

MEDIUM TERM FINANCIAL PLAN / ANNUAL BUDGET 2017/18

1. PURPOSE OF REPORT

- 1.1 To consider the development of the Medium Term Financial Plan, set the General Fund revenue and capital budgets for 2017/18 and set the level of Band D Council Tax.

2. BACKGROUND

- 2.1 On 5 October 2016 and 4 January 2017 the Cabinet considered a number of issues, through the established Medium Term Financial Plan reporting, that would affect the annual budget for 2017/18. The figures as included in the January report were based on the provisional local government finance settlement, received mid-December. Details of the final settlement are yet to be received.
- 2.2 In accordance with the Council's financial strategy, this report sets out the final proposals for:
- The General Fund Net Budget Requirement for 2017/18
 - A level of Council Tax for 2017/18
 - The Medium Term Financial Plan
 - The General Fund Capital Programme for 2017/18

3. FINANCIAL STRATEGY

- 3.1 The Council's financial strategy for 2017/18 is to:
- Deliver efficiencies and savings which protect the delivery of front line services provided in the Community;
 - Support on-going investment in services through the use of its reserves;
 - Ensure a sufficient and appropriate level of reserves are available during the period of the Medium Term Financial Plan to safeguard frontline services; and
 - Balance the needs of service users and council taxpayers

The budget set out is in line with this strategy.

4. MEDIUM TERM FINANCIAL PLAN – GENERAL FUND BUDGET

- 4.1 Details of the provisional available resources and General Fund spending requirements were set out in the appendices to the January Cabinet report. Subsequent to that report, the full detailed budget preparation process has taken place, including the allocation of central corporate costs to the Portfolios/Committees. The updated resource summary and budget requirements are now provided as appendices 1 and 2.
- 4.2 Appendix 1 is largely in line with the January report, with the only change being to the forecast effect of business rates collection. Having now made an assessment on the retained business rates and collection fund, the retained surplus is forecast to improve

by £202k, but be offset by a forecast collection fund deficit in the year of £346k. The revised level of retained surplus is set to continue over the medium term period, whereas the estimated deficit on the collection fund is relevant to 2017/18 only, in relation to the impact of increased appeals and reliefs in 2016/17.

4.3 Appendix 2 has been updated to take into account lower than anticipated costs of pay award and increments (due to lower FTE count by approximately 50 as a result of the Senior Management and Budget Stabilisation staffing reviews) and a reduction in grant awards for 2017/18.

4.4 The January report set out a balanced budget for 2017/18. The revisions that have occurred do not alter this position.

4.5 **Planned use of Reserves**

4.5.1 A proposal for a business development project at Ringwood Health & Leisure Centre, and the projected year 1 sum for the 'ICT Protect and Maintain Service Delivery' project plan, in accordance with the Council's strategy will be financed through the use of reserves and so do not form part of the base budget. These projects are included within the overall Asset Maintenance and Replacement Programme included as appendix 3. Of the £500k ICT sum 83% is chargeable to the General Fund, and 17% to the HRA. These schemes are subject to approval at 11.1 of this report but have been included in the Portfolio figures in the other appendices.

4.5.2 As explained further in section 6 of this report, the Community Overview and Scrutiny Panel are recommending one-off 'Construction Grant' awards totalling £41k for 2017/18. In line with previous financing arrangements, these awards will be funded via the use of reserves.

4.5.3 Other than the use of reserves as outlined above, the Council's successful efficiency programme has resulted in a balanced budget being set for 2017/18, despite the significant reduction in settlement resources, without requiring draw down from the General Fund Reserve.

4.6 **Summary of 2017/18 Proposals and the Medium Term Plan**

4.6.1 The General Fund net budget requirement for 2017/18 will be £16.587m (appendix 4), a reduction of £604k on the 2016/17 budget requirement.

4.6.2 Band D Council Tax will be £163.36, an increase of £5 (3.16%) from 2016/17 and the cost to be met by council taxpayers will be £11.461m.

4.6.3 The Medium Term summaries set out over appendices 1 and 2 provide an outlook of the future years' budgets. It is clear that the Council will need to continue with its process of on-going reviews in order to identify further savings and efficiencies if it is to close the deficits currently forecast.

