

REPORT OF CABINET

(Meetings held on 5 January and 2 February 2011)

1. MEDIUM TERM FINANCIAL PLAN AND ANNUAL BUDGET 2011/2012 (REPORT A – 5 JANUARY 2011) (MINUTE NO. 52) AND (REPORT F – 2 FEBRUARY 2011) (MINUTE NO. 61)

At their meeting in January the Cabinet was updated on the development of the Medium Term Financial Plan for 2010/15 and the annual budget for 2011/12. They considered the main challenges that the Council faced. There has been a 15.7% reduction in Government grant for 2011/2012 and a 10.3% reduction for 2012/2013 making a 26% total over the two years.

This will mean a reduction in overall net expenditure of 7.2% in 2011/2012 and 4.7% in 2012/2013. The Council has to reduce their net spend by £2.7m over the next two financial years. This will give a total cut in expenditure of over £4m over the four years to 2015.

Simultaneously the Council is also experiencing high inflation with items such as fuel costs rising and reducing income from low interest rates. There is also a continuing effect from the recession in terms of other income streams. Whilst district councils have met the largest share of the Government grant reductions, a freeze in council tax will release a further £284,000 of grant funding.

Work has been progressing over many months to streamline the Council's activities and over 800 savings ideas have been received from employees. There has also been robust control of vacancies. Asset sharing is also underway with the New Forest National Park moving into the Town Hall at Lymington. The 'workstream' review process is targeting 'back office' efficiency in the first instance. The significant reductions in budget will change the look of the Council and the senior management structure will consequently change to reflect that.

At their meeting in February, the Cabinet consider an updated proposed Medium Term Financial Plan and annual budget for 2011/2012 together with the comments from committees and review panels.

The final Government Grant settlement figure has only just been received and as a result updated appendices (Ai) and (Aii) to Report F to the Cabinet were circulated at the meeting together with the remaining outstanding comments from review panels.

The Finance and Efficiency Portfolio Holder has attended all review panels in January. The Cabinet is pleased that all members generally recognise the need to reduce the Council's level of expenditure and no major changes to the proposals have come forward from the committees and panels.

The proposed annual budget has been reached without reductions in service; with no widespread major price increase; with no increase in council tax and without recourse to a major number of redundancies. The Cabinet is grateful to employees for their responses to the employee suggestion scheme many of which have been acted upon.

The Council is in a good position to respond to the difficult circumstances because work was started in advance of the current climate and is ongoing.

As a result of the final grant settlement the Council will receive an additional £58,000 in 2011/12. This means that there is a general fund net budget requirement of £20,403,984 for 2011/12. Members also noted that the capital requirement for Perkins Youth Hall (Partnership/Community projects) has reduced to £10,000 and the final budget amount is reduced accordingly.

Whilst the Cabinet is confident that the Council can achieve the task before it, this can only be done with the close co-operation of employees and the unions. The public want to see a Council that is efficient and effective and the proposed Medium Term Financial Plan will do that.

RECOMMENDED:

- (a) That site licence fees and service charges at Stillwater Park be increased by 4.6%, in line with retail price index inflation;**
- (b) That a General Fund Net Budget Requirement of £20,403,984 be agreed;**
- (c) That a Band D Council Tax of £155.76 be agreed; and**
- (d) That a General Fund Capital Programme for 2011/12 of £8.506m be agreed.**

2. LYMINGTON LOCAL DISTINCTIVENESS SUPPLEMENTARY PLANNING DOCUMENT – ADOPTION (REPORT A – 2 FEBRUARY 2011) (MINUTE NO. 56)

The Cabinet has agreed that, having regard to the views of the Planning and Transportation Review Panel, the Lymington Local Distinctiveness Supplementary Planning Document, as set out in Appendices B and C (as revised)) of Report A to them be adopted as part of the Local Development Framework for New Forest District (outside the National Park).

Originally the emphasis of the national planning policy had been to accommodate new development within existing built-up areas and to minimise the need to release 'green field' land for development. The resulting developments have led to local concerns in many areas, including Lymington, about adverse effects on local character and distinctiveness. The publication of Planning Policy Statement 3 early in 2007 was helpful in giving the Council the ability to become far more robust in resisting inappropriate development and defending decisions at appeal.

To achieve its aim fully of conserving and enhancing local character, the Council has recognised a need for revised planning policies in statutory development plan documents (the adopted Core Strategy) backed up by related Supplementary Planning Documents giving detailed specific local guidance. The 'local distinctiveness' design guidance work was initiated in response to this need.

The New Milton Local Distinctiveness SPD that has been adopted previously is proving very helpful in dealing with planning applications and appeals. Work will start shortly on a corresponding SPD for Ringwood.

