



CABINET – 5 FEBRUARY 2014

## MEDIUM TERM FINANCIAL PLAN 2013 TO 2017 BUDGET & COUNCIL TAX REPORT 2014 – 2015

### 1. PURPOSE OF REPORT

- 1.1 To set out recommendations for the General Fund Budget 2014 – 2015, including Band D Council Tax.
- 1.2 To update the Medium Term Financial Plan 2013 – 2017 following the provisional Local Government Finance settlement announced on December 18<sup>th</sup> 2013.

### 2. LOCAL GOVERNMENT FINANCE SETTLEMENT

- 2.1 The provisional Local Government finance settlement for 2014-15, together with indicative amounts for 2015 - 2016 was announced to Parliament by Brandon Lewis MP, the Minister for Local Government, on December 18<sup>th</sup> 2013. This announcement provides a level of certainty in the medium term for the funding available to the Council over the next two years.
- 2.2 The Medium Term Financial Plan update report to Cabinet on 4<sup>th</sup> December 2013 included a Funding Forecast statement. This has been updated in light of the latest announcement. Details for 2014 – 2015 are set out in Appendix 1 and the variation to December 2013 forecast is summarised as follows:

#

	December Report Forecast £000's	2014/15 Settlement £000's	Forecast Variation £000's
Formula Funding including Council Tax Freeze Grant	4,052	4,108	+56
Business Rates	3,562	3,560	2
Specific Grants			
New Homes Bonus	1,219	1,584	+365
"Other" includes New Burdens	0	138	+138
<b>Provisional Announcement</b>	<b>8,833</b>	<b>9,390</b>	<b>+557</b>
Council Tax Freeze 2014/15	115	117	+2
<b>Forecast Grant Funding</b>	<b>8,948</b>	<b>9,507</b>	<b>+559</b>

- 2.3 The most significant change in the provisional settlement compared to the forecast is in respect of New Homes Bonus, where the Council has received an additional £365,000. This primarily results from a review and the reclassification of Long Term Empty Properties that generates additional New Homes Bonus funding. There is no additional Council Tax as these dwellings were already charged 100%. This follows on from the work of the Task and Finish Group that looked at Council Tax discounts in 2012.
- 2.4 In terms of the Council's Medium Term Financial Planning the financial uncertainty that exists beyond the next two year settlement period makes longer term planning very difficult. Summary details of the two year settlement announced are summarised as follows:

	2014/ 15 Settlement £000's	2015/16 Indicative £000's	Forecast Variation £000's
Formula Funding including Council Tax Freeze Grant	4,108	2,828	1,280
Business Rates	3,560	3,658	+98
Specific Grants			
New Homes Bonus (*Depends on changes in houses)	1,584	1,814*	+230
Other include New Burdens	138	38	100
<b>Announcement Funding</b>	<b>9,390</b>	<b>8,338</b>	<b>1,052</b>
Council Tax Freeze 2014/15	117	117	0
Council Tax Freeze 2015/16	-	117	+117
<b>Forecast Grant Funding</b>	<b>9,507</b>	<b>8,572</b>	<b>935</b>

- 2.5 Between 2014/15 and 2015/16, grant funding is expected to reduce by £935,000. This is in addition to the £226,000 reduction between 2013/14 and 2014/15. Over the two years the total reduction in grant funding is estimated at £1,161,000, 11.9% of that received in 2012/13 and equivalent to 5.7% of total expenditure.
- 2.6 The Government has also announced that, outside London, they will not be allocating any element of New Homes Bonus to Local Enterprise Partnerships in 2015 – 2016. Previous indications had been that approximately 18% would be allocated.

- 2.7 At the time of the Local Government Financial Settlement announcement the Government referred to reductions in “Spending Power”. For information, a summary of how this Government statement compares with the Council’s Medium Term Financial Plan is included at Appendix 2.
- #
- 2.8 The funding available to the Council has also been impacted by the Chancellor’s Autumn Statement, which included a number of measures that impact upon local business rates:
- i. The 3.2% inflation increase for 2014 -2015 would be “Capped” at 2%.
  - ii. There will be a £1,000 discount for all retail, pubs and cafes (excluding banks and betting offices) with a rateable value below £50,000, for 2 years.
  - iii. The doubling of Small Business Rate Relief will continue for a further year.
  - iv. Ratepayers will continue to keep their Small business Rate Relief entitlement for a year when they take on a second property.
  - v. New occupiers of former retail premises which have been unoccupied for a year will receive a 50% discount for 18 months.
  - vi. There will be a consultation on reforms to the business rates appeals process and a commitment to clear 95% of the September 2013 backlog of appeals before July 2015.

The Government has stated that the loss of funding to local authorities, as a result of these measures, will be fully refunded. Full details are awaited, although a grant of £38,000 is identified within the overall settlement.

### 3. MEDIUM TERM FINANCIAL PLAN 2013 TO 2017

- 3.1 Budget Monitoring 2013/14  
 A General Fund budget of £19.156 million for 2013/14 was agreed by Council in February 2013. In the report to Cabinet in September, this was amended to £19.346 million, to reflect changes that had occurred in the first half of the year.

This report now identifies the following further positive net variations of £833,000, resulting in a latest outturn estimate of £18.513 million. This is a projected overall net saving of £643,000 from the original 2013/14 budget.

