

REPORT OF CABINET

(Meeting held on 3 November 2010)

1. NORTH SOLENT SHORELINE MANAGEMENT PLAN AND POOLE AND CHRISTCHURCH BAYS SHORELINE MANAGEMENT PLAN (REPORT A) (MINUTE NO. 35)

The Cabinet is recommending the adoption of the final North Solent Shoreline Management Plan and the Poole and Christchurch Bays Shoreline Management Plan, subject to obtaining Imperative Reasons of Overriding Public Interest (IROPI) from the Secretary of State in respect of each.

These two Shoreline Management Plans (SMPs) cover the NFDC coastline. The North Solent SMP covers the NFDC frontage between Hurst Spit and Redbridge, and the Hurst Spit to Durlston Head SMP covers the NFDC frontage between Hurst Spit and Chewton Bunny (the boundary between NFDC and Christchurch Borough Council).

The key purpose of the SMP process is to inform Defra of the potential future flood and coastal defence requirements and the associated potential financial requirements for the England and Wales shoreline, thus giving an indication of the national picture.

A SMP is a non-statutory document that aims to balance the management of coastal flooding and erosion risks, with natural processes and the consequences of climate change. It determines technically, economically and environmentally sustainable policies for management of the shoreline over 3 timeframes, the present day (0-20 years); the medium-term (20-50 years) and the long-term (50-100 years).

Compared to other SMPs being developed around the UK, the North Solent SMP is unique in that:

- over 60% of the shoreline is privately owned and the majority has privately maintained defences;
- approximately 80% of the shoreline is defended with structures and/or beach management activities;
- approximately 80% of shoreline has a European or International nature conservation designation as Special Areas of Conservation (SACs), Special Protection Areas (SPAs) and or Ramsar sites (most of these sites are also designated as Sites of Special Scientific Interest (SSSI) under UK legislation);
- the majority of the existing defences have national, European and international nature conservation designated site(s) landward and/or seaward of the line of defence; and
- the majority of the North Solent is developed with residential, commercial, industrial and agricultural development.

Due to these factors and the final policy options that have been determined following public consultation, there is a significant requirement for compensatory habitats to be created to offset losses or damage to the International and European nature conservation designated sites, or non-designated sites which support these designated sites, such as high tide roosting or feeding areas for waders and wildfowl.

The final SMP documents and appendices, including the Policy Statements, have been reviewed by a Quality Review Group, a national level group of experts from the Environment Agency, Local Authorities, Consultants and Natural England responsible for reviewing and approving second generation Shoreline Management Plans in England.

The Cabinet is pleased to note that an information note for landowners and planners on privately owned coastal defences has been produced to address concerns raised through the North Solent SMP development process and public consultation, which summarises key information relating to the SMP and the planning process, SMP policies and coastal planning issues. It was important to note that whilst a 'No Active Intervention' category meant that public funding would not be available, this did not preclude landowners from continuing to maintain their own defences. Also, a 'Hold the Line' policy does not guarantee that public funding will be available. New defences or improvements to existing defences will require planning permission and consents, as is currently the case.

The North Solent SMP team has raised concerns regarding the applicability of the Defra defined policies on privately owned defences with Defra and will seek to influence development of national policy and guidance for subsequent SMP reviews.

The implications, delivery and monitoring of the actions identified in the SMP Action Plans are of key importance. The Action Plans are intended to be a living document to be updated by the SMP's Client Steering Group members and through the Coastal Groups.

There is a government expectation that the SMPs will be adopted by each of the operating authorities. Failure to do so is likely to result in withdrawal of Flood Defence Grant in Aid for Coast Protection schemes.

In accordance with NFDC's current Coastal Strategy Policy, capital works will only be progressed when the Council is in receipt of Flood and Coastal Defence Grant Aid. The Compensation Habitat requirements will be financed and secured through the Regional Habitat Creation Programme.

Final Defra approval for both SMPs is subject to obtaining Imperative Reasons of Overriding Public Interest (IROPI) consent from the Secretary of State for Environment, Food and Rural Affairs. This is required as the Appropriate Assessment on the final Plan has concluded that it is not possible to determine that there will not be an adverse effect on the integrity of the Natura 2000 sites, the term used for the network of European nature conservation designated sites.

The Cabinet has agreed that officers liaise with members and the relevant authorities and organisations to continue to work in partnership to ensure the actions in the Action Plans are monitored and delivered in a cost-effective and timely manner and inform emerging and future studies and schemes.

RECOMMENDED

That the final North Solent Shoreline Management Plan and policies and the Poole and Christchurch Bays Shoreline Management Plan and policies be adopted, subject to obtaining Imperative Reasons of Overriding Public Interest (IROPI) from the Secretary of State in respect of each.

2. ELING WHARF FORESHORE - CONTAMINATED LAND (REPORT B) (MINUTE NO. 36)

At their meeting in July 2010 the Cabinet considered a comprehensive report concerning contaminated land at Eling Wharf in Totton. They agreed to defer any decision to formally determine the foreshore or the main site as contaminated land following an offer from the owners of the sites, Burt Bolton Holdings (BBH), to undertake voluntary remediation. However, it was imperative that the matter continued to be kept under strict review.

BBH, the Council and the Environment Agency (EA) formed a working party to monitor progress and discuss the on-going remediation taking place on the foreshore and the main site.

The Cabinet has now been updated on the progress of the works and has concluded that the works to the foreshore appear to have gone well but the validation report is still to be fully assessed by the Council and the EA. The potential linkage between the main site and the foreshore still needs to be monitored to ensure that future contamination of the foreshore does not recur.

