct - Asset Rental Income	-3,298	0	-3,491	-3,491
NET PORTFOLIO REQUIREMENTS	21,084	88,817	-70,781	18,036
ADD - Capital Financing Provision	1,011	1,011	0	1,011
ADD - Minimum Revenue Provision	1,859	1,942	0	1,942
	23,954	91,770	-70,781	20,989
DEDUCT - Interest Earnings (Net)	-550	0	-300	-300
-Grants	-300	0	-285	-285
	23,104	91,770	-71,366	20,404
Transfer from Capital Programme Reserve	0	0	0	0
Transfer to/(from) General Fund	0	0	0	0
GENERAL FUND NET BUDGET REQUIREMENTS	23,104	91,770	-71,366	20,404
COUNCIL TAX CALCULATION				
Budget Requirement	23,104	91,770	-71,366	20,404
Less:				
Estimated Collection Fund Surplus	-131	0	-95	-95
Revenue Support Grant	-1,475	0	-2,109	-2,109
Non Domestic Rate Redistribution	-10,154	0	-6,822	-6,822
COUNCIL TAX	11,344	91,770	-80,392	11,378
TAX BASE NUMBER OF PROPERTIES	72,826.00			73,047.60
COUNCIL TAX PER BAND D PROPERTY	£155.76			£155.76
GENERAL FUND BALANCE 31 MARCH	£1.5M - £2M			£1.5M - £2M

Draft Medium Term Financial Plan 2011-2015 (Revised)

	Year 1 2011/12 £000's	Year 2 2012/13 £000's	Year 3 2013/14 £000's
Previous Year Net Budget Requirement	23,104	20,404	19,178
2010/11 Pay Award provision	- 270		
Full Year Capital Implication	77		
Base Budget	22,911	20,404	19,178
Estimated Income Changes	- 40	- 92	
Concessionary Travel inc. young persons	- 957		
New Homes Grant	- 120		
Estimated Pay & Price Allowances	581	792	750
Reductions in Third Party Grant Contributions	345		
Changes in Interest earnings	250	- 300	300
Other Issues inc revenue implications of ICT programme	160	153	62
Special Grant "Council Tax" Freeze	- 284		
Proposed Efficiency & Savings Workstreams (including targets for 2012/13 and 2013/14)	- 2,442	- 1,779	512
	20,404	19,178	19,178
Formula Grant	11,629	8,931	7,705
Adjustment: Concessionary Travel etc	- 1,098	- 70	
	10,531	8,861	7,705
Grant Reduction	- 1,600	- 1,156	
	8,931	7,705	7,705
Council Tax	11,378	11,378	11,378
Collection Fund Surplus	95	95	95
	20,404	19,178	19,178
Risk Sensitivity			
Impact of changes in assumptions of 1%			
Pay	260	520	780
Prices	140	280	420
Interest	300	300	300

NEW FOREST DISTRICT COUNCIL
CAPITAL EXPENDITURE - GENERAL FUND
SUMMARY AND RESOURCES 2010/11 TO 2013/14

Appendix B(i)

<u>ESTIMATED EXPENDITURE</u>	2010/11	2011/12	2012/13	2013/14	Total
	£'000	£'000	£'000	£'000	£'000
Office Optimisation		2,324	-	-	2,324
Ringwood Gateway	267	1,740	123	-	2,130
Coast Protection	1,291	1,152	-	-	2,443
Leisure/Transp. - Developers' Contributions	889	9	-	-	898
Equipment	2,488	1,707	2,596	895	7,686
Asset Management Group	1,495	1,358	422	200	3,475
Partnership and Community	171	246	60	-	477
			-	-	-
TOTALS	6,601	8,536	3,201	1,095	19,433

FINANCING

Grants and Partnership Contributions	2,608
Developers' Contributions	9
Internal Financing (existing revenue budgets)	1,707
Corporate Revenue Contribution	1,011
Capital Receipts	100
Capital Reserve	3,101

8,536

Figures for 2012/13 and 2013/14 are indicative only as the full programme of needs in each year is not yet known.