Positive Variations	£000
Re-phasing to Future Years	
• Health & Leisure (AMG schemes)	387
• Environment (Kerbside Collection / Foreshore costs)	170
Additional Income	
• Planning Fees and Land Charges Income	135
• Environment (cemeteries /land drainage / recycling)	105

## Cost Savings

• Health & Leisure running / AMG costs	57
• Reduced Housing Homelessness / B&B costs	119
• Telephone set up costs capital repayment	43
• Refuse collection (transport / black sacks)	30

## **Negative Variations** £000

• Replacement of ICT servers/equipment	82
• Other ICT replacement - rephasing from future years	91
• Lymington & Pennington TC Offices (rental review)	40

£557k of the total net variation reported above is due to the rephasing of costs to 2014/15, which have not been reflected in the 2014/15 figures in this report.

### 3.2 Budget 2014/15 and 2015/16

- a. Work has been progressing to develop the budget for 2014 – 2015 and 2015 – 16, with details set out in Appendix 3.
- b. As requested by the Finance and Efficiency Portfolio Holder, work has been undertaken to review the programme with regard to asset works, equipment replacement, development works and the capital programme. This has progressed and details are set out in Appendices 4 & 5. Following this review, the target of £3 million per annum for annual expenditure on maintenance and replacement of equipment contribution will, by 2016/17, be achieved. The budgets for 2014/15 and 2015/16 reflect the transition.
- c. Service and business development funding will be provided from the existing reserve that was established for this purpose. Currently set out in Appendix 4 are schemes recommended for approval, totalling £421,000. Further schemes, set out in Appendix 5, will continue to be evaluated against the business cases submitted, either to the Asset Management Group or ICT “Dragon’s Den”, prior to formal approval.
- d. Over the Government two year finance settlement period the General Fund Revenue Budget is nearly balanced. At this time of budget development a shortfall in funding of £209,000 is currently identified. It is anticipated that, by the end of 2016, savings will be delivered to offset this currently identified shortfall. A summary of this position is set out as follows:

	2014 -2015 £000's	2015 - 2016 £000's
Total Funds Available	20,469	19,417
Budget Requirement	19,863	20,232
	606	-815
Use of Funds over two years	-606	606
Estimated Shortfall (2 years)	0	<b>209</b>
Reserves supporting Business Developments	421	0
Net Position	-185	209

### 3.3 Budget 2016/17

The Government's financial settlement does not currently extend into 2016/17. It is therefore difficult to meaningfully estimate for that year. However, financial planning will be based on the continued need to identify savings and the estimated "Gap" in funding, as identified at this time, is £1.375 million.

### 3.4 Meeting the Reduction in Funding

The Council has already delivered significant savings, but over the next two years a further £2.9 million of savings are required. Plans are already in place to deliver £2.1 million via a number of measures:

- Cost reductions (e.g. Service Reviews);
- Income generation (e.g. Empty Homes Review, Partnership working); and
- Investment Returns (e.g. Sale of Christchurch Road, Ringwood).

To identify and deliver further savings in the period post 2015/16 will require both more of the same, together with the development of new strategies for innovation to the existing Business Model, which looks to place less reliance on central government funding.

## 4. GENERAL FUND BUDGET 2014 – 2015

- # a. Details of the 2014 – 2015 General Fund Portfolio Budget are set out in Appendix 6.
- # b. Included within the budget are plans for annual expenditure on Community Grants. In accordance with new Government "Transparency" guidance, a supporting schedule is included at Appendix 7.

## 5. CAPITAL PROGRAMME AND CAPITAL RESOURCES

5.1 The Council's proposed General Fund Capital Programme for 2014/15 totals £8.080 million and is detailed in Appendix 8. It has been developed within the context of limited levels of funding and the need to develop savings and efficiencies.

5.2 A summary of financing of the proposed General Fund capital programme is as follows:

	£,000
External Grants	868
Developers' Contributions	1,231
PWLB Loan	3,240
Housing Capital Receipts	429
Revenue	1,356
Capital Reserve/General Fund Capital Receipts	956
	-----
	8,080

5.3 General Fund resources available for future investment are estimated to be £5 - £6million.

5.4 A range of Prudential Indicators need to be approved prior to the start of each financial year. Indicators for the Treasury Management function and the Investment Strategy for 2014/15 to 2016/17 were considered by Audit Committee on 10 January 2014 and have been recommended to Council for approval. The indicators detailed in Appendix 9 of this report relate to the Council's proposed capital programme. Cabinet is asked to consider the indicators and recommend them to Council for approval.

## 6. COMMITTEE AND PANEL COMMENTS

6.1 The General Purposes and Licensing Committee and Planning Development Control Committee have both considered the draft budget and have no comments to make on the proposals.

6.2 The Corporate Overview and Scrutiny Panel have considered the recommendations of the Budget Task and Finish Group. In accepting that the overall financial strategy and budget plans are at this time appropriate they also agreed the following recommendations:

- That the financial and social impacts of the welfare reforms continue to be fully explored and all members kept informed of developments, as they evolve, via the relevant overview and scrutiny panels;

- That the risks of future government policy or political changes impacting on the operation of the Housing Revenue Account and supporting Housing Strategy should be proactively reviewed;
- That the potentially significant impact of changes in the funding regime for coastal schemes should continue to be kept under review, and the work of the task and finish working group on this issue supported.

The Panel also received recommendations concerning the retention of the core membership of the Budget Task and Finish Group, and on the future formation of a task and finish group to consider the Community Grants allocation process.

