

REPORT OF CABINET

(Meeting held on 6 February 2013)

1. MILFORD-ON-SEA NEIGHBOURHOOD PLAN – REQUEST FOR FINANCIAL ASSISTANCE (REPORT A) (MINUTE NO 58)

The Cabinet has agreed to pay a grant of £5,000 to Milford on Sea Parish Council, and to provide them with the support of a dedicated planning policy officer to assist in the preparation of a neighbourhood plan. These plans were introduced by the Localism Act 2011. Milford on Sea had requested a grant of £19,100 to cover the full budgeted cost of producing their Neighbourhood Plan. Although this Council can claim grant aid of £30,000 to meet its costs in assisting in the production of the Neighbourhood Plan, these include the estimated statutory costs of £20,000 for running the Examination and of holding a referendum before the plan can be adopted. It is also estimated that the cost to this Council of providing officer support will be of the order of £10,000. Having considered various options, the Cabinet concluded that the Council should share the £10,000 available in excess of the statutory costs. £5,000 of the grant is now available, as the plan area has been agreed. This is also the total sum that will be available if the plan does not progress beyond the initial preparatory stages.

The Parish Council have requested that there should be flexibility to allow this Council to meet a greater proportion of the cost, should funds become available. The Portfolio Holder considers that additional resource is unlikely to come forward under the current financial constraints, and cautioned that the staff resource available in the policy team is now very low, and will be reduced further as the Sites and Development Management Document completes its statutory processes leading to adoption. The amount of work involved in preparing a neighbourhood plan is currently unknown, as this is the first such plan to be produced in this District, and probably one of the first nationally. Experience in producing this plan will inform decision making in respect of any further neighbourhood plans that come forwards.

2. DISABLED FACILITY GRANTS (REPORT B) (MINUTE NO 59)

Historically, Disabled Facility Grants, which are mandatory, have been funded by government grants for 60% of the cost, with this Council's 40% contribution provided through capital receipts from Right to Buy sales. Although the Government has recently announced additional grant aid of £173,000 for 2012/13, to supplement the original grant of £387,000, the demand for grants has been increasing locally, leading to a forecast overspend of £40,000 against the total budget, although this Council's contribution will in fact be reduced. These grants are paid in respect of private properties to fund essential works to allow elderly and disabled people to remain independent in their own homes.

In addition, although in future government grant should cover the majority of the cost of Disabled Facility Grants, this Council will still be expected to make up any shortfall. Under the new rules applying to the use of capital receipts from Right to Buy, all of the money must be used solely to provide affordable housing, or the entire capital receipt would be claimed by government and redistributed nationally. Once the current reserves have been used, in about 4-5 years' time, alternative sources of funding, such as the General Fund Capital Programme Reserve, will have to be identified.

3. HOUSING REVENUE ACCOUNT AND HOUSING CAPITAL EXPENDITURE PROGRAMME (REPORT C) (MINUTE NO 60)

2013/14 is the second year in which the Housing Revenue Account will be self-financing, with greater flexibility allowing the Council the opportunity to invest in providing more affordable homes, in addition to maintaining the standard of the existing housing stock. The budget for 2013/14 takes account of experience to date in 2012/13.

The Council is continuing with the process of adopting the Department of Communities and Local Government's proposals on rent structuring, leading to an increase of £3.71, equivalent to 4.1%, on the average weekly rent.

It is projected that an increase of 2.2% in the service charge at hostels will continue to allow the full recovery of relevant costs. An increase of 0.5% in the service charge for older persons' support services will also continue to ensure full cost recovery. As with rents, the service charge paid by individual users will vary, according to their property and other factors such as whether utility costs are included and the level of service needed.

The Housing Policy Focus Group support the proposed rent and service charge increases and consider that they represented a prudent and sensitive approach to the need to achieve rent restructuring. The tenants remain very satisfied with the Council's management of the housing stock for the benefit of the tenants.

Income to the Housing Revenue Account in 2013/14 is projected to be £1,511,000 more than the original budget for 2012/13, while expenditure is projected to increase by £1,720,000. A significant part of the increase in expenditure arises from the major repairs reserve (£592,000) following a change in government rules meaning that the depreciation of non-dwelling assets has to be treated as a real charge against the Housing Revenue Account. This will effectively decrease the Housing Revenue Account balances but increase the resources in the major repairs reserve. Further guidance notes on this issue are expected for the closedown of the 2012/13 accounts.