5. **GENERAL FUND CAPITAL PROGRAMME AND FINANCING**

5.1 The Council's proposed General Fund Capital Programme for 2017/18 totals £5.976m. The detail at project level and the proposed financing for the 2017/18 programme is

detailed in appendix 5.

- 5.2 A range of Prudential Indicators need to be approved prior to the start of each financial year. Indicators for the Treasury Management function and Investment Strategy for 2017/18 to 2019/20 were considered by the Audit Committee on 27 January 2017 and have been recommended to the Council for approval. The indicators included within appendix 6 relate to the Capital Programme. The Cabinet is asked to consider the indicators and recommend them to Council for approval.

6. COMMITTEE AND OVERVIEW PANEL COMMENTS / RECOMMENDATIONS

- 6.1 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.
- 6.2 The Corporate Overview and Scrutiny Panel (COSP) met on 19 January 2017 and have adopted the Budget Task and Finish Group recommendations that:
- a) All Portfolio Holders be urged to seek further opportunities for provision of services in collaboration with other authorities and organisations, especially the National Park Authority;
 - b) Representations be made to New Forest MP's on the Right to Buy policy and its detrimental effect on housing provision;
 - c) The Government be made aware of the effect on the public in regard to universal credit and the impact on the Citizens' Advice Bureau;
 - d) Consideration be given to increase income generation from offering the Council's services to other organisations, eg payroll, audit, and other services where practicable;
 - e) In view of its financial and community significance, COSP receive a report on the Leisure Review and be given the opportunity to comment before a decision is made; and
 - f) A Task and Finish group be set up to examine alternative forms of Bed and Breakfast provision.
- 6.3 The Community Overview and Scrutiny Panel met on 17 January 2017 and makes the following recommendations (as per report 5 on this Cabinet agenda):
- a) Revenue Grant awards totalling £418,500 be made (a reduction of £20,500 in comparison to 2016/17).
 - b) Construction grants totalling £41,000 be made (in line with previous years; funded by reserves).

7. STILLWATER PARK

- 7.1 Annually, the Cabinet recommends to Council the proposed Fees and Charges

increase for the licence fees and service charges at Stillwater Park.

- 7.2 In line with previous years, the level of increase being proposed is in line with September RPI inflation, equivalent to 2.0%.

8. RISK MANAGEMENT

- 8.1 The budget for 2017/18 is based upon best estimates, but there still remains some uncertainty, particularly surrounding the on-coming 100% Business Rate retention scheme (in replacement of all other central funding) and the continuing uncertain economic climate.
- 8.2 The Council provides regular financial monitoring reports, providing valuable updates on the latest forecasts as against original expectations and has £3m in General Fund Reserves, available to support service delivery budgets. In addition the level of other usable General Fund reserves are estimated to be £10m as at 31 March 2017. Within this overall context, the budget as now presented to Cabinet is considered to be robust and deliverable.

9. CRIME AND DISORDER / EQUALITY AND DIVERSITY / ENVIRONMENTAL IMPLICATIONS

- 9.1 There are no direct implications as a result of this report.

10. PORTFOLIO HOLDER COMMENTS

- 10.1 We continue to meet the financial challenges with local government whilst protecting core front line services for our residents.

11. RECOMMENDED

Cabinet is asked to recommend to Council that:

- 11.1 there is a General Fund Net Budget Requirement in 2017/18 of £16,587,280, as set out in appendix 4 to this report, including use of reserves to finance 'Business Development' and 'ICT maintain and protect frontline services' projects, and one-off construction grants as set out in appendix 3;
- 11.2 the site licence fees and service charges at Stillwater Park be increased by 2.0% in line with RPI inflation;
- 11.3 the Band D Council Tax for 2017/18 shall be £163.36;
- 11.4 the General Fund Capital Programme for 2017/18 of £5.976m, as set out in appendix 5 to this report be approved; and
- 11.5 that each of the prudential indicators, the Limits for 2017/18 to 2019/20 and the Minimum Revenue Provision Policy Statement as set out in appendix 6 to the report be approved and adopted.

For Further Information Please Contact:

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Background Papers:

MTFP – October 2016
MTFP – January 2017