## 7. PORTFOLIO HOLDER'S COMMENTS

- 7.1 I would like to thank the Budget Task and Finish Group for their work in assisting to develop the budget this year and I am pleased that they acknowledge our approach to planning the budget in these difficult circumstances is sound.
- 7.2 We are dealing with a number of problems, arising from the overall drop in government funding, that impact on the budget for this year. We are having to absorb inflation, which will hit the Council particularly hard in the second year, 2015/16. This has necessitated our continuing drive for efficiency. Accordingly, tighter targets have been set for expenditure on such items as maintenance, capital and community grants and certain business development schemes, which have not been provided for and will be subject to careful review before they are undertaken.
- 7.3 Our careful management of this difficult scenario enables us to recommend to Council that there is no increase in Council Tax again this year. This means that for the 5<sup>th</sup> year in a row Council Tax will have remained unchanged and our net expenditure will have reduced by about a quarter, some £4.5 million, compared to spending levels in 2010.

## 8. RECOMMENDED:

- (a) That the details of the Local Government Finance Settlement for 2014-15 and indicative amounts for 2015-16, as set out in the report, be noted;
- (b) That the latest General Fund Revenue Budget position, as set out in Section 3 of the report, be approved;
- (c) That the Council's Medium Term Financial Plan 2013-17 be updated, as set out in the report, to include the budget revenue requirements set out in Appendix 4 to the report; and
- (d) That it be a recommendation to Council that:**
- (i) There is a Net Budget Requirement in 2014 -15 of £18,630,410, as set out in Appendix 6 to the report;

- (ii) The Band D Council Tax for 2014 -15 shall be £155.76;
- (iii) The site licence fees and service charges at Stillwater Park be increased by 3.2%, in line with RPI inflation;
- (iv) The General Fund Capital Programme of £8.080 million, as set out in Appendix 8 to this report, be approved;
- (v) That each of the Prudential Indicators, the Limits for 2014/15 to 2016/17 and the Minimum Revenue Provision Policy Statement, as set out in Appendix 9 to the report, be approved and adopted.

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**Background Papers:**

Published Documents



**Medium Term Financial Plan**  
**Budget Forecasting 2013 to 2017**

Appendix 1

<b>Funding Forecast</b>	Budget 2013/14 £000's	Budget 2014/15 £000's	Budget 2015/16 £000's	Budget 2016/17 £000's
<b>Local Funding</b>				
Council Tax	10,545	10,682	10,713	10,745
Collection Fund Surplus	132	280	132	132
<b>Local Council Tax Funding</b>	<b>10,677</b>	<b>10,962</b>	<b>10,845</b>	<b>10,877</b>
<b>Grant Funding</b>				
Formula Funding	5,249	4,108	2,828	2,328
Business Rates	3,492	3,560	3,658	3,742
Safety Net	-262	0	0	0
Specific Grants				
New Homes Bonus	1,018	1,584	1,814	2,044
Council Tax Freeze 2013/14 @ 1%	115	0	0	0
2014/15 @ 1%	0	117	117	0
2015/16 @ 1%	0	0	117	0
Council Tax Support Transitional Grant (one - off)	35	0	0	0
Other Grants inc new burdens	86	138	38	0
<b>Total Grant Funding</b>	<b>9,733</b>	<b>9,507</b>	<b>8,572</b>	<b>8,114</b>
<b>Total Funds Available</b>	<b>20,410</b>	<b>20,469</b>	<b>19,417</b>	<b>18,991</b>
<b>Reduction in Grant Funding</b>		<b>-226</b>	<b>-935</b>	<b>-458</b>
% Reduction in Grant Resources Available (year to year)		2.3%	9.8%	5.3%

### Government "Spending Power" Comparison to Medium Term Financial Plan

	2013/14 £000's	2014/15 £000's	Gov't Adj. 2014/15 £000's	2015/16 £000's
Council Tax	+10,545	+10,616	+10,616	+10,687
Grants	+10,419	+9,865	+9,865	+8,554
<b>Government Spending Power</b>	<b>+20,964</b>	<b>+20,481</b>	+20,481	+19,241
Housing Benefit Admin Subsidy	-	-	-751	-
Adjusted 2014/15	-	-	<b>+19,730</b>	<b>+19,241</b>
Change year to year	-	-483	-	-490
<b>% Change (Council Tax &amp; Grant)</b>	-	<b>-2.3%</b>	-	<b>-2.5%</b>
Council Tax annual change	-	-71	-	-71
<b>Spending Power Grant Change</b>	-	<b>-554</b>	-	<b>-561</b>
Housing Benefit Admin Subsidy	-	+98	-	-
Business Rates Safety Net	-	+262	-	-
Transitional Council Tax Support	-	-35	-	-
New Homes Bonus Estimate	-	-	-	-374
<b>MTFP Grant Change</b>	-	<b>-226</b>	-	<b>-935</b>
% Change	-	-2.3%	-	-9.8%

