REPORT OF CABINET

(Meetings held on 4 January and 1 February 2012)

1. EMPTY HOMES LOAN SCHEME (REPORT A) (MINUTE NO. 54)

The Cabinet was pleased to agree funding to set up a loan scheme to encourage the owners of empty homes to bring them back into use either through repair, or by subdividing them, and then allowing them to be let, through the Council, to families who are in need of urgent short term accommodation. Although some pump priming funding is required, the scheme will be self financing as the loan is recovered through the rent paid by the tenants before the property owner receives any income from the arrangement.

The initial pump priming funding of £75,000 will come from capital resources, enhanced through the New Homes Bonus Scheme. The Cabinet increased the funding available from the £50,000 recommended, in order to allow greater flexibility and to allow additional homes to be brought back into use. The New Homes Bonus Scheme was introduced by the Coalition Government and differentially rewards those councils that perform best in increasing both new build homes and also in bringing empty properties back into use. The increasing need to provide accommodation for families as an alternative to bed and breakfast accommodation is also a strong incentive to develop such an initiative.

The Council will fund essential repair and/or conversion works to the empty property, on a schedule of works that is agreed by the Strategic Housing Team. The property is then included in the Council's Private Sector Leasing Scheme, through which the Council has 100% nomination rights. The Empty Homes loan will be repaid at an agreed monthly rate, with the payments offset from the payments due to the owner under the terms of the Private Sector Leasing Scheme. During the term of the loan the property will only be occupied by applicants in need of urgent temporary accommodation, reducing the need to use bed and breakfast accommodation.

Under the existing Private Sector Leasing Scheme the owner enters into an initial agreement to lease the property through the Council for 2 years, with the option to renew annually after that. With the Empty Homes Scheme it will be necessary to have a longer initial lease period to ensure that the loan can be recovered in full. This does carry an added risk to the Council that additional work may be needed on the property to maintain it at a good standard for return to the owners, but on balance the benefits are perceived to outweigh this potential liability.

The scheme has been introduced as a pilot project and will be reviewed by the Community Overview and Scrutiny Panel after a year, before a further report is considered by the Cabinet. Further information on the number of homes being brought back into use will be published in due course.

2. MEDIUM TERM FINANCIAL PLAN 2011-2014 (REPORT B) (MINUTE 55)

The Government's provisional finance settlement has confirmed that there will be a further reduction of £1,151,000 (12.9%) for the 2012-13 grant settlement. A grant of £284,477 has been incorporated into the revenue support grant to compensate for loss of income through freezing the council tax, while the Council will also receive £719,978 under the New Homes Bonus payment scheme. The settlement is subject to a short consultation period, with the final figures being confirmed during January.

The New Homes Bonus is a flexible, non-ringfenced grant and the way in which it will be spent can be determined locally. The Government have however suggested that it could be reinvested in housing or infrastructure, used to support local services or facilities, or to keep the council tax down.

The Council's budgets, the use of the New Homes Bonus and the setting of the Council Tax will be considered by the Cabinet in February.

3. WITHDRAWAL OF AMENITY PARKING PERMITS (REPORT C) (MINUTE 56)

The Cabinet has agreed to amend the District of New Forest (Off Street Parking Places) Order 2005 withdraw amenity parking permits. The representations received in response to the publication of the draft proposals were set out in Appendix 1 to Report C to the Cabinet, together with comments on the points made.

One of the main concerns expressed by respondents was that the new arrangements would alter the period for which people could park in the amenity car parks. This was of particular concern in Lymington, where people could park in the Bath Road car park for up to 3 days while they were away sailing over the weekend. However, the withdrawal of the amenity permits will not alter the periods for which people can park in any of the Council's car parks. The pattern of use by, for example, people sailing, will not therefore be prejudiced by the change.

The main issue remaining was therefore one of cost. An Amenity Permit for a resident cost £51, while an annual long stay parking clock will cost £100. The long stay clock does however now allow parking in all the Council's car parks, including short stay and amenity parking. At less than £2 per week, the long stay clock represents good value for money, particularly when compared with the cost of parking in neighbouring authorities. The cost of the long stay clock will also be held at the January 2012 level for 2 years.

The Cabinet has agreed transitional arrangements for existing amenity permit holders. A letter will be sent to the current Amenity Permit holders to explain the transitional arrangements available to them.

The Amenity Permits have been time consuming to administer as they are specific to both the household and the vehicle, requiring detailed records to be maintained. The rationalisation of the types of permits on offer has allowed the establishment of the parking service to be reduced, in accordance with the requirements of the medium term financial plan. It is also hoped that, in a full year, the change to long stay clocks will attract additional income of £35,000. In the coming year the additional income will be reduced by the transitional arrangements.

4. COMMUNITY INFRASTRUCTURE LEVY (REPORT D) (MINUTE 57)

The Cabinet have agreed the draft Community Infrastructure Levy (CIL) Charging Schedule which will form the basis for the Council to collect contributions towards the cost of infrastructure requirements associated with new development. This will be the only mechanism to secure such contributions once the scope of Agreements under S106 of the Town and Country Planning Act 1990 has been reduced after April 2014. The monies collected through the levy must be directed towards new infrastructure, unless the refurbishment of existing infrastructure is directly required to service the new development.

