

REPORT OF CABINET

(Meetings held on 6 June and 2 July 2007)

1. ANNUAL AUDIT AND INSPECTION LETTER (REPORT A – 6 JUNE 2007) (MINUTE NO. 6)

The Cabinet has considered the Annual Audit and Inspection letter that summarises the work undertaken by the Audit Commission and the District Auditor for the preceding year.

For the financial year 2005/06 the report concludes that the Council is performing well against its own priorities and in comparison to other councils. The Council has made good progress in implementing its Improvement Plan, with the majority of key objectives and milestones achieved. The Council also has robust plans for improving further. 65% of the Council's key performance indicators have improved and 35% are in the best 25% when compared to other councils.

There are four areas raised in the Inspection Letter where the Audit Commission feel that the Council should improve namely:-

- To reduce the time spent by homeless households in temporary accommodation through implementation of the Council's action plan;
- The need to put in place plans to achieve local and national recycling targets;
- To identify the underlying causes of, and rectify the differences within the Council's capital accounts relating to the Credit Ceiling and Capital Financing Requirement; and
- Develop the Corporate Risks Register, incorporate significant partnership risks in the risk register, and provide risk management training and guidance to appropriate staff.

In terms of Financial Management and Use of Resources, whilst the accounts are presented on time and are supported by a good standard of working papers, a qualified opinion has had to be issued because of unresolved matters in relation to the Credit Ceiling and Capital Financing Requirement. Members noted that the Government has issued revised regulations that have impacted upon the issue and officers will be working with the Audit Commission to rectify the position. An unqualified Value For Money conclusion has been issued with the Audit Commission being satisfied that the Council has made proper arrangements to secure economy, efficiency and effectiveness of its use of resources.

A second Use of Resources Judgement Assessment was carried out. The scoring was undertaken against 5 criteria with 1 being the lowest score and 4 being the highest. NFDC scored 3 overall and 3 in each of the subsections. This is a very positive result for the Council and reflects the robust arrangements that are in place. In other areas the Council also performs well and consistently above minimum requirements.

The Cabinet noted that the next assessment process will be more difficult. The Inspection Letter details a number of key issues that the Council will have to address just in order to maintain the current level 3 score. After discussion, members are of the opinion that the extra investment of time and resources that will be required to improve further and achieve level 4 will not represent good value for money.

The Cabinet expressed some concern over the level of inspection that is still required, despite the fact that the Council has achieved an 'excellent and improving' rating. Whilst the current Audit Inspection for NFDC has been reduced to the minimum, it was acknowledged that the 2008/09 process will again be more expensive, partly because of the introduction of International Accounting Standards.

Members are mindful of the fact that the Annual Inspection letter is a snapshot of the position at a particular point in time and that the matters that have been raised for improvement are already being acted upon. Overall, the Audit Commission are pleased with the direction of travel of the Council and that it is clear that the Council are continually improving.

2. PROVISIONAL FINAL ACCOUNTS – 2006/07 (REPORT B – 6 JUNE 2007) (MINUTE NO. 7)

The Cabinet has agreed, subject to the recommendations below, the provisional outturn position of the General Fund, Housing Revenue Account, Capital Programme and Commercial Services.

The General Fund balance as at 31 March 2007 is £2.036m which is in line with the Council's Financial Strategy. Members noted the reported underspend and that officers were working to improve financial projections. A major contributor to the underspend is the funding received through the Local Authority Business Growth Incentive Scheme (LAGBI). Significant sums have been received linked to development at Lymington Hospital and Marchwood Incinerator. The level and timing of this particular funding is always difficult to predict and consequently is not included in the budget. The Finance and Efficiency Portfolio Holder is urging all members to take a more proactive role in the budget process.

After discussion the Cabinet agreed that consideration should be given to using LAGBI funding for the provision of CCTV in towns not already covered.

The Final Accounts Committee will have considered the provisional final accounts for 2006/07 at their meeting on 22 June 2007 and any points raised will be reported to the Council separately.

RECOMMENDED:

- (a) That additional provisions of £200,000 for redundancy costs and £82,000 for VAT liability be approved;**
- (b) That £170,000 be transferred from the General Fund Revenue Account to the Committed Schemes Revenue Reserve;**
- (c) That £15,000 be transferred from the General Fund Revenue Account to an Enhancements Reserve;**
- (d) That £300,000 be transferred from the General Fund Revenue Account to the Local Development Framework Reserve;**

- (e) *That the balance of any other General Fund outturn variation be transferred to the Capital Programme Reserve; and*
- (f) *That the transfer of £2.168m from the Commutation Reserve to the Capital Financing Account be agreed, subject to approval of the proposal by the District Auditor and the transfer of any remaining balance to the Capital Programme Reserve.*

3. NEW PUBLIC CONVENIENCE – LIBRARY ROAD, TOTTON (REPORT D – 6 JUNE 2007) (MINUTE NO. 9)

In accordance with the Council's Contract Standing Orders, the Cabinet has noted the detail of decisions taken by the Director of Resources in consultation with the Chief Executive and the Director of Commercial Services to, without tendering, commission John Pardey Architects, at a reduced fee rate of 4.75%, and contract with F & S Noble Ltd. for the provision of a new toilets in Library Road, Totton.