**Medium Term Financial Plan**  
Budget Forecasting 2013 to 2017

Appendix 3

<b>Net Expenditure Budget Requirement</b>					
	Ref	Budget 2013/14 £000's	Budget 2014/15 £000's	Budget 2015/16 £000's	Budget 2016/17 £000's
<b>Portfolio Spending</b>					
<u>Expenditure</u>					
Employees including Support Costs	1	22,444	23,108	23,635	24,173
Premises	2	3,341	3,408	3,476	3,545
Transport	2	2,162	2,205	2,249	2,294
Supplies & Services	2	6,468	6,468	6,468	6,468
Benefit Payments		41,950	41,950	41,950	41,950
Outturn 2012/13 Savings	3	0	-125	-125	-125
Budget Monitoring 2013/14	4	0	-236	-241	-241
Service Reviews/savings	10		-200	-650	-700
Specific Portfolio Items	5	0	-426	-578	-662
		76,365	76,152	76,184	76,703
<u>Income</u>					
Fees & Charges		-15,391	-15,391	-15,391	-15,391
Benefit Payments Grant		-42,248	-42,248	-42,248	-42,248
Other Grants		-1,832	-1,832	-1,832	-1,832
Outturn 2012/13 Savings	6	0	-219	-219	-219
Budget Monitoring 2013/14		0	0	0	0
Specific Portfolio Items	5	0	141	578	493
		-59,471	-59,549	-59,112	-59,197
<b>Net Portfolio Spending Requirements (Exc. Asset/Equipment)</b>		<b>16,894</b>	<b>16,603</b>	<b>17,072</b>	<b>17,506</b>
Asset & Equipment Resources	7	3,413	3,200	3,200	3,000
<b>Net Portfolio Spending Requirements</b>		<b>20,307</b>	<b>19,803</b>	<b>20,272</b>	<b>20,506</b>
<u>Other Expenditure/Income</u>					
Contribution to Town and Parishes	8	403	300	200	100
Interest Earnings	9	-300	-240	-240	-240
<b>Budget Requirement</b>		<b>20,410</b>	<b>19,863</b>	<b>20,232</b>	<b>20,366</b>
Additional Grant Funding 2014/15 (Reserves)		0	0	-606	0
Business Developments and Third Party Grants		0	421	0	0
<b>Net Budget Requirement</b>		<b>20,410</b>	<b>20,284</b>	<b>19,626</b>	<b>20,366</b>
Movement in net budget requirement			-126	-658	740

<b>Analysis of Additional Budget Requirement</b>				
	Ref	Budget 2014/15 £000's	Budget 2015/16 £000's	Budget 2016/17 £000's
<b>Pay &amp; Price Increases</b>				
Pay @ 1% per annum	1	210	214	218
Increment	1	210	214	218
Pensions 2010 valuation	1	94	98	102
Pensions Auto Enrolment	1	150	0	0
Prices (Fuel, Energy & Maintenance)	2	110	112	115
<b>Outturn 2012/13 Savings June Cabinet</b>				
Expenditure - Planning & Transportation	3	-43	0	0
- Health & Leisure	3	19		
- Housing & Communities	3	-59	0	0
- Finance & Efficiency	3	-42	0	0
Income - Environment	6	-20	0	0
- Health & Leisure	6	-158	0	0
- Housing & Communities	6	-41	0	0
<b>Budget Monitoring 2013/14</b>				
Expenditure - Planning & Transportation	4	-30	0	0
- Housing & Communities	4	-36	-5	0
- Finance & Efficiency	4	-178	0	0
- Environment	4	8	0	0
<b>Specific Portfolio Items</b>				
Environment - Reduction in Kerbside Glass Govt Grant	5	178	519	0
Environment - Reduction in Kerbside Glass net expenditure	5	-289	-70	0
Finance & Efficiency - Reduction in Benefit Admin Grant	5	100	0	0
Health & Leisure - Achievement of Target Recovery Rate	5	-274	-164	-169
<b>Other Items</b>				
Towns and Parish Council Grant	8	-103	-100	-100
Reduction in Interest Earnings	9	60	0	0
Savings in progress including 14/15 funds	10	-200	-450	-50
Change in Asset and Equipment Resources	7	-213	0	-200
Additional Grant Funding 2014/15 (Reserves)		0	-606	606
Business Developments and Third Party Grants (Reserves)		421	-421	0
<b>Total Additional Net Budget Requirement</b>		<b>-126</b>	<b>-658</b>	<b>740</b>

**Medium Term Financial Plan**  
**Budget Forecasting 2013 to 2017**

**Appendix 3(cont)**

<b>Savings Plan</b>	Budget 2014/15	Budget 2015/16	Two Year Settlement	Budget 2016/17
	£000's	£000's	£000's	£000's
<u>Reduction in Funds Available</u>				
Change Council Tax Funding (Appendix Ai)	- 285	117	- 168	- 32
Grant Funding (Appendix Ai)	226	935	1,161	458
	- 59	1,052	993	426
<u>Increase to Net Budget Requirement</u>				
Pay & Price Increases (Appendix Aii)	774	639	1,413	653
Kerbside Glass "One Off" Grant	-	519	519	-
	774	1,158	1,932	653
Budget Gap brought forward from 2015/16				815
<b>Total Savings Required</b>	<b>715</b>	<b>2,210</b>	<b>2,925</b>	<b>1,894</b>
<u>Savings (Appendix Aii)</u>				
Outturn 2012/13 Savings	- 344	-	- 344	-
Budget Monitoring 2013/14	- 236	- 5	- 241	-
Specific Portfolio Items	- 285	- 234	- 519	- 169
General Savings	- 456	- 550	- 1,006	- 350
	- 1,321	- 789	- 2,110	- 519
<u>Additional Grant Funding 2014/15 (Reserves)</u>				
Kerbside Glass Recycling Grant (Extra)	-	- 206	- 206	-
Two Year Settlement Funding	-	- 400	- 400	-
	-	- 606	- 606	-
<b>Budget Gap</b>	<b>- 606</b>	<b>815</b>	<b>209</b>	<b>1,375</b>
Reserves	421	- 606	- 185	
	<b>-185</b>	<b>209</b>	<b>24</b>	<b>1,375</b>
<u>Summary</u>				
Total Funds Available	20,469	19,417		18,991
Net Budget Requirement	20,284	19,626		20,366
	<b>185</b>	<b>- 209</b>	<b>- 24</b>	<b>- 1,375</b>

