

MEDIUM TERM FINANCIAL PLAN / ANNUAL BUDGET 2015/16

1. INTRODUCTION

- 1.1 On 7 October 2015 and 6 January 2016 the Cabinet considered a number of issues that would affect the Annual Budget for 2016/17. This was supported by the Medium Term Financial Plan, based on the Provisional Local Government Finance Settlement figures which had been received in late December 2015. Details of the Final Local Government Finance Settlement for 2016/17 are yet to be received but are not expected to change materially from the provisional figures.
- 1.2 In accordance with the Council's Financial Strategy this report sets out final proposals for:
- The General Fund Net Budget Requirement for 2016/17
 - A level of Council Tax for 2016/17
 - The Medium Term Financial Plan
 - The General Fund Capital Programme for 2016/17
- 1.3 As the budget setting process is not an executive function the proposals agreed by the Cabinet will become recommendations for consideration by the Council at their meeting on 22 February 2016.

2. OVERVIEW

- 2.1 The Council's financial strategy for 2016/17 is to:
1. deliver efficiencies and savings which protect frontline services provided in the community;
 2. support ongoing investment in services through the use of its reserves;
 3. ensure that reserves are available during the period of the Medium Term Financial Plan to safeguard frontline services from future budget reductions; and
 4. balance the needs of service users and council taxpayers.

The budget set out in this report is in line with this strategy.

3. MEDIUM TERM FINANCIAL PLAN – GENERAL FUND BUDGET

- 3.1 Details of draft anticipated available resources and Portfolio spending requirements were set out in Appendices to the January Cabinet report. Subsequent to that report the full budget allocation process has now been completed and individual Portfolio budgets updated. The updated budgets, together with the other changes that have been identified since the January meeting of the Cabinet (and detailed in the following paragraphs) are included in Appendices 1 and 2 of this report.

3.2 General Fund Budget 2016/17

3.2.1 In the report to the January meeting of the Cabinet a shortfall of £483,000 was identified against the 2016/17 budget. This has now been addressed from:

- (a) Further savings arising from the Senior Management Review, which have increased by £180,000 to £480,000.
- (b) The proposed budget resources for the Planned Maintenance and Replacement Work Programme for 2016/17, as set out in Appendix 3, will be reduced by £300,000.

3.3 Planned Use of Reserves

3.3.1 Proposals for new Business Development schemes and for Third Party Grants, totalling £405,000, of which £389,000 will be charged to the General Fund, are set out in Appendix 4. These schemes are subject to approval in recommendation 10.1 of this report but have been included in the Portfolio figures in the other Appendices. In accordance with the Council's strategy, the General Fund element of these investments will be funded from reserves and is not part of the base budget.

3.4 To assist the Council through a transitional period of organisational change it is likely that further resources will be required in the coming year, for example for investment in new ICT and for the delivery of ongoing efficiencies. This will be subject to a further report during the year. Funding for these developments will, in the first place, be met from identified ongoing savings and then from the use of reserves, when approved by Members during the year.

3.5 The improved financial position detailed in paragraphs 3.2 - 3.4 means that the 2016/17 budget is balanced without a need to draw on reserves.

3.6 Summary of 2016/17 Proposals and Medium Term Plan

3.6.1 The General Fund net budget requirement for 2016/17 will be £17.528 million (Appendix 5), a reduction of £799,000 on the 2015/16 budget requirement.

3.6.2 The Band D Council Tax will be £158.88, an increase of £3.12 from 2015/16 and the cost to be met from council taxpayers will be £11.063 million after taking into account Collection Fund performance.

3.6.3 The Medium Term Plan summary set out in Appendix 1 provides an outlook of potential future years' budgets. On the basis of continued austerity and difficult economic conditions it is clear that Council services will need to continue the process of review to identify further savings and efficiencies.

4. GENERAL FUND CAPITAL PROGRAMME AND CAPITAL RESOURCES

- 4.1 The Council's proposed General Fund Capital Programme for 2016/17 totals £4.133 million and is detailed in Appendix 6. It has been developed within the context of limited levels of funding.
- 4.2 A range of Prudential Indicators needs to be approved prior to the start of each financial year. Indicators for the Treasury Management function and the Investment Strategy for 2016/17 to 2018/19 were considered by the Audit Committee on 22 January 2016 and have been recommended to the Council for approval. The indicators in Appendix 7 of this report relate to the Council's proposed capital programme. The Cabinet is asked to consider the indicators and recommend them to Council for approval.