It is proposed that any surplus, after meeting the net running costs and the cost of servicing the borrowing to purchase the Council's housing stock, will be invested in the capital programme. Consequently the revenue contribution to capital will be increasing by £1,048,000 in 2013/14. This will be used to fund an £800,000 increase in the new build/acquisitions programme and a £250,000 increase in the environmental enhancements budget, mainly for completion of works around the North Milton Estate. In 2012/13 the Council acquired 30 additional affordable homes, and it is hoped a greater number will be provided in 2013/14.

The Capital Programme for 2013/14, at £13,835,000, will be met through a combination of government funding (£387,000), with the majority (£12,378,000) funded from the Housing Revenue Account, and £1,070,000 from capital receipts. The Capital Programme can be fully funded for 2013/14 and 2014/15.

RECOMMENDED:

- (a) *that the Housing Revenue Account budget, as set out in Appendix 1 of Report C to the Cabinet be agreed;***

- (b) *That from 1 April 2013, an average increase in rents of 4.1% from the average 2012/13 rent level be agreed, in accordance with rent restructuring guidelines:*
- (c) *That from 1 April 2013, an increase of 2.2% in hostel service charges be agreed;*
- (d) *That from 1 April 2013, an increase of 0.5% in sheltered housing service charges be agreed;*
- (e) *That from 1 April 2013, an increase of 40 pence per week in garage rents (plus VAT for garages let to non-Council tenants) be agreed; and*
- (f) *That a Housing Capital Programme of £13.835m be agreed for 2013/14, as set out in Appendix 2 of Report C to the Cabinet.*

4. THE MEDIUM TERM FINANCIAL PLAN – ANNUAL BUDGET 2013/14 (REPORT D) (MINUTE NO 61)

The medium term financial plan has continued to evolve since the meeting in January, even though the final local government finance settlement for 2013/14 is still unknown. The net portfolio spending requirements for 2013/14 are estimated at £18.239 million, with full details set out in Appendices A(i) and A(ii) to Report D considered by the Cabinet, with the programme of works proposed by the Asset Management Group, amounting to £1.810 million set out in Appendix A(iii).

The medium term financial plan includes the provision of funding to town and parish councils to compensate for their loss of income through the reduction in the Council tax base under the new Council Tax Reduction Scheme. It is hoped that this will encourage local councils not to increase their council tax in the coming year. This contribution will be reviewed in 2013 as part of the general review of the Council Tax Reduction Scheme.

Continuing financial austerity, combined with major changes to the system of grant funding, are having a significant effect on the funds available to the Council in 2013/14 and beyond. The amount of government funding for 2015/16 and beyond will be part of the next Comprehensive Spending Review, which is planned to take place over this summer.

For the third successive year the Council tax will not be increased in 2013/14. This will allow the Council to take advantage of a government grant of £115,000 for 2 years.

The new Business Rates system comes into force for 2013/14. The budget has been set on the basis of the minimum level of funding that the government will guarantee. It is possible that the Council may benefit, by 50% of the additional income, if the Council collects more than the government's notional target of £3.5 million for the District.

Through prudent financial management and the continuing drive to achieve efficiencies the Council is able to achieve a balanced budget, with the General Fund net budget requirement for 2013/14 at £19.156m, a reduction of £439,000 on the 2012/13 budget requirement.

The Capital Programme, of £7.406 million, has been developed within the context of the funding available. It includes £3.658 million expenditure on coast protection, financed through government grants, and £613,000 on community schemes financed from developers' contributions.

The Asset Management Group is recommending expenditure of £635,000 on additional assets or enhancements to existing assets.

RECOMMENDED:

- (a) That the 2013/14 budget make provision for a contribution of £403,000 to be made to town and parish councils, on the basis of an estimate of the Council Tax Reduction scheme caseload;**
- (b) That site licence fees and service charges at Stillwater Park be increased by 2.6%, in line with RPI inflation;**
- (c) That a General Fund Net Budget Requirement of £19,156,400 be agreed;**
- (d) That the fees and charges for the General Purposes and Licensing Committee, as set out in Appendix B(ii) to Report D to the Cabinet, be approved;**
- (e) That a Band D Council Tax of £155.76 be agreed; and**
- (f) That a Capital Programme (non-housing) of £7.406m be agreed for 2013/14.**

**Cllr B Rickman
CHAIRMAN**