## Medium Term Financial Plan

### Budget Revenue Requirement/ Funds Available 2013 to 2017

	Budget 2014/15 £000's	Budget 2015/16 £000's	Budget 2016/17 £000's
<b>Planned Maintenance and Replacement Work</b>			
<u>Asset Management Group</u>			
Health & Leisure Centres	994	321	733
Depots	128	161	155
Office Accommodation	35	311	266
Other Property including Open Space	70	155	30
Car Park Maintenance	108	290	50
	<b>1,335</b>	<b>1,238</b>	<b>1,234</b>
<u>ICT Strategy</u>			
Replacement Programme	262	245	225
Existing Systems Developments (One Off)	150	120	80
Existing Systems Development (Recurring)	36	69	89
	<b>448</b>	<b>434</b>	<b>394</b>
<u>Equipment Replacement</u>			
Health & Leisure Equipment Replacement	190	384	203
Car Park Machines /Other Equipment	190	180	-
Vehicles & Plant under £10K	39	11	25
	<b>419</b>	<b>575</b>	<b>228</b>
<u>Operational Vehicles</u>			
Deferred Expenditure	1,052	1,063	1,117
Contingency	10	30	107
Less: Proportion allocated to HRA	- 64	- 80	- 80
<b>Total Programme</b>	<b>3,200</b>	<b>3,200</b>	<b>3,000</b>

	Budget 2014/15 £000's	Budget 2015/16 £000's	Budget 2016/17 £000's
<b>Business Developments and Third Party Grants</b>			
<b>Recommended For Approval</b>			
<u>Assets</u>			
Health & Leisure Centres - Business Developments			
Applemore - Reposition of Weights Room	93		
Public Conveniences Refurbishment			
Provision for one convenience	243		
<u>Community Grants - Health &amp; Leisure (Building Projects)</u>	85	-	-
	<b>421</b>	<b>-</b>	<b>-</b>

## Medium Term Financial Plan

Business Development schemes subject to further review

	Budget 2014/15 £000's	Budget 2015/16 £000's	Budget 2016/17 £000's
<b>Business Developments (Revenue)</b>			
<b>Subject to Further Review</b>			
<b>"Dragon's Den"</b>			
<u>Equipment</u>			
ICT Strategy - New Developments (One Off)	140	130	30
ICT Strategy - New Developments (Recurring)	39	78	81
	<b>179</b>	<b>208</b>	<b>111</b>
<b>"Asset Management Group"</b>			
<u>Assets</u>			
Health & Leisure Centres - Business Developments			
Equipment related to Lymington H&L Capital Project	35	-	-
Various Centres	-	315	255
Public Conveniences Refurbishment - Various	-	200	250
	<b>35</b>	<b>515</b>	<b>505</b>

**NEW FOREST DISTRICT COUNCIL**  
**GENERAL FUND REVENUE BUDGET SUMMARIES**  
**SUMMARY OF NET BUDGET REQUIREMENTS WITH FINANCE**

	2013/14 Budget	2014/15 Gross Expenditure	2014/15 Income	2014/15 Budget
	£,000	£,000	£,000	£,000
<b>PORTFOLIO REQUIREMENTS</b>				
Environment	8,263	11,042	-2,978	8,064
Finance and Efficiency	5,020	51,135	-46,346	4,789
General Purposes and Licensing Committee	540	893	-371	522
Health and Leisure	4,261	9,827	-5,767	4,060
Housing and Communities	2,059	3,571	-1,744	1,827
Leader's	562	827	-293	534
Planning and Transportation	343	4,680	-4,118	562
Planning Development Control Committee	1,228	1,725	-527	1,198
	<b>22,276</b>	<b>83,700</b>	<b>-62,144</b>	<b>21,556</b>
Asset Rental Income	-3,542	0	-2,467	-2,467
Asset Management Fund Contribution	-427	0	-421	-421
Contribution to/(from) Earmarked Revenue Reserves	87	83	0	83
Additional Grant Funding Reserve	0	606	0	606
<b>NET PORTFOLIO REQUIREMENTS</b>	<b>18,394</b>	<b>84,389</b>	<b>-65,032</b>	<b>19,357</b>
Contributions to Town and Parish Council Tax	403	300	0	300
Minimum Revenue Provision	1,913	1,052	0	1,052
Interest Earnings (Net)	-300	0	-240	-240
General Grants	-1,254	0	-1,839	-1,839
<b>GENERAL FUND NET BUDGET REQUIREMENTS</b>	<b>19,156</b>	<b>85,741</b>	<b>-67,111</b>	<b>18,630</b>
<b><u>COUNCIL TAX CALCULATION</u></b>				
Budget Requirement	19,156	85,741	-67,111	18,630
Less:				
Estimated Collection Fund Surplus	-132	0	-280	-280
Revenue Support Grant	-5,249	0	-4,108	-4,108
Non Domestic Rate	-3,230	0	-3,560	-3,560
<b>COUNCIL TAX</b>	<b>10,545</b>	<b>85,741</b>	<b>-75,059</b>	<b>10,682</b>
<b>TAX BASE NUMBER OF PROPERTIES</b>	<b>67,702.70</b>			<b>68,581.20</b>
<b>COUNCIL TAX PER BAND D PROPERTY</b>	<b>£155.76</b>			<b>£155.76</b>
<b>GENERAL FUND BALANCE 31 MARCH</b>	<b>£2M</b>			<b>£2M</b>
Note		2014/15		
Net Budget Requirement above		18630		
General Grants (shown in Funding Appendix 1)		1839		
Budget Gap (Appendix 3)		-606		
Reserve Contribution to Bus. Develop. (Appendix 3)		421		
Net Budget Requirement (Appendix 3)		<u>20284</u>		

## Community Grants – Policy Update

### Definition

Community Grant aid is the provision of targeted financial resources to enable voluntary sector, community based organisations and charities to improve the quality of life in New Forest District through their activity.

