

REPORT OF CABINET

(Meeting held on 5 September 2012)

1. FINANCIAL MONITORING REPORT – FORECAST OUTTURN BASED ON PERFORMANCE TO JULY 2012 AND MEDIUM TERM FINANCIAL PLAN 2013/14 (REPORT A) (MINUTE NO 20)

The Cabinet has reviewed the Council's financial performance for the first 4 months of 2012/13, and noted the potential implications for the outturn on budgets. This is part of the continuous review process under the medium term financial plan.

The General Fund that was agreed in February of this year had to be increased to £19.712m to take account of commitments carried forwards from 2011/12. New net positive variations amounting to £471,000 have now reduced the projected outturn to £19.241m. Full details of these variations are set out in Appendix A to Report A to the Cabinet. In addition to general volatility in some business areas, a number of operational changes have been made, for example to car parking charges, and the introduction of charges for pre-application advice for planning applications, and these budgets are being followed closely to compare them to their projected income generation.

A bid has been submitted for central government funding to allow the introduction of the kerbside collection of glass for recycling. If this bid is successful, the revenue cost of maintaining the service will need to be included in the medium term financial plan for 2015/16 onwards. It is expected that the cost will be contained within existing budgets and savings have already been found.

There have also been significant changes to the Capital Programmes, both the general fund and the Housing Revenue Account, which have increased the budget to £23.093m. The most significant change is the investment of £6m in affordable housing. At the moment the main emphasis is on buying existing homes, with the target of providing 38 additional homes during the year. To date the purchase of 23 properties has either been completed or the offer has been accepted. The average purchase price is £151,000, which is lower than the original budget.

A total of £796,000 of developers' contributions has been allocated to leisure, planning and transportation schemes.

It is also necessary to provide additional accommodation at the Totton Health and Leisure Centre to compensate for the loss of the use of the Refectory area. The Asset Management Group have examined the business case for providing a replacement hall on the ground floor, together with other changes at the building, and are satisfied that the investment is justified to protect income. Details of the proposal are set out in Appendix B (1) to Report A to the Cabinet.

Cllr Wise, the Finance and Efficiency Portfolio Holder, has welcomed these initial figures, which indicate that decisions taken earlier in the medium term financial plan are helping the Council to maintain a healthy financial position.

RECOMMENDED:

- (a) *That the bid for funding for a scheme for the weekly kerbside collection of glass be supported and that budgetary provision be identified in the Medium Term Financial Plan 2015/16 and beyond, as set out in Appendix C to Report A to the Cabinet.***
- (b) *That there be capital investment of £152,000 at Totton Health and Leisure centre, necessitated by the loss of the use of the refectory facilities, as set out in Appendix B(1) to Report A to the Cabinet.***

2. MEDIUM TERM FINANCIAL PLAN 2012 ONWARDS/ANNUAL BUDGET 2013/14 (REPORT B) (MINUTE NO 21)

While the Medium Term Financial Plan has allowed the Council to respond to the Government's first tranche of grant reductions, amounting to £2.7 million (26% of the budget) for the 2 years up to 2013, responding to a second round of cuts will be complicated by the localisation of support for Council Tax and changes to Business Rate funding.

The Task and Finish Working Group established to review proposals for local arrangements for Council Tax support, that reflect the Government's expected 10% reduction in funding, have completed their initial work and a scheme is currently out for public consultation. Details of the proposed scheme are set out in Appendix A to Report B to the Cabinet. In addition to consultation through the website the Council has been pro-active in seeking views, including a meeting to which key representatives were invited. Since the publication of the report, however, the Government has announced further changes to the localisation of Council Tax Support, now to be called the Council Tax Reduction Scheme. The localisation of Council Tax Benefit will have an effect on the council's tax base, which is set by the District Council in December each year. While it is welcome news that town and parish councils will no longer be required to contribute towards the proposed savings, the consequent effect on this Council and other precepting bodies remains unclear, making it difficult to plan for the future. The task and finish group have also been looking at ways of mitigating the increase in Council tax charge that would follow the reduction in the Council Tax base, and are reviewing possible changes to the discounts and exemptions available. Their proposals, which are also out for consultation, will be reported to the Cabinet in December.

The public consultation exercise on the proposed local Council Tax Reduction Scheme will continue, as the main objective is to seek the views of other bodies and individuals, which can then be taken into account when the local scheme is finalised.

The Government have also published a consultation paper on their proposals for a new Business Rate system. It is proposed that in 2013/14 the Government will determine the level of funding to be available to each Council, in addition to Council Tax. Business Rates will make up approximately 50%, with Government formula funding contributing the other 50%. Early indications suggest that the baseline funding could be 12%-18% lower than in 2012/13, which is significantly more than the 0.4% reduction set out in the Comprehensive Spending Review of 2010. Projections for the Medium Term Financial Plan have therefore been developed using 3 scenarios, based on funding cuts between 12% and 18%.

Once again this year a member task and finish group has been established to review the Council's financial strategy and achievement with Portfolio Holders. They will complete their review, with a report to Cabinet, in February 2013.

The Cabinet have also noted the timetable for the production of the 2013/14 budget.

3. TREE SERVICE (REPORT C) (MINUTE NO 22)

The Cabinet are recommending that the Council's regulatory tree functions are carried out by the New Forest National Park Authority, under a service level agreement, with the Council's current tree officers being transferred to them under the Transfer of Undertakings (Protection of Employees) Regulations 2006.

All applications for consent, enquiries and related matters would be dealt with by the National Park Authority, with the only exception being that this Council's Appeals Panel would continue to determine whether or not to confirm a Tree Preservation Order where there are unresolved objections.

The proposed Service Level Agreement reflects the current standards required from the Tree Team and performance will be monitored against the SLA.

The Cabinet was advised of the Employee Side comments on the proposal.

After the initial set up costs of establishing the new joint team, it is anticipated that the partnership arrangement will achieve a saving of £25,000 per annum, against the current budget of £120,000 per annum, while maintaining the current level of service.

Both Cllr Vickers, the Planning and Transportation Portfolio Holder, and Cllr Wise, the Finance and Efficiency Portfolio Holder, support the proposed arrangement and the removal of duplication in providing services, between the National Park Authority and this Council was generally welcomed.

RECOMMENDED:

- (a) That the Council enter into an agreement under S101 of the Local Government Act 1972 to enable the New Forest National Park Authority to discharge the Council's tree function, in the terms outlined in Appendix 1 to Report C to the Cabinet**
- (b) That the Head of Planning and Transportation be authorised, in consultation with the Planning and Transportation Portfolio Holder, to finalise the terms of the aforementioned agreement, the financial provisions and the terms under which the National Park Authority will be discharging the Council's functions in respect of tree matters.**

**Cllr B Rickman
CHAIRMAN**