

MEDIUM TERM FINANCIAL PLAN - BUDGET UPDATE 2011/12

1. INTRODUCTION

- 1.1 This report updates Members with regard to the Medium Term Financial Plan in respect on any issues affecting the 2011/12 budget, including:
- Carry forward from 2010/11 allocated to budgets
 - Progress with Workstreams
 - Update on Government Grant allocations

2. GENERAL FUND

- 2.1 A General Fund budget of £20.404 million for 2011/12 was agreed by Council in February and subsequently £38,000 has been added to this as a result of budgets carried forward from 2010/11. In addition there are net transfers from reserves of £78,000 (the main ones being a transfer from reserves in respect of election costs of £117,000 and transfers to reserves totalling £46,000 for housing surveys and the future maintenance of the synthetic pitch at Lymington HLC), which now need to be reflected in the 2011/12 base budget position.
- 2.2 The 2011/12 budget was set alongside a Medium Term Financial Plan which set out 5 workstreams targeting budget savings towards the 2011/12 budget and subsequent budgets.
- 2.3 Outlined below is the progress made on the various workstreams:

Workstream 1 – Back Office and Support Activities

- set a savings target of £1.8 million for 2011/12 which has been fully reflected in budgets.

Workstream 2 – Benefits from Collaboration with other bodies

- set a savings target of £250,000 for 2011/12 which has been fully reflected in budgets.

Workstream 3 – Employment Terms and Conditions

The Pay Panel has met and is reviewing the options.

Workstream 4 - Other Service Reviews

- work on those workstreams is continuing but to date savings amounting to £122,000 have already been identified in the following areas:

- Uncommitted Community Grant funding £38,000
- Graphics Review £38,000
- Pest Control £20,000
- Coastal Management £26,000

Workstream 5 – Senior Management Restructure

Savings now anticipated from workstream 5 for this year amount to £300,000 rising to £330,000 in a full year. A saving of £250,000 had already been reflected in budgets and the impact is therefore an improvement in the overall budgetary position for the year of £50,000.

2.4 Overall additional savings generated from workstream activity not yet reflected in budgets amounts to £172,000 (£50,000 Workstream 5 + £122,000 Workstreams 3 / 4)

2.5 Additional Government Grant allocations:

Since the budget was set on 28 February the Council has been notified by Government of the following additional grants:

- New Homes Grant £408,000
- Local Services Support Grant £78,000

As the budget had assumed a minimum grant award of £120,000 for New Homes Grant, the allocations will improve the Council's base budget by £366,000. It should be noted that this grant is planned in future years to be absorbed in Formula grant and therefore cannot be assumed to be available in future years.

2.6 The Council's updated revenue budget allowing for the changes outlined above now amounts to **£19.982m**, a reduction of £422,000. A summary is provided in the table below:

	£000
Budget agreed 28 Feb 2011	20,404
Rephasings	38
Net Transfers from/to Reserves	78
Additional Workstream Savings	-172
Additional Government Grants	-366
Updated 2011/12 Base Budget	<u>19,982</u>

3. CAPITAL EXPENDITURE

3.1 The Capital Programme for 2011/12 agreed in February amounted to **£16.334m** made up of the following main elements:

- Non Housing Services £8.506m
- Housing General Fund £1.152m
- Housing Revenue Account £6.676m

3.2 Capital Programme expenditure plans carried forward from 2010/11 amount to £3.194m. In addition a number of Developer Contribution schemes totalling £638,000 have been agreed in the past through Portfolio Holder decisions in respect of leisure (£202,000) and transportation (£436,000). After allowing for carry forward and new developer contribution allocations the capital programme as at 1 April 2011 is increased to **£20.166m**. A full breakdown is shown in the table below:

	£000
Original 2011/12 Budget	16,334
Non Housing Services carry forward	1,324
Housing Public Sector carry forward	1,870
New DC Allocations (Leisure)	202
New DC Allocations (Transportation)	436
Updated 2011/12 Base Budget	20,166

4. HOUSING REVENUE ACCOUNT

4.1 A report providing an update on the North Milton Estate refurbishment is attached in Appendix A.

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5. CRIME AND DISORDER / EQUALITY AND DIVERSITY IMPLICATIONS

5.1 There are no crime and disorder or equality and diversity implications arising directly from this report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no environmental implications arising from this report.