### Types of Community Grant Available

The Council offers several sources of funding to support groups and individuals living in New Forest district. In order to benefit from a Community Grant an application is required.

#### 1. Member Community Engagement Grants (Total Available £36,000)

These grants are available to support local community projects. These grants are one off, and no ongoing support can be guaranteed. The maximum amount available to an individual Member is £600. Members can group their individual grants to a single local community project.

A full list of payments made each year is published on the Council's web site.

#### 2. Community Support Grants

Community support grants fall into two main categories: small grants up to £1,500 and larger Annual Revenue Grants of £1,500 upwards.

##### a. Annual Revenue Grants (£1,500 upwards)

Annual Revenue Grants can be awarded, by Portfolio Holders as a contribution towards an organisation's core costs, enabling them to continue to provide services throughout the year.

The aim of these grants is to ensure the effective targeting of resources into priority areas. All groups and organisations will in the first instance need to apply for funding (an application form is available on the Council's web site) or if funding is being renewed attend an annual review meeting with Council members. (Details of information requirements are available on the Council's web site) The basis of both the application form and the on going information requirement will be assessed by the following criteria:

- Is there evidence of good governance, risk management and a sustainability strategy?
- Is there evidence that the project or service addresses identified needs within the district e.g. through consultation with communities, and cannot be funded through other sources?
- Is there a demonstration that the project or service will benefit one or more of the Council's priorities?

Full details of Annual Revenue Grants 2014/15 as set out in Annex A



b. Small grants (Approximately £60,000)

i. up to £1,500

Small grants that provide funding to voluntary and community sector organisations to assist towards one-off projects, events or activities which directly benefit their local communities is available through a rolling grant programme. Grants can be applied for throughout the year. These grants include Sports and Development support funding, and improving Public Health aimed at increasing community activity. These grants are administered by officers.

ii. Above £1,500

As above but should a grant exceed £1,500 they do require the approval of the Portfolio Holder.

A full list of payments made each year in excess of £500 is published on the Council's web site.

3. Community Project Grants (Capital or Revenue)

These are usually project related grants aimed at enhancing community facilities and are identified through the budget process.

Details are set out within the annual budget papers.

4. Payments to voluntary sector, community based organisations and charities which are excluded from Community Grants

Arrangements (Commissioned/SLA/Contract) which relate to a specific service responsibility of the Council e.g. Sturt Pond – a Management Agreement with Hampshire County Council; Community First service specific activities :

- Care & Repair
- Nightstop
- Wheels to Work (HCC)
- NF Call & Go (HCC)
- NF Transport Organiser (HCC)

In addition any grant made to an individual that is not commissioning a service on behalf of the Council is also excluded.

5. Government Transparency Requirements

The above process is in accordance with the government's revised Transparency publishing requirements including the general requirement to publish all *payments* made over £500 to the voluntary and community sector (at year end). The requirements for each grant are:

- Date the grant was incurred
- The time period for which the grant has been given
- The local authority department which awarded the grant
- The beneficiary
- Summary of the purpose of the expenditure
- The amount

Organisation	Grant	Portfolio
<b>Citizen's Advice Bureau</b> <i>Provides free independent advice on issues such as debt, housing and benefits for local residents.</i>	£245,000	Finance & Efficiency
<b>Community First New Forest</b> <i>Provides support across the whole of the voluntary sector in the New Forest.</i>	£80,000	Health & Leisure
<b>Forest Forge Theatre Company</b> <i>Provides a creative learning and theatre opportunity on a touring basis to communities in the New Forest.</i>	£32,000	Health & Leisure
<b>CODA</b> <i>Provides a musical experience for all ages and abilities.</i>	£2,500	Health & Leisure
<b>Southampton Rape Crisis</b> <i>Provides integrated, specialist services to those at risk of, or who have been affected by, an unwanted sexual experience in the New Forest, Eastleigh and Southampton area. Linked to Police and Crime Commissioner's priorities.</i>	£5,000	Housing & Community
<b>New Forest Disability Information Service</b> <i>Provides advice and information on disability issues with an emphasis on empowering individuals.</i>	£2,000	Health & Leisure
<b>Eling Tide Mill</b> (Totton & Eling Town Council) <i>Enables the operation of Eling Tide Mill, the only tide mill still regularly producing flour for sale. (Subject to Heritage Lottery Fund bid).</i>	£32,000	Health & Leisure
<b>Lymington Museum Trust</b> <i>Supports the history of the coastal parishes and has an art gallery of National standing. In addition provides outreach education.</i>	£9,000	Health & Leisure
<b>Forest Arts</b> <i>Provides a leading venue for live arts events and has an extensive outreach programme. [Agreement for same level of funding for the next 3 years during period of transition to Trust status]</i>	£17,000	Health & Leisure
<b>Blashford Lakes</b> (Hampshire & Isle of Wight Wildlife Trust) <i>Provides management support for public access to a substantial nature reserve.</i>	£25,000	Health & Leisure
<b>New Forest Centre</b> (Ninth Centenary Trust) <i>Provides the main focus site for interpretation of the New Forest.</i>	£13,770	Health & Leisure
<b>Solent Sea Rescue</b> <i>Supports beach and sea rescue units on the Solent</i>	£4,600	Environment
<b>Total</b>	<b>£467,870</b>	

**COMMUNITY PROJECT GRANTS BUILDING PROJECTS****For support in 2014/15 (Subject to Health and Leisure Portfolio Holder final approval)**