The Council produced an Infrastructure Delivery Plan in 2009 which identifies the infrastructure that will be required in the District during the time period covered by the Core Strategy. The next stage is the production of the Community Infrastructure Levy charging schedule. The scale of charges can vary and the Council therefore engaged consultants to help develop a charging structure that would not prejudice the viability of various types of development while still collecting essential contributions towards the cost of future infrastructure.

The Council's proposed scheme has been developed with their recommendations in mind. The proposed CIL charges are based on the square meterage of the development. The CIL charges will be fixed, and not subject to negotiation, as now. This means that the costs faced by developers are clear and transparent from the outset. It is proposed that the charges will apply where there is a net increase in floorspace of more that 100 sq metres. Charities and affordable housing will be exempt from the charges. The charging schedule can be adjusted, as the economic climate changes, but it is incumbent on the Council to set the correct level of charge from the outset. The scheme currently being developed takes account of the current economic climate. The proposed charges are directly comparable to existing payments through developers' contributions and it is not expected that any additional income will be raised as a result of the change. The charges should not therefore prejudice the viability of schemes. It has also been agreed that there should be a single charging area for the District, with no geographical variation.

The proposed CIL charge is as follows:

	CIL Charge per sqm
Dwelling Houses (C3):	**£80**
Large A1 (over 1000sqm)	**£200**
Small A1 (under 1000sqm)	**£0**
Industry and offices (B1, B2 and B8):	**£0**
Hotels (C1):	**£0**
Residential Institutions (C2):	**£0**

The approved preliminary draft schedule, as set out in Appendices 1 and 2 to Report D to the Cabinet, will be subject to a 6 week public consultation period. Once responses have been considered a draft charging schedule will be subject to a further 4 week public consultation period. If significant changes need to be made as a result of the representations received then further draft proposals will have to be published for a 4 week consultation. Otherwise the charging schedule can be progressed to formal submission, in accordance with Section 212 of the Planning Act.

5. THE CORPORATE PLAN 2012/16 – DELIVERING FOR OUR COMMUNITIES (REPORT A) (MINUTE NO. 63)

The new Corporate Plan, to cover the period 2012-2016 has been the subject of consultation through the Corporate Overview and Scrutiny Panel, and also with managers and employees, since the draft was approved by the Cabinet in September 2011 (Minute 23 refers). The Plan has been altered slightly to take account of comments received, mainly with respect to clarification of the text, but in general terms, the concise format and the content of the Plan have been welcomed.

The Corporate Plan will form the keystone of the Council's performance management system and it is vital that it links into and drives all other plans and processes of this authority. Work is in hand to streamline the performance management system to make sure that it links into the new Plan and is transparent to Members, employees and the public. There will be clear links within the internal and external websites so that everyone may see how this high level strategy is being implemented.

RECOMMENDED:

That the new Corporate Plan for 2012/16, Delivering for our Communities, as set out as Appendix 1 to Report A to the Cabinet, be approved.

6. THE MEDIUM TERM FINANCIAL PLAN – ANNUAL BUDGET 2012/13 (REPORT B) (MINUTE NO. 64)

Since a budget gap of £195,000 was reported to the Cabinet in November 2011, in addition to updating the assumptions built into the detailed budgets, there have been a number of subsequent developments. The budgets have been updated to reflect the Local Government Finance Settlement, the Council Tax Freeze Grant and the New Homes Bonus, which were reported to the Cabinet in January 2012. Work has also continued on the Service Reviews, which have generated further budget reductions of £300,000, with the service review process continuing beyond 2013. Together, these changes mean that the Council can set a balanced budget, for the second year running, and also that the Revenue contribution to Capital can be increased by £400,000, supported by the New Homes Bonus. The Cabinet are pleased that, notwithstanding the continuing reductions in the grant settlement from government, the Council has managed to maintain a strong financial position.

The summary of the General Fund net budget requirements is set out in Appendix A(i) to Report B to the Cabinet. The net requirement for 2012/13 will be £19.595 million, a reduction of £809,000, or 4%, on the 2011/12 budget requirement. The budget proposals and assumptions are set out in Appendix A(ii) to Report B to the Cabinet.

This means that the Band D Council Tax will remain unchanged from 2011/12, at £155.76.

While, in the current economic climate, there is some uncertainty about the 2012/13 budget, the Council's financial standing in the short term is good, with General Fund Reserves standing at £2,036,000. The financial context is even more unclear for future years as the Government is carrying out a major Local Government Resource Review, with the results not anticipated until Spring 2012. It is likely however that severe financial pressures will continue and it is consequently important that work continues on the Strategic Efficiency and Savings programme. An update on this will be reported to the Cabinet in the summer.

A summary of progress in setting fees and charges was included in the report, and the recommended charges from the General Purposes and Licensing Committee, attached as Appendix C(ii) to Report B are incorporated into the budget that is recommended to the Council for approval.