5. COMMITTEE AND CORPORATE OVERVIEW PANEL COMMENTS

- 5.1 The General Purposes and Licensing and Planning Development Control Committees have both considered their draft budgets and have no comments to make on the proposals.
- 5.2 The Budget Task & Finish Group presented its report to the Corporate Overview Scrutiny Panel on 21 January 2016.
- 5.3 The Corporate Overview and Scrutiny Panel have adopted the Task and Finish Groups recommendations that:
- A strategic review of Health & Leisure is undertaken to fully investigate potential future models for delivery and their associated health benefits both to the health of the community, and to the Council's finances. This should include income generation and investment considerations.
 - A strategic review of housing is undertaken to fully appraise future and alternative delivery options.
 - A strategic plan of reviews for all back office services, exploring service delivery models and the opportunity to provide services for other public or private organisations in a move to more commercial income generation, exploiting in-house expertise should be developed.
 - Alternatives to Council Bed & Breakfast provision by the Housing Service should be explored in an effort to control rising costs.
 - The fees and charges for Keyhaven River moorings are urgently revisited to increase net income, to better balance supply and demand.
 - The process for awarding annual revenue grants is again reviewed to identify possible savings, but also to ensure greater transparency, and the consideration of alternative options in the case of larger grants e.g. CAB.
 - The Group supports the proactive identification of land and provision of a crematorium within the New Forest, for the benefit of residents.
 - The timing of future Budget Task & Finish Groups is considered to improve its effectiveness and ensure the most accurate and up to date information is available to assist in the budget setting process.
 - The Group also supports (in particular) the future and ongoing work of:
 - The Coastal protection Task & Finish Group in identifying funding for projects;

- The CCTV Task & Finish Group in identifying additional income streams;
- A Task & Finish Group reviewing customer access and more economical methods of service delivery (channel shift opportunities); and
- Environment Services in rationalising recycling 'bring sites', the long term strategy for controlling the costs of glass recycling, and would encourage inclusion of 'Bottom Ash' in recycling figures to more accurately reflect the efforts of the Council and New Forest residents.

6 RISK ASSESSMENT

- 6.1 The budget for 2016/17 is based upon best estimates, but there still remains a great many uncertainties, particularly surrounding the impact of the new arrangements with Business Rates and the continuing uncertain economic climate.
- 6.2 To manage this financial risk, the Council already provides regular budgetary control reports to the Cabinet and has General Fund Reserves of £2.036 million, which are available to support service budgets during the continuing uncertain times. In addition, it is estimated that there will be an unallocated balance of £8.6 million in the Asset Management Fund as at 31 March 2016. Within this overall context, the budget as now presented to Cabinet is considered to be a robust and deliverable financial plan.

7. CRIME AND DISORDER, ENVIRONMENT AND EQUALITY & DIVERSITY

- 7.1 There are no specific implications arising directly from this report.

8. EMPLOYEE SIDE COMMENTS

- 8.1 Regular discussions are continuing with the employees' side on all aspects of the budget that impact upon staff.

9. PORTFOLIO HOLDER COMMENTS

- 9.1 Year on year the development of a financial strategy, that combines protecting front line services and prudent management of reserves, becomes a more challenging task. The proposals set out in this paper once again deliver for the residents of the New Forest and I would thank the officers for the work they have done.

10. RECOMMENDATIONS

Cabinet is asked to recommend to Council that:

- 10.1 There is a General Fund Net Budget Requirement in 2016/17 of £17,527,980, as set out in Appendix 5 to this report, including the Business Development and Third Party Grant schemes set out in Appendix 3.

- 10.2 The site licence fees and service charges at Stillwater Park be increased by 0.8%, in line with RPI inflation;
- 10.3 The Band D Council Tax for 2016/17 shall be £158.88;
- 10.4 The General fund Capital Programme for 2016/17 of £4.133 million, as set out in Appendix 6 to this report, be approved.
- 10.5 That each of the Prudential Indicators, the Limits for 2016/17 to 2018/19 and the Minimum Revenue Provision Policy Statement, as set out in Appendix 7 to the report, be approved and adopted.

For Further Information Contact:

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Background Papers:

MTFP Reports – Cabinet October 15/
Jan 16