<b>SCHEME</b>	<b>£</b>	<b>COMMENT</b>
Hale Village Hall Total cost: £45,000  Kitchen re-fit; re-wiring; wall insulation and re-decoration.	5,000	The Hall is the key resource in the village and has already raised significant sums for urgent works. This contribution will enable better use to be made of the hall. The funding would be subject to written agreement with HCC over funding for school use.
Lymington Museum Trust Total cost: £217,000 for this stage.  Development of design and fit out proposals for submission of a Heritage Lottery Fund bid	5,000	Support for fee work following success of Round 1 bid with HLF. This would be a substantial gain for the community (ultimately a project of £2m if proceeds to build phase). This will integrate arts and museums functions so as to improve throughput; more education work and make operations more sustainable.
Testwood Lakes Sailability Total cost: £66,000  Pontoon and hoists.	Up to 20,000	This is a very worthwhile scheme to make use of Testwood Lake and the related facility by disabled people. The scope for external fundraising there and Sport England could be a strong supporter.
Keyhaven Yacht Club Total Cost: £275,000  Extension of clubhouse and refurbishment	40,000	A good scheme to develop use of the club and improve the NFDC asset. More people taking part and better trained. Strong existing fundraising.
Lyndhurst Bowls Club Total cost: £19,000  Re-roofing the pavilion; reinforce the green; repair paving and provide storage.	5,000	Good self help by the club to date. Urgent works this year are in elements which club can address. This contribution is for 2014/15 and renovation of the green which is the largest element of the bid (£10,000)
Tools for Self Reliance Total cost:£118,000  Re-roof; insulate; repair floors; install heating.	10,000	A group achieving a great deal in the engagement of volunteers and learning by young people. A sound facility is key to their future. Can be phased - Phase 1 is roof (£60,000)
<b>Total</b>	<b>85,000</b>	

## GENERAL FUND CAPITAL PROGRAMME AND FINANCING

	Budget 2014/15 £000's	Budget 2015/16 £000's	Budget 2016/17 £000's	Financing
Disabled Facilities Grants (ITF)	413	566	566	Better Care Fund from 2015/16
Disabled Facilities Grants(NFDC resources)	227	74	74	Hsg Cap Rec
Private Sector Renewal/Home Repairs	102	102	102	Hsg Cap Rec
Social Housing Grant	100	100	100	Hsg Cap Rec
Total Private Sector Housing	<u>842</u>	<u>842</u>	<u>842</u>	
Lymington Harbour Commissioners	3,240			PWLB Loan
Coast Protection	455	181	135	Grant
Leisure Developers' Contributions	854			D Conts
Transport Developers' Contributions	377	500	300	D Conts
<b>TOTAL EXTERNAL RESOURCES</b>	<u>5,768</u>	<u>1,523</u>	<u>1,277</u>	
<u>Previously Approved</u>				
Rural Broadband	230	115		
Dibden Golf Cottage	240			
<b><u>New Items (Proposed)</u></b>				
Major Coastal Project Scheme Development Hurst Spit	50	50	50	Pre Grant Recovery
Health & Leisure Business Development Lymington	436			
New Milton		250		
<b>TOTAL INTERNAL RESOURCES</b>	<u>956</u>	<u>415</u>	<u>50</u>	
<b>TOTAL CAPITAL RESOURCES PROGRAMME</b>	<u>6,724</u>	<u>1,938</u>	<u>1,327</u>	
Vehicles & Plant (Capital Value)	1,356	1,211	909	
<b>TOTAL PROGRAMME</b>	<u><u>8,080</u></u>	<u><u>3,149</u></u>	<u><u>2,236</u></u>	

## THE CAPITAL PRUDENTIAL INDICATORS 2014/15 – 2016/17

### 1. CAPITAL EXPENDITURE AND CAPITAL FINANCING REQUIREMENT

- 1.1 Each year the Council approves a programme of capital expenditure. Some of this expenditure will be supported by grants and contributions from the Government and other organisations; the remainder will need to be financed from the Council's own resources. If this expenditure cannot be financed from resources such as capital receipts, capital reserves or from direct revenue contribution there will be an impact on the Council's underlying need to borrow.
- 1.2 This underlying need to borrow is called the Capital Financing Requirement (CFR).
- 1.3 The revenue consequences of capital expenditure funded by borrowing will need to be paid for from the Council's revenue resources. This is called the Minimum Revenue Provision (MRP).
- 1.4 The key risks to the plans are that the level of Government support has been estimated and maybe subject to change. Similarly some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.
- 1.5 In 2012/13 the Council borrowed £142.7m to meet the requirements of the HRA reform. The indicators also reflect this ongoing level of debt as none is due for repayment in the immediate future.

### 2. CAPITAL EXPENDITURE

- 2.1 The capital expenditure projections and the CFR are shown below. A more detailed schedule for these projections is included in the main budget report on this agenda.

**This is the first prudential indicator and the Council is asked to approve the summary capital expenditure projections below.**

Capital Expenditure	2013/14 Revised £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Non-HRA	5,454	7,238	2,307	1,394
HRA	12,530	13,920	13,075	13,115
<b>Total Expenditure</b>	<b>17,984</b>	<b>21,158</b>	<b>15,382</b>	<b>14,509</b>
<b>Financed by:</b>				
Capital receipts	420	1,074	276	276
Capital grants	1,246	868	747	701
Capital reserves	625	956	415	50
Developers Contributions	2,431	1,231	500	300
Revenue	11,718	12,433	12,233	12,273
<b>Net capital financing requirement (CFR)</b>	<b>1,544</b>	<b>4,596</b>	<b>1,211</b>	<b>909</b>