The Cabinet agreed that the Lymington Local Distinctiveness SPD is an excellent combination of the professional expertise of the Council's planning design team working with local people to achieve a document that both reflects local views and strengthens the Council's ability to achieve its planning objectives.

3. GOVERNANCE ARRANGEMENTS FOR NATIONAL PARKS AND THE BROADS (REPORT B – 2 FEBRUARY 2011) (MINUTE NO. 57)

As part of the Government's commitment to review the governance arrangements of National Parks to increase local accountability, Defra has issued a consultation paper detailing a number of specific points on which the Council is invited to comment. The main issue raised relates to whether a National Park Authority should be directly elected.

The Cabinet, having discussed the issues, re-iterated the view that the Council is in favour of a directly elected New Forest National Park Authority (NFNPA) which will make the NFNPA more accountable, give legitimacy to its decision making and increase links with the local community.

In the light of this the Cabinet has confirmed a response to Defra on the consultation, as set out in Report B to them.

4. FINANCIAL REPORT – OUTTURN PROJECTION BASED ON PERFORMANCE TO DECEMBER 2010 (REPORT C – 2 FEBRUARY 2011) (MINUTE NO. 58)

The Cabinet has considered the Council's financial performance for the first nine months of 2010/11 and the potential outturn implications on a portfolio and committee basis. They have noted the revised outturn forecasts and their potential impact on the authority's revenue and capital budgets; the updated Housing Revenue Account budget and the detailed variations reported in Appendices 1 and 2 to Report C to them.

The Cabinet has noted that the Council is in a good position and there is a net improvement of £650,000 for the General Fund for this period. There are no other particular issues to raise other than in relation to Concessionary Travel where the potential increase in costs is still unknown.

5. TREASURY MANAGEMENT STRATEGY (REPORT D – 2 FEBRUARY 2011) (MINUTE NO. 59)

The Cabinet has considered the Council's proposed Prudential Indicators for 2011/12 – 2013/14 and the expected treasury operations for that period. They have noted the detail of the Prudential Indicators that will provide a framework for capital expenditure decision making; the Minimum Revenue Provision Policy that sets out how the Council will pay for capital assets through revenue each year; the Treasury Management Strategy Statement that sets out how the Council's Treasury Service will support the capital expenditure and financing decisions and the Investment Strategy that sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

The Council currently has no debt and has no plans to undertake any borrowing. The financial position is regularly reviewed in order to maximise interest income for the Council whilst balancing that against the security of the investment.

RECOMMENDED:

- (a) That the Prudential Indicators and Limits for 2011/12 to 2013/14 contained within Annex A of Report D to the Cabinet, including the Authorised Limit Prudential Indicator be agreed;**

- (b) *That the Minimum Revenue Provision (MRP) Statement, contained within Annex A of Report D to the Cabinet, which sets out the Council's policy on MRP be approved;*
- (c) *That the Treasury Management Strategy 2011/12 to 2013/14, and the treasury Prudential Indicators contained within Annex B to Report D to the Cabinet be agreed; and*
- (d) *That the Investment Strategy 2011/12 contained in the Treasury Management Strategy and the detailed criteria as set out in Annex B and Annex B1 respectively of Report D to the Cabinet be agreed.*

6. HOUSING REVENUE ACCOUNT BUDGET AND HOUSING CAPITAL EXPENDITURE PROGRAMME 2011/12 (REPORT E – 2 FEBRUARY 2011) (MINUTE NO. 60)

The Cabinet has considered the proposed Housing Revenue Account budget and Housing Capital Programme for 2011/12.

In the current time of economic uncertainty the Cabinet is pleased to put forward a budget that means that the Council can maintain its housing services at current levels and ensure a comprehensive maintenance programme including major refurbishment works to the North Milton Estate.

However, in order to do this the council house rents will have to rise by an average of 6.2%. The proposed rent increase is as a result of the Government's rent convergence proposals whereby the aim is to eventually equalise the rents across the whole of the social housing sector. If the Council does not raise rents it will be penalised by having to pay more in subsidy to the Government which will leave no alternative but to cut services. To put the rent increase into context the Cabinet noted the average rent costs across other housing sectors and from those figures agree that council house rents still offer tremendous value for money.

The overall budget proposal shows the HRA to be in deficit by approximately £200,000 for 2011/12 after paying nearly £13m in subsidy back to the government. However, at March 2012, estimates indicate that there remains a healthy balance of over £3.5m in reserves. This will enable the future funding requirement for the North Milton Estate in 2012/13 to be met.