In September 1999 a 10 year replacement/refurbishment programme was agreed for the majority of the Council's public conveniences. The toilets in the Furlong Car Park in Ringwood was programmed to be rebuilt in 2007/08, but plans to redevelop the Furlong Car Park could result in the relocation of these toilets. Therefore the programme has been revised and the Library Road, Totton toilets will now be done in 2008/09.

Over the past five years a sound working relationship has been developed between the Council and John Pardey Architects, who have been responsible for the design of new toilets around the district. They have developed a modular design that meets all the Council's requirements with regard to safety, security, maintenance and vandal resistance. In September 2006, F & S Noble Ltd. undertook the building of the new toilets in St. Thomas Street Car Park, Lymington. The work was completed within the tender price and programme and to a very high standard. The opportunity was therefore taken to negotiate a further contract with the company to build the new toilets in Totton.

Both John Pardey Architects and F&S Noble Ltd. are on the Council's list of approved consultants, contractors and suppliers.

4. ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2006/07 (REPORT A – 2 JULY 2007) (MINUTE NO. 16)

The Cabinet has considered and agreed the annual report on the Treasury Management Service and actual Prudential Indicators for 2006/07.

The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector for the operation of its Treasury Management Service. The requirements of this Code give the prime objective of the treasury management activity as the effective management of risk, and that borrowing activities are undertaken in a prudent and affordable way on a sustainable basis.

The Code requires as a minimum the regular reporting of treasury management activities to forecast the likely activity for the forthcoming year and review actual activity for the proceeding year.

The Cabinet is pleased to note that investments have increased from £16.4m in March 2006 to £22.5m in March 2007. The Council has sufficient funds to meet the future medium term capital funding requirements and to fund current expenditure plans.

5. PARKING CLOCK SCHEME (REPORT B – 2 JULY 2007) (MINUTE NO. 17)

The Cabinet has considered options for future charges for the Parking Clock Scheme. The Parking Clock Scheme is working well as a traffic management measure. In a recent survey 90% of customers said that they had been able to park in their first choice of place. Members noted that the turnover of spaces in short stay areas in 'shoppers' car parks is very good and the current charge of £8 for an annual short stay parking clock is very competitive in contrast with surrounding areas. After consideration the Cabinet is therefore recommending that the price for a short stay clock be increased to £10 per year which equates to a cost of 20p per week. The Cabinet is also recommending that the charge for a long stay parking clock should not be increased as that element of the scheme has only been in operation for 18 months and needs to run for a longer period of time to evaluate its effectiveness.

The Cabinet is firmly of the view that the proposed increase in the charge for a short stay parking clock represents very good value for money. Many areas of the district have no access to public transport and a car is essential. The traffic management scheme provides parking at a price which helps town and village centres to remain competitive.

The Cabinet considered the views of some other members of the Council who felt that the traffic management scheme had not been a success in business terms and commented that demand charging in some areas had resulted in unacceptable levels of on-street parking. The Leader of the Opposition said that the number of clocks sold had fallen and the scheme needed to be tailored to individual town and village needs.

The Planning & Transportation Portfolio Holder confirmed that overall the operation of the traffic management measures remain good and that there are special measures in Hythe and Lyndhurst to address specific issues in these areas.

RECOMMENDED:

- (a) That the District of New Forest (off Street Parking Places) Order 2005 be amended to set the clock fee at £10 and this should remain in force for a two year period commencing 1 January 2008;**
- (b) That the Highway Authority, Hampshire County Council, be requested to grant permission for the New Forest District Council Parking Clock Scheme to be incorporated into the District of New Forest (Off Street Parking Places) Order 2005 until 31 December 2009; and**
- (c) That Hampshire County Council be requested to agree to the following fees:**

Short stay clocks	£10
Lyndhurst Community Centre Clocks	£10
Hythe Ferry Clocks	£10
Long Stay Clocks full Year	£80
Long stay Clocks Half Year	£44

6. FINANCIAL STRATEGY 2007/2011 (REPORT C – 2 JULY 2007) (MINUTE NO. 18)

The Council's Financial Strategy sets out the broad financial framework that the Council will operate over the forthcoming four financial years. It is reviewed on a rolling basis. By adopting a medium term approach the Council will be able to ensure that it does not adopt short term policies without identifying what the medium term implications of those decisions are.

The Financial Strategy covers the General Fund activities (revenue and capital) but does not cover the Housing Revenue Account which is covered by a separate business plan that will be issued later. Financially, local authorities are about to embark on a period of unprecedented financial constraints with significantly more focus on efficiency, and focus on 'affordable taxation levels'. The Government's Comprehensive Spending Review (CSR) sets out the financial plans for the next three years.

2008 will see the first year of the three year grant settlement process. Whilst this will give greater medium term stability to councils, those authorities that do not fair well out of the CSR process will have to manage with reduced resources for three years. The need to create additional financial capacity within the organisation now becomes much more important.