Capital Programme - (Inhouse non housing Capital Resources)

ASSET MANAGEMENT GROUP PROPOSALS

Description	2011/12 £'000 Capital Bid
<i>Prev Yr Approved (Retention)</i>	
Applemore H&L Boiler replacement	2
Lymington H&L Bi-flow	4
Lymington H&L Changing Rooms	5
Marsh Lane Depot - Replace B Wks Roof	2
Rephased Schemes from 2010/11	58
Total Prev Yr Approved	71
<i>Statutory</i>	
ATC Main Entrance DDA compliant entrance	22
Applemore H&L Dry Changing Toilets	12
Totton H&L DDA Wet Side changing Refurb	98
Totton H&L Femal Dry change Drainage	8
Claymeadow Depot Resurfacing works	14
Claymeadow Depot Inspection Pit Removal & new Lift	12
Offices - Removal / replace of R22 air conditioning units ATC / LTH	15
Total Statutory	181
<i>Fabric</i>	
Totton H&L Bi flow chanel	112
Ringwood H&L Pool Hall refurbishment PH1	54
Ringwood H&L Dry Change Floor Drainage Replacement	43
Totton H&L (AHU/Air cond refurb)	117
All Centres Pool Plant Replacement Prog	54
Furlong Car Park - Alts to access, circ & spaces	27
Furlong Car Park -Drainige (new soakaways)	60
Totton H&L Wet Side changing Refurb	98
Removal portacabin, reinstate with car parking	155
Totton H&L Gym Room Refurbishment	57
Depots - Security improvements	60
Coastal Access Steps - Replacement Prog	40
Furlong Long Stay Car Park - Addnl spaces	30
Ringwood H&L Pool Hall refurbishment PH2	54
MLD Vehicle Workshop replace asbestos roof covering	49
Oak Road Car Park resurface & sunken gullies	20
Appletree Court - Resurface flat roof above C/Chamber, N Wing	19
Dibden GC Drainage	27
	1,076
<i>Income Dependant</i>	
Totton H&L Gym Extension	30
Total Income Dependant	30
ASSET MANAGEMENT GROUP GRAND TOTAL	1,358

PARTNERSHIP/COMMUNITY PROJECTS

Youth Facilities	30
Waterside Theatre	30
Marchwood Youth Centre	85
Perkins Youth Hall	40
Hampshire Area Insulation Scheme	50
	235
Rephased scheme from 2010/11	11
TOTAL PARTNERSHIP PROJECTS	246

**GENERAL PURPOSES AND LICENSING COMMITTEE
PROPOSED SCALE OF FEES AND CHARGES FOR 2011/12**

	Charges 2010/11 £	Proposed Charges 2011/12 £	% Increase	Review Indicator
<u>HACKNEY CARRIAGE & PRIVATE HIRE LICENCE FEES</u>				
Hackney Carriage / Private Hire Drivers Joint Licence				
new 1 year (includes drivers badge)	66.50	68.00	2%	L
renewal 3 years	76.50	81.00	6%	L
Drivers Awareness Test	28.50	30.00	5%	M
Private Hire Operator's Licences				
new 1 year	286.00	288.00	1%	L
renewal per annum	142.00	144.00	1%	L
Vehicle Licence				
Hackney Carriage per annum	179.00	184.00	3%	L
Private Hire per annum	179.00	184.00	3%	L
Hackney Carriage/Private Hire (Over 8 years old) per annum	220.00	232.00	5%	L
Duplicate driver's badge	12.00	10.50	-13%	M
Vehicle plate - replacement	18.00	20.00	11%	M
Vehicle plate - replacement of insert		10.00	new charge	M
Vehicle plate - replacement of bracket and fixings		10.00	new charge	M
Vehicle Re-test fee (set by Environmental Services)	45.00	48.00	7%	M
Vehicle - private plate registration	35.00	39.00	11%	M
<u>HEALTH SERVICE LICENCE FEES</u>				
Breeding of Dogs Act new Licence per annum (+ vets' fees)	136.00	136.00	0%	L
Breeding of Dogs Act Licence renewal per annum	136.00	136.00	0%	L
Pet Animals Act Licence per annum (+ vets' fees)	133.00	136.00	2%	L
Pet Animals Act - Bird & Animal Auctions per annum (+ vets' fees)	133.00	136.00	2%	L
Animal Boarding Establishments Licence per annum	193.00	195.00	1%	L
Smaller Animal Boarding Estab. Licence per annum	46.00	49.00	7%	L
Riding Establishments Act Licence				
annual fee (+ vets' fees)	171.00	174.00	2%	L
per horse (+ vets' fees)	17.00	17.00	0%	/ /
renewal of provisional licence (+ vets' fees)	68.00	70.00	3%	/ /
Dangerous Wild Animals Acts Licence (+ vets' fees)	119.00	120.00	1%	L
Zoo Licence	<-----Actual Cost----->			
Ear Piercing				
Registration of Premises	111.00	111.00	0%	L
Registration of Practitioners	50.00	50.00	0%	L
Tattooing - Electrolysis - Acupuncture				
Registration of Premises	115.50	117.00	1%	L
Registration of Practitioners	51.50	52.00	1%	L
Accident Reports	<-----Actual Cost----->			
Provision of Accident Reports to Solicitors and other interested groups				
Training				
Level 2 Award in Health and Safety in the Workplace	47.00	50.00	6%	L
<u>REGISTER OF ELECTORS</u>				
Statutory Charges Apply - For further details please contact 023 8028 5445				
Paper				
per 1,000 names	5.00	5.00	0%	/ S /
plus transaction fee	10.00	10.00	0%	/ S /

