

## **GENERAL FUNDING STRATEGY - FIXED ASSETS, EQUIPMENT AND THIRD PARTY CONTRIBUTIONS**

### **1. PURPOSE OF THIS REPORT**

This report sets out the draft amount of General Fund revenue budget funding to be made available to support the Council's investment in fixed assets, equipment and third parties during the period of the Medium Term Financial Plan.

### **2. BACKGROUND**

# The Council's current annual revenue budget expenditure on General Fund Assets and equipment is £3.4 million. **Appendix 1** highlights the areas of expenditure supported by this funding. The General Fund funding strategy has been to fully charge for all investment in the year it takes place, either by utilising revenue budgets or reserves. This strategy has avoided the need to borrow externally for General Fund activities.

This funding strategy has been delivered by providing General Fund revenue budget and creating reserves from general revenue budget savings made in earlier years, together with utilising the proceeds from the sale of General Fund assets (capital receipts) and external grants.

Significant reductions in the amount of funding available in the future for General Fund revenue services necessitates the requirement to review the current strategy with regard to the funding provided within the revenue budget. In addition to this review of funding, work is well underway with the development of a 3/5 year programme of expenditure needs.

### **3. DEVELOPMENT OF MEDIUM TERM PROGRAMME OF EXPENDITURE NEED**

All Portfolios are working to develop a 3/5 year and in some cases 10 year programme of potential expenditure requirements, to either maintain assets in support of services, develop more efficient, effective or economic services through enhancements to fixed assets or technology advancements or to support other investments which meet service or priority needs. The creation of this programme will support not only the Medium Term Financial Plan but enable closer integration with the Corporate Plan aims and priorities.

This programme will be fully developed and available by February 2014 to inform the Medium Term Financial Plan and budget for 2014/15.

#### 4. REVIEW OF GENERAL FUND RESOURCES AVAILABLE

The funds provided for within the general fund revenue budget in 2013/14 are £3.4 million and are summarised as follows:

	£000's
General Revenue Budget	1,000
Revenue Budget support by New Homes Bonus Grant to 2015/16	500
Equipment	880
Minimum Revenue Provision (MRP)(deferred funding)	<u>1,033</u>
Current Revenue Budget Funds Available	<u>3,413</u>

Given the general reductions in overall revenue funding, including those to New Homes Bonus anticipated in 2015/16, maintaining the current level of revenue contribution in the Medium Term is not possible. It is therefore proposed that for the purpose of developing the Medium Term Financial Plan the following revenue commitments are provided for.

	Budget 2014/15 £000's	Budget 2015/16 £000's	Budget 2016/17 £000's
Revenue Budget Commitment	3,000	2,500	2,500

This General Fund Revenue budget commitment will need to be reviewed during the budget setting process when full details of reductions in funding are more accurately known and the Council has completed development of its expenditure programme needs.

#### 5. CAPITAL RECEIPTS AND RESERVES AVAILABLE

In addition to resources provided in the revenue budget, reserves and any new General Fund capital receipts or grants will also be available to support expenditure plans.

As at April 2013 the Asset Programme Reserve was £7.5 million.

Of this total £1.7 million is already committed to projects, leaving £5.8 million available. In addition, financial monitoring has identified £511,000 of savings to the revenue budget in 2013/14 that will also be available to support these funds.

#### 6. PORTFOLIO HOLDER COMMENTS

This report highlights the direction that we wish to travel with regard to expenditure on fixed assets, equipment and third party "capital contributions". The report explains the drive for reduced expenditure following the further substantial cuts in Government funding, as described in the draft Financial Plan paper elsewhere on this agenda.

**7. RECOMMENDATION:**

- 7.1 That the Medium Term Financial Plan be developed on the basis of the commitments identified in section 4 of this report; and
- 7.2 That work continues on the development of a 3 to 5 year programme, as a minimum, of asset investment needs and that this is presented to the Cabinet during the budget setting cycle.

**For further information contact:**

Bob Jackson  
Executive Director  
Tel: 023 8028 5588  
E-Mail: [bob.jackson@nfdc.gov.uk](mailto:bob.jackson@nfdc.gov.uk)

**Background Papers:**

Published documents

## Medium Term Financial Plan

### Budget Revenue Funds Available 2013 to 2017

<b>General Fund Asset, Equipment and Third Party Plan</b>					
	Budget 2013/14	Revised Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17
	£000's	£000's	£000's	£000's	£000's
<u>Asset Management Group</u> - Planned Work	-	-	-	-	-
Health & Leisure Centres	1,015	1,015	-	-	-
Depots	77	77	-	-	-
Office Accommodation	333	333	-	-	-
Public Conveniences Refurbishment	200	200	-	-	-
Other Property including Open Space	95	95	-	-	-
Car Park Maintenance	-	-	-	-	-
<u>Grants to Third Parties</u>	207	207	-	-	-
<u>Equipment etc.</u>	-	-	-	-	-
ICT - Replacement Programme	-	200	-	-	-
ICT Strategy - New Developments	-	420	-	-	-
Health & Leisure Equipment	-	242	-	-	-
Vehicles & Plant under £10K	-	18	-	-	-
	1,927	2,807	-	-	-
Contribution from Asset Management Reserve	- 427	- 427	-	-	-
Minimum Revenue Provision	1,913	1,033	-	-	-
Planned Resources Available	-	-	3,000	2,500	2,500
<b>General Fund Revenue Provision</b>	<b>3,413</b>	<b>3,413</b>	<b>3,000</b>	<b>2,500</b>	<b>2,500</b>