As yet, there is no indication of any additional Government funding that may be available, but it is clear that some service specific grants will stop. The financial challenges facing the Council are not diminishing and efficiency targets will continue to be needed. During the forthcoming budget process greater focus on efficiency and challenge will need to be applied across the organisation as a whole. The Council will use the service planning and performance management processes to deliver the efficiency savings required.

RECOMMENDED:

That the Financial Strategy as detailed below be approved:-

- (i) The Council set a balanced revenue budget if possible but be prepared to draw on reserves in the short term if efficiency opportunities are clearly identified but not deliverable in year 1;***
- (ii) That expenditure plan proposals only be considered if:***
 - (a) The additional cost is unavoidable***
 - (b) There is a very good pay back on the level of investment***
 - (c) The investment will significantly help the council achieve one of its key priorities;***
- (iii) All expenditure plan proposals, be they revenue or capital, to demonstrate their link to both the service planning process and the corporate plan;***
- (iv) All proposals must fully evaluate both the short and long term costs associated with the proposal in order that the whole life cost of the scheme can be assessed;***
- (v) All proposals must include a risk assessment of both progressing with the project and of not doing so;***

- (vi) ***The Efficiency Strategy/Corporate Plan is used to strengthen the existing work programme in order to deliver the minimum targets that have been included within the financial forecast and that the performance management framework be used to inform this process;***
- (vii) ***Each service is required to clearly identify within the service planning process how they intend to achieve their on-going delivery of efficiencies and that these proposals be scrutinised and challenged by an officer and member working group;***
- (viii) ***An efficiency reserve is established that will help services undertake reviews and possible up-front costs associated with driving the efficiency agenda forward;***
- (ix) ***All revenue under-spends for the preceding year be robustly evaluated and built into the base budget unless there is a sound reason for not doing so;***
- (x) ***The Council seeks to set a council tax increase in line with the Retail Price Index each year excluding the provision for service development proposals;***
- (xi) ***An affordable and deliverable capital programme be developed that delivers corporate priorities or an invest to save scheme that will reduce on-going revenue expenditure and the level of Revenue Contributions to Capital Outlay be reviewed in light of this programme;***
- (xii) ***The corporate charging policy to continue to be used as the framework for determining charging levels;***
- (xiii) ***The General Fund Balance to be a minimum of £2m and be reviewed annually through a formal risk assessment process; and***
- (xiv) ***Any revenue under-spends at the year-end to be allocated to the Capital Reserve other than for specific provisions that assist the Council to achieve corporate objectives which will be approved by Council.***

7. PARTNERSHIP FOR URBAN SOUTH HAMPSHIRE – PROPOSED GOVERNANCE ARRANGEMENTS. (REPORT D – 2 JULY 2007) (MINUTE NO. 21)

The Cabinet has considered, in detail, proposals to establish a formal joint arrangement with 10 other local authorities in Hampshire to replace the existing informal arrangements of the Partnership for Urban South Hampshire (PUSH). The proposal is for a Joint Committee, with decision making powers, the principal role of which will be to implement the sub-regional strategy for South Hampshire. The arrangements will also provide a governance basis for PUSH that will increase transparency and local accountability and provide a basis to engage with Government and partner organisations. An Overview and Scrutiny Committee will also be established. An annual Business Plan will be agreed individually with each authority and the Joint Committee will operate within its context.

Members expressed a number of concerns at the proposals and feel that they need further information on the specific advantages and disadvantages for NFDC before they can form a view.

In particular, members want an opportunity for further discussion on the perceived loss of sovereignty that the new arrangements may bring and the need to balance this against increased influence in the wider local government arena. In view of the number of issues that members raised, the Cabinet has deferred the matter to a joint meeting of the relevant review panels, to which all members of the Council will be invited, to enable a fully informed discussion to take place and recommendations to be made back to the Cabinet.

8. THE HEALTH ACT 2006 – DELEGATION OF POWERS.

The Cabinet has approved new delegations to officers in the light of the smoke free provisions in the Health Act 2006.

RECOMMENDED:

That, in so far as they are not executive functions, the Scheme of Delegations of Powers to Officers be amended to include the following:

Source	Power Delegated	Delegated To
<i>The Health Act</i>	<i>Part 1, Chapter1, sections 1 to 12 and Schedules 1 and 2</i>	<i>Assistant Director (Environmental Health), Assistant Director (Customer Services), Environmental Health Manager (Commercial), Environmental Protection Manager, CCTV and Licensing Manager, Housing Technical Manager, Senior Environmental Health Officers, Operations Manager (Housing Improvements), Environmental Health Officers, Environmental Health Technicians and Building Surveyors (Improvement), Head of Legal and Democratic Services</i>
	<i>Smoke Free (Premises and Enforcement) Regulations 2006</i>	
	<i>Smoke Free (Exemptions and Vehicles) Regulations 2007</i>	
	<i>Smoke Free (Penalties and Discounted Amounts) Regulations 2007</i>	
	<i>Smoke Free (Vehicle Operators and Penalty Notices) Regulations 2007</i>	
	<i>Smoke Free (Signs) Regulations 2007</i>	
	<i>Any replacement legislation</i>	

**Cllr M J Kendal
CHAIRMAN**