### 3. CAPITAL FINANCING REQUIREMENT

- 3.1 Capital expenditure will impact directly on the overall CFR if there is a borrowing requirement (see 2.1 above). Generally any borrowing required to meet the Council's capital expenditure is met by using cash held in reserves, rather than raising loans. This action is the expressed preference of Members. However, it is anticipated that a loan will be raised for the General Fund during 2014/15 to facilitate works being undertaken by Lympington Harbour Commissioners.
- 3.2 Loans totalling £142.7m were raised to meet the payment required for the HRA housing reform settlement in March 2012 which now forms part of the CFR.
- 3.3 The CFR is reduced by the amount of any provision that is made to repay loan in the future. This provision is known as the MRP.
- 3.4 The cumulative net projections for the CFR at each year-end are shown below. This is the second prudential indicator.
- 3.5 The Cabinet is asked to note the CFR projections below.**

Capital Financing Requirement (CFR)	2013/14 Revised £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
CFR–Non Housing	3,768	7,174	7,182	6,810
CFR - Housing	1,897	1,897	1,897	1,897
HRA Settlement	142,704	142,704	142,704	142,704
Total CFR at year end	148,370	151,775	151,783	151,412
<b>Movement in CFR from one year to the next</b>		<b>3,405</b>	<b>8</b>	<b>(371)</b>
<b>For each year the movement in CFR is represented by</b>				
Net Financing Need (The amount of capital expenditure financed by loan)	1,544	4,596	1,211	909
HRA Settlement	0	0	0	0
MRP provision - (the amount by which any loan requirement is reduced)	(1,160)	(1,191)	(1,203)	(1,280)
<b>Movement in CFR</b>	<b>384</b>	<b>3,405</b>	<b>8</b>	<b>(371)</b>

### 4. MINIMUM REVENUE PROVISION

- 4.1 Where General Fund (excluding Council Housing) capital spend has been financed by loan, and has increased the CFR, the Council is required to make a provision to repay a proportion of the accumulated amount each year. This amount is charged to revenue and is called the Minimum Revenue Provision (MRP). This charge reduces the CFR each year.

CLG Regulations have been issued which require full Council to approve an MRP Statement in advance of each financial year. The Council is recommended to approve the following MRP Statement:

***“For capital expenditure that has been incurred, and which has given rise to a CFR, the MRP Policy shall be to charge to revenue an amount equal to the depreciation of any asset financed by loan”.***

For Council Housing the Council has approved currently a Housing Business Plan that will charge amounts to revenue to ensure that any borrowings are reduced in accordance with the maturity of the debt outstanding.

## 5. THE COUNCIL’S RESOURCES

5.1 The use of reserves to finance capital expenditure will have an impact on investments unless resources are supplemented each year from sources such as asset sales. The following table shows estimates of year end balances for each resource.

Estimated Year End Resources	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
Fund Balances	13.6	14.5	15.8	17.4
Capital Receipts	4.6	4.7	4.8	4.9
Earmarked Reserves	8.6	7.6	7.2	7.1
<b>Total Core Funds</b>	<b>26.8</b>	<b>26.8</b>	<b>27.8</b>	<b>29.4</b>

## 6. AFFORDABILITY PRUDENTIAL INDICATORS

The previous sections cover the prudential indicators for capital expenditure and borrowing. This section assesses the affordability of the capital investment plans. These provide an indication of the impact of the capital programme on the Council’s overall finances.

**The Council is asked to approve the following indicators.**

### 6.1 Ratio of financing costs to net revenue stream

6.1.1 The net revenue stream for the General Fund is the amount of revenue expenditure which is met from government grant and council tax.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs) against the net revenue stream.

The estimates of financing costs include current commitments and the proposals in this budget report on this agenda.

6.1.2 The net revenue stream for the Housing Revenue Account is the amount of revenue expenditure, arising from the capital program, which is met by rents.

6.1.3 The following table shows the cumulative incremental effect of the estimated financing cost, against the estimated net revenue stream. This assesses the increase in the cost of borrowing to the revenue account.

**An example is set out below: 2014/15**

General Fund Financing cost	£146,000	=	0.7%
General Fund Net Revenue Stream	£20,295,000		

6.1.4 The estimates of financing costs include current commitments and the proposals in this budget report.

	2013/14 Revised	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Non - HRA	(4.2%)	0.7%	0.1%	0.4%
HRA (inclusive of settlement)	0%	0%	0%	0%

There has been no increase in the financing cost for the HRA over the period. No repayments of existing borrowing are due for the life of this report.

For the Non-HRA the reduction in 2013/14 reflects the policy change for capital assets in 2012/13 where items recorded under the new de minimus level where written down.

## **6.2 Estimates of the incremental impact of capital investment decisions on the Band D Council Tax**

6.2.1 This indicator shows the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The indicator shows the impact on the Council Tax of the revenue implications of the capital programme in isolation from any other expenditure that may generate a revenue charge.

	Proposed Budget 2014/15	Forward Projection 2015/16	Forward Projection 2016/17
Change to Council Tax-Band D	0.7%	0.7%	1.4%
Change to Council Tax cost year on year	£1.16	£1.10	£2.18



**6.3 Estimates of the incremental impact of capital investment decisions on housing rent levels**

6.3.1 The Council has adopted the Government's rent restructuring policy. As such the capital programme has no impact on rent levels.

6.3.2 The indicator below shows the cost of proposed changes in the housing capital programme, as recommended elsewhere on this agenda expressed as a change in weekly rent levels if the Government's rent restructuring policy had not been adopted.

	<b>Proposed Budget 2014/15</b>	<b>Forward Projection 2015/16</b>	<b>Forward Projection 2016/17</b>
Change to Weekly Housing Rent levels	£2.72	(£0.76)	£0.15