Data	per 1,000 names	1.50	1.50	0%	/ S /
	plus transaction fee	20.00	20.00	0%	/ S /
Marked copies of registers and lists after voting Paper	per 1,000 entries or part	2.00	2.00	0%	/ S /
	plus transaction fee	10.00	10.00	0%	/ S /

OTHER LICENCE FEES

Sex Shop Licence	6,955.00	3,950.00	-43%	L
Public Health (Amendments) Act 1907				
Pleasure Boat per annum including plate	79.00	80.00	1%	L
Boatman Licences - new 1 year	66.50	68.00	2%	L
Boatman Licences - renewal 3 years	76.50	81.00	6%	L
Registration of Motor Salvage Operators	110.00	110.00	0%	L

LICENSING ACT 2003 LICENCES

Statutory Fees Apply - For further details please contact Paul Weston 023 8028 5449

Review Indicator Key

M	= Market Comparisons undertaken
L	= Local Authority Comparisons undertaken
S	= Statutory Charge Level

COMMITTEE AND REVIEW PANEL COMMENTS

1. **Housing Review Panel - 11 January 2011**

The Housing Review Panel supported the savings proposals of £80,000 for 2011/12 as set out in Appendix 2 of Report E to them and agreed that they would continue to work to identify further savings for 2012/13.

2. **Planning Development Control Committee - 12 January 2011**

The Planning Development Control Committee made no specific comments.

3. **General Purposes & Licensing Committee – 14 January 2011**

That the Cabinet be advised that the Committee has no comments to make on the Medium Term Financial Plan 2010/2015 and the Annual Budget 2011/12, and, in particular, the proposed savings relating to their service area;

4. **Crime and Disorder Review Panel – 18 January 2011**

a) That the Cabinet be advised that while the Panel accepts the inevitability of cuts to the resources dedicated to undertaking the community safety function, they would remind the Cabinet of the importance of community safety in maintaining the quality of life of local residents and would ask that means be found to maintain the current level of functionality within the resources available;

(b) That officers review the audit undertaken, in due course, of the manner in which the Council is meeting its obligations under S17 of the Crime and Disorder Act 1998.

5. **Planning and Transportation Review Panel – 19 January 2011**

The Planning and Transportation Panel made no specific comments.

6. **Corporate Overview Panel – 20 January 2011**

The Corporate Overview Panel supported the proposals. Consideration identified a number of related issues which would be monitored as part of the Panel's future work programme. It was suggested that the proposed reduction in portfolios and review panels might have implications for aspects of the Council's work relating to Crime and Disorder, and it was requested that the Cabinet be made aware of this point.

7. **Employment, Health and Wellbeing Review Panel – 21 January 2011**

The Panel agreed the proposals put forward.

8. Leisure, Culture and Youth Matters Review Panel – 24 January 2011

To be reported at the Cabinet meeting.

9. Environment Review Panel – 27 January 2011

To be reported at the Cabinet meeting.

COMMITTEE AND REVIEW PANEL COMMENTS

Additional Comments from Review Panels received since agenda publication

8. Leisure, Culture and Youth Matters Review Panel – 24 January 2011

That the Cabinet be advised that this Panel:

- (i) Support the broad approach being taken in the medium term financial plan, as set out in Report A;
- (ii) Consider that every attempt should be made to maintain current levels of external funding contributions, bearing in mind the value for money represented by partnership working and also the overall benefits to the local community; and
- (c) Consider that community grants (workstream activity RS1) should be reviewed with the objective of reducing the overall budget heading by 10%, but with the settlement to each organisation reflecting its value to the local community

9. Environment Review Panel – 27 January 2011

That the Cabinet be advised that the Panel supports the proposed savings as set out in Appendix 2 to Report A, which can be achieved without affecting front line services.