With regard to the main site, clearly, whilst work is underway and there has been encouraging progress, considerable review and assessment is required before any conclusion can be made on the method of remediation.

In view of the fact that BBH have carried out extensive remedial works to the foreshore, the Cabinet has again agreed to defer any decision to formally determine this land as contaminated, subject to the full appraisal of the validation report of the samples taken from the land following initial remediation and the results of any post remediation monitoring.

In light of the fact that BBH have confirmed that they will voluntarily remediate the main site to an Environment Protection Act 1990 Part 2A compliant standard in line with best practice and statutory guidance, and progress in that respect is being made through the Working Group and technical discussions, the Cabinet has also agreed to defer again any decision to formally determine the main site as contaminated land at this time.

Without prejudice to the outcome of these decisions the Council will continue to work with BBH, the Environment Agency and the respective consultants to monitor conditions on the foreshore and monitor progress and discuss the ongoing remediation taking place on the main site.

The Cabinet was pleased with the level of co-operation that was taking place. A further report will be made back to them on the actual condition of the foreshore following the full appraisal of the validation report and the results of the post remediation monitoring so that members can formally consider their options again. A further report will also be made if officers consider that significant progress is not being made in respect of the remediation of the main site.

3. TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2009/10 ANNUAL REPORT (REPORT C) (MINUTE NO. 37)

The Cabinet has noted the annual treasury report which is a requirement of the Council's reporting procedures and covers the treasury activity for 2009/10 and agreed amendments to the Investment Strategy. The Cabinet has also noted the actual Prudential Indicators for 2009/10 in accordance with the requirements of the Prudential Code.

Since the Treasury Strategy Report 2010/11 was written the investment situation has changed. Changes are now required to expand the counterparty limits to benefit the Council's investment operations. The Cabinet has therefore agreed increased limits with various banks and with the Money Market Fund and the Debt Management Office. They have also agreed that the Church, Charity and Local Authority Investment Instruments be included in the list of Authorised Investment Counterparties.

The Cabinet has noted that whilst there is a negative impact on the Council's income as a result of reductions in interest rates, they are pleased that the Council performed so well compared to benchmarks and other authorities and continues to be debt free and is forecast to remain so.

4. FINANCIAL MONITORING – OUTTURN PROJECTION BASED ON PERFORMANCE TO SEPTEMBER 2010 (REPORT D) (MINUTE NO. 38)

The Cabinet has considered the financial performance for the first 6 months of 2010/2011 and the potential implications and detailed variations on a portfolio and committee basis. They have noted the revised outturn forecasts for the authority's revenue and capital budgets, the updated Housing Revenue Account budget and the detailed variations.

5. MEDIUM TERM FINANCIAL PLAN 2010 – 2015 (REPORT E) (MINUTE NO. 39)

The Council has over the last few years developed its Medium Term Financial Plan (MTFP) in response to a very challenging agenda. Twelve months ago the Council needed to address the situation created by the worldwide economic recession and bridge a budget gap of over £2 million, resulting from losses in income in areas like Planning and Health & Leisure. Following tremendous effort the budget objective was achieved and the Council was able to safeguard its financial standing.

In May 2010 the new Coalition Government announced that their priority was to reduce the national budget deficit of £156 billion and they would achieve this by significantly reducing public expenditure. In June, following a national emergency budget statement, the Council experienced a loss of over £500,000 worth of grants including free swimming, planning delivery grant and the second stage of the Local Public Services Agreement Reward Grant. Actions have been taken to address all these issues.

On 20 October 2010 the Coalition Government announced the outcome of their Spending Review which indicated that "Councils will face an average loss of grant of 7.25%, in real terms, in each of the next four years". This includes protection for services like Personal Social Services and therefore the impact on this Council may be significantly greater. In addition to this announcement further significant changes were indicated relating both to the finances and responsibilities of local authorities.

The Comprehensive Spending Review contained many headlines which will directly impact upon the Council, these include:

- A reduction in overall Local government funding of an average 7.25% per annum over the next 4 years (26% in real terms from 2010-11);
- An indication that this grant reduction will be front loaded in the year 2011/12;
- Funding will be available to support a Council Tax freeze in 2011-12 (equivalent to a 2.5% loss in tax base over 4 years);
- Ring fencing on all revenue grants will end from 2011-12;
- Radical reforms to the Housing Revenue Account will be implemented;
- Removal of the National Indicator Set and the removal of the requirement to maintain over 4,700 targets will be implemented; and
- A localised approach to Council Tax Benefit spending will be introduced from 2013/14.

In addition significant assumptions need to be made regarding interest rates and future pay awards and inflations, all of which at this stage makes accurate budget planning and development difficult.

Although the extent and scale of future changes are not known in sufficient detail, the Cabinet has been working with officers since May to prepare for what will become known in the next few months. This work has further developed the Savings and Efficiency Plan. The Council's financial strategy is to deliver a balanced budget, with reserves used only as an interim measure. In recent years the Cabinet has developed an ongoing approach to budget development and the continued identification of savings and efficiencies which means that it is no longer perceived simply as a once a year event. The plan is regularly reviewed to ensure it maintains its relevance. By adopting this medium term approach the Council aims to avoid short term policies without first identifying what the medium and long term implications of those actions are.

When grant details are known in December 2010 a detailed draft MTFP and Budget for 2011/12 will be presented to Cabinet and all review panels and committees in January 2011 prior to annual budget setting.

**Cllr B Rickman
CHAIRMAN**