

REPORT OF CABINET

(Meeting held on 6 January 2016)

1. LEADER'S STATEMENT (MINUTE 45)

The Leader of the Council made the following statement

“The start of a new calendar year is always a time for fresh thinking and never more so for us with the end of 2015 receiving the Local Government finance settlement from central government. The report on today's agenda sets out more detail of this and Councillor Jeremy Heron the Portfolio Holder for Finance and Efficiency will comment on this later. However I can say that the actions we have already put in place and the savings identified mean that the budget we will deliver for 2016/17 we do not anticipate will have any adverse impact on frontline services. We also recognise our commitment to Council taxpayers. We have not increased Council Tax for 6 years, with help from the government.

Our focus will be on managing funds that support our plans to deliver good services to our community. There is an ongoing need to review all the Council currently does and how we deliver. The first stage of that is now complete with the senior management restructure. Before Christmas I, together with my Cabinet colleagues and the Chief Executive, appointed a new Senior Management team, they are all with us today. We believe the Chief Executive has now got in place an excellent team to work with Councillors to deliver the actions needed to meet the challenge. I am pleased that the Chief Executive will look to move the organisation forward with the team of four Executive Heads and not look to make any further appointments. I believe we have a strong team and the additional savings will make a major contribution to the actions we need to take.

In 2015 we saw the government encourage Council's to take on more responsibilities through devolved powers. All Councils within Hampshire and the Isle of Wight have come together to respond to this and we have played our part on the basis that for devolution to work it must bring greater benefits to the New Forest in the existing system. There is currently no deal agreed with government and negotiations remain ongoing with the significant issues of finance and housing to be resolved. When there is a deal all Councillors will be engaged in determining what benefits it brings to the New Forest and its residents.

As well as the medium term financial plan, we have an indication of the amount of funding we can expect up to 2020. As we expected, the next few years will be challenging and by 2020 we will be a very different organisation to the one we were in 2010. Looking forward there is much to do but our priority will always be to put our local residents and business first. We will work collaboratively with Councillors and partners in the Towns and Parishes to achieve the most we can for the New Forest. I urge all Councillors to play their part to work with Cabinet and help the Council meet these challenges and grasp the opportunities ahead.”

2. MEDIUM TERM FINANCIAL PLAN 2016 TO 2020 (MINUTE 46)

The Cabinet has approved the emerging draft Medium Term Financial Plan for the period 2016 to 2020, as set out in report Item 4 considered by the Cabinet. This will now form the basis of the Council's 2016/17 General Fund budget which will be reported to the Cabinet on 3 February 2016.

The Government's provisional local government finance settlement was received on 17 December 2015 and, in addition to the settlement for 2016/17, included an indication of the likely funding from Government until 2020.

The settlement for 2016/17, at £8.519 million, represents a further reduction of £554,000 against the financial projections that were reported to the Cabinet on 7 October 2015 (Minute 26 refers). Overall there is a 9.8% reduction against the settlement in 2015/16, and the projected reduction by 2020 is 42.3% against the settlement for 2015/16. These reductions are significant and greater than had been anticipated.

There is also a significant change in Government policy, with the withdrawal of the Council Tax Freeze Grant so that local authorities are no longer encouraged to freeze Council Tax. This Council has frozen Council Tax levels for the last 6 years. The Government's assumption now is that councils will increase Council Tax charges.

Further reductions in the funding that will be available to the Council arise from a lower than expected increase in the business rates multiplier; reduced Revenue Support Grant and New Homes bonus payments; together with the introduction of a supplementary business rates tariff in 2019/20 (effectively resulting in a negative Revenue Support Grant position).

The cumulative effect of the various reductions is that the total funding available in 2016/17 will be £19.723 million, a reduction of £734,000 against the funding available in 2015/16. A number of additional budget requirements have also been identified, as set out in Appendix 2 to the report considered by the Cabinet. These include general pay and price increases as well as planned maintenance and replacement work. A number of actions have already been taken to close the budget gap, including the current review of the senior management structure. This process will continue to ensure that the residual identified gap of £483,000 will be closed before the budget for 2016/17 is finalised and reported to the Cabinet in February.

**Councillor B Rickman
CHAIRMAN**