7. PORTFOLIO HOLDER COMMENTS

7.1 It is pleasing to see that following the incorporation of last year's accounts closing adjustments and recently confirmed government grants the Council has a balanced budget for the current year (2011/12). It is also reassuring to learn that the workstream savings incorporated in the plan are progressing satisfactorily.

8. RECOMMENDATIONS

8.1 It is recommended that Members: -

- a) Note the updated base budget positions for revenue (paragraph 2.6) and capital (paragraph 3.2) budgets; and
- b) Note the update on HRA issues and endorse the contract with Mansells for North Milton Estate – (paragraph 4.1 / Appendix A).

For Further Information Contact

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NORTH MILTON ESTATE REFURBISHMENT

**PORTFOLIO:
HOUSING & COMMUNITIES**

1. INTRODUCTION

- 1.1 This report provides an update on the current position with the proposals for the refurbishment of the North Milton Estate.

2. BACKGROUND

- 2.1 The North Milton Estate comprises 382 properties which were built between 1965 and 1977. Of the total 308 still remain as Council owned.
- 2.2 In order to ensure that all Council owned properties on the estate met the Decent Homes Standard and to upgrade a large number of non-traditional homes a scheme was prepared to modernise and refurbish the whole estate.
- 2.3 In order to gain economies of scale the works that comprise the necessary repairs and improvements were packaged together. The works include repairs, additional insulation and recladding of the blocks of flats, replacement windows and recladding of the non-traditional houses and internal improvements to kitchens and bathrooms together with environmental improvements to the whole estate.
- 2.4 Tenders for the works have been sought using the Hampshire County Council IESI procurement framework and negotiations with the successful contractor (Mansells) carried out to finalise an agreed contract sum. The agreed contract sum is £6,852,033.61.

3. CURRENT POSITION

- 3.1 The contract for the whole project has now been let with Mansells for the full contract sum following the formal Gateway review process. It has been identified however, that Officers only have delegated authority to sign and seal contracts up to a value of £5m.
- 3.2 Therefore this report recommends that the Council endorses this contract.
- 3.3 It is anticipated that work will start on the contract in early July and that all works will be completed before the end of 2012/13.

4. FINANCIAL IMPLICATIONS

- 4.1 The Annual Budget Report for 2011/12 (Cabinet February 2011) as approved by Council included budget provision for the North Milton Estate over the three year period 2010 -2013.
- 4.2 The budget provides for the scheme to be financed jointly from the annual Major Repairs Allowance (total per annum £4,976,000) and HRA reserves (£3,000,000)
- 4.3 Following the tender process the total costs of £6,852,000 will be profiled as follows:-

	2010/11 £	2011/12 £	2012/13 £	Total £
Major repairs allowance	-	1,500,000	2,352,000	3,852,000
HRA Reserves	<u>500,000</u>	<u>1,500,000</u>	<u>1,000,000</u>	<u>3,000,000</u>
	<u>500,000</u>	<u>3,000,000</u>	<u>3,352,000</u>	<u>6,852,000</u>

5. ENVIRONMENTAL AND CRIME AND DISORDER IMPLICATIONS

- 5.1 The improvements proposed to the North Milton Estate will significantly enhance the insulation qualities of the existing homes and will ensure that tenants have accommodation that will be more economical to heat and be free from excessive condensation. In addition the works will improve the security of tenants' homes. Environmental works proposed will hopefully lead to reductions in crime and anti-social behaviour.

6. TENANT'S COMMENTS

- 6.1 Tenants are actively involved in these proposals and are keen to see work commence as soon as possible.

7. PORTFOLIO HOLDER COMMENTS

- 7.1 I support the actions taken and am keen to see works commence on this long awaited project which will see benefits for our residents on the North Milton Estate.

8. RECOMMENDATION

- 8.1 That the Cabinet be requested to endorse the contract with Mansells.