Members noted that the HRA was under review. A paper entitled "Implementing self-financing for Council housing" has been published by the Government on 1 February 2011. This paper will need to be evaluated and the impact upon the Council understood before the implications can be clearly established.

The Tenant Representatives understand the difficult position that the Council is in and, in the circumstances, support the proposed rent increase.

RECOMMENDED:

- (a) *That the HRA budget as set out in Annex B of Report E to the Cabinet be agreed;*
- (b) *That from 4 April 2011, an average increase in rents of 6.2% from the average 2010/11 rent level, in accordance with rent restructuring guidelines be agreed;*

- (c) *That from 4 April 2011, an increase of 6.2% in hostel service charges be agreed;*
- (d) *That from 4 April 2011, an increase of 4% in sheltered housing service charges be agreed;*
- (e) *That from 4 April 2011, an increase of 50 pence per week in garage rents (plus VAT for garages let to non-Council tenants) be agreed; and*
- (f) *That a 2011/12 Housing Capital Programme of £7.828m as set out in Appendix 2 of Annex A of Report E to the Cabinet be agreed.*

7. STRATEGIC REVIEW OF THE SHELTERED HOUSING SERVICE (REPORT G – 2 FEBRUARY 2011) (MINUTE NO. 62)

The Cabinet has considered and supported the Council's review of the sheltered housing service and the arrangements underway to achieve the changes.

For the last two years the Council has been working with Hampshire County Council to ensure that the district's sheltered housing accommodation and support service is fit for purpose and will meet the changing older person's agenda of individual need. It is very important that the Council meet the requirements of HCC since over 80% of the funding for the service comes from the Supporting People grant administered by them.

The work to identify the changes to the Council's existing sheltered housing schemes is now virtually complete and as a result a number of schemes have been re-categorised as general needs accommodation (for over 45 years). 10 other schemes will be retained, under a new name, yet to be decided, for over 65's with a support need. The Council will also have, from 2012, three 'extra care' housing schemes.

The next phase of the changes to the support service is now underway and from 2012 the Council will launch the new older person's service which will focus on the needs of individuals and will help older people to maintain their independence. The Council will also provide services to older people in the community who currently may be disadvantaged because they do not live in designated sheltered housing.

The Cabinet is pleased to note that officers have visited every sheltered scheme to explain the changes to tenants. All tenants have been given a fact sheet tailored to the proposals for their particular scheme. Whilst there has understandably been some initial concern, once the new service has been explained the vast majority of residents seemed to be very happy with the proposals.

There is still an area of uncertainty regarding the future funding of older person's services from 2012 throughout Hampshire but the Cabinet is confident that the Council will work through these issues with HCC to ensure the appropriate level of funding and support for older people in the district in the future.

8. PARTNERSHIP FOR URBAN SOUTH HAMPSHIRE (PUSH) – CHANGES TO CONSTITUTIONAL ARRANGEMENTS (REPORT H – 2 FEBRUARY 2011) (MINUTE NO. 63)

In the light of a proposal for a revised constitution for the Partnership for Urban South Hampshire (PUSH), the Cabinet has considered whether the Council should continue to be a member of PUSH.

The Cabinet agrees that partnership working is key to the delivery of the Council's objectives. However, new partnerships such as the Local Enterprise Partnerships are forming and it is important for the Council to move forward into new areas. Whilst PUSH has been vital in the past in matters such as the Regional Spatial Strategy work, the Council's involvement with them is becoming less relevant.

The Cabinet has therefore agreed that, in so far as it relates to the Executive function, the Council will not sign up to the new PUSH constitution and therefore cease to be a member.

RECOMMENDED:

- (a) ***That in so far as it relates to the Council function, the Council cease to be a member of the Partnership for Urban South Hampshire, but in doing so agree the importance of working with the emerging Local Enterprise Partnerships for the area in the future; and***
- (b) ***That the Council's Constitution be amended in so far as it is necessary to give effect to this decision.***

9. GENERAL PURPOSES AND LICENSING COMMITTEE – PROPOSED AMENDMENT TO TERMS OF REFERENCE (REPORT I – 2 FEBRUARY 2011) (MINUTE NO. 64)

The Cabinet has considered a proposed amendment to the General Purposes and Licensing Committee's terms of reference. The amendment will widen the Committee's remit to include consideration of other matters that are not currently the responsibility of the Executive or other committees.

RECOMMENDED:

That the General Purposes and Licensing Committee's terms of reference be amended by the addition of:

“To consider and make recommendations to the Council on any other matters not specifically set out in this Committee's, or any other Committee's, terms of reference that are not a function or responsibility of the Executive”.

**Cllr B Rickman
CHAIRMAN**