The proposed General Fund Capital Programme for 2012/13, as attached as Appendices B(i) and B (ii) to Report B, totals £6.600 million, of which only about half will need to be met by Council taxpayers.

All of the schemes recommended by the Asset Management Group for inclusion in Appendix B(ii), in relation to the Council's assets, are a statutory requirement; are intended to protect the fabric of the building; or are likely to have a positive effect on income generation. In addition, bids totalling £150,000 have been included for partnership and community projects. The largest sum, £115,000 is the first of 3 equal instalments (total £344,000) towards the cost of installing Super Fast Rural Broadband. This scheme is being promoted by the County Council, with local authority funding needed to match a grant from Broadband Delivery UK (BDUK). It has recently been announced that the County Council's bid for funding from BDUK has been successful, and the Cabinet are therefore hopeful that this scheme will allow at least 90% of properties in the District to have access to superfast broadband within 3 years, much sooner than would happen under normal commercial pressures.

This year a Budget Task and Finish Group have undertaken a detailed review of the budget, on behalf of the Corporate Overview and Scrutiny Panel, and its comments were included as Appendix D to Report B to the Cabinet. Their report included the responses given by the Portfolio Holders in respect of the budget proposals within their service areas. Members have found this process to be very helpful in allowing them to gain greater insight into the budget preparation, with the process having provided valuable context for the production of the proposed budget.

RECOMMENDED:

(a) ***That site licence fees and service charges at Stillwater Park be increased by 5.6%, in line with RPI inflation;***

(b) ***That a General Fund Net Budget Requirement of £19,595,080 be agreed;***

(c) ***That a Band D Council Tax of £155.76 be agreed; and***

(d) ***That a General Fund Capital Programme for 2012/13 of £6.600m be agreed, including the provision to support the roll out of super fast broadband.***

7. HOUSING REVENUE ACCOUNT AND HOUSING CAPITAL EXPENDITURE PROGRAMME (REPORT C) (MINUTE NO. 65)

The Housing Revenue Account will be subject to two significant changes during the coming year, from the move from the old Housing Revenue Account Subsidy system to the new Self Financing system; and also because the support element of the sheltered housing service will be transferred to the County Council. The implications of the new Self Financing System are currently being investigated by a task and a finish group appointed by the Community Overview and Scrutiny Panel and their recommendations will form part of a report which will be brought to the Cabinet in March. This will look particularly at how the Council may be able to service the debt imposed by the need to pay the Government for its Council homes, while also funding badly needed affordable housing to meet the needs of local people. The

Council will need to borrow circa £143 million to pay to the Government on 28 March in respect of the Council's housing stock. The exact terms of the borrowing will not be finalised until the end of March to ensure the Council secures the best terms.

The proposed average rent increase of 7.2%, equivalent to £6.05 per property, is higher than the Council may otherwise have liked, but is in accordance with the adoption of the Department of Communities and Local Government's requirements on rent restructuring. The Council will be unable to take decisions on the rents charged for its properties until the Government cedes control and allows such decisions to be taken locally. It is proposed to increase the service charge in hostels by 1% to address a current under recovery of costs against that account, to balance the account. With the transfer of the responsibility for the support element of the sheltered housing service back to the County Council, this Council's service charge will be reduced by 5%. In addition, garage rents will be increased by 50 pence per week, which is a 5.8% increase on the current charge of £8.60.

The initial proposed capital programme for 2112/13 is largely unchanged from the revised 2011/12 level, except for a reduction in expenditure on major projects. The new build scheme at Howards Mead has been completed, and the spending needs at North Milton have been reduced by £500,000 in 2012/13. There has however been an increase of £154,000 in the major repairs programme. The major projects budget for 2012/13 includes £1 million for the final payment on the North Milton refurbishment scheme, and £675,000 for the costs of a scheme for the replacement of the St Anthony's hostel. There is still some uncertainty in the budgets as, for example, the Government Office for the South East is yet to confirm its contribution to the Disabled Facilities Grant programme for 2012/13 and the likely effect of changes in government policy on Right to Buy receipts is unknown. The capital programme can however be fully funded for 2012/13 and for the next 2 years.

The tenants' representatives advised the Cabinet that, while tenants would prefer the rents not to be increased by an average of 7.2%, they recognised that the Council had no option on this matter. The decision to freeze the Council Tax for a further year was however very welcome.

RECOMMENDED:

(a) That the Housing Revenue Account budget as set out in Appendix 1 of Report C to the Cabinet be agreed;

(b) That from 2 April 2012, an average increase in rents of 7.2% from the average 2011/12 rent level, in accordance with rent restructuring guidelines, be agreed;

(c) That from 2 April 2012, an increase of 1% in hostel service charges be agreed;

(d) That from 2 April 2012, a decrease of 5% in sheltered housing service charges be agreed;

(e) That from 2 April 2012, an increase of 50 pence per week in garage rents (plus VAT for garages let to non-Council tenants) be agreed; and

(f) That a 2012/13 Housing Capital Programme of £7.757m, as set out in Appendix 2 of Report C to the Cabinet, be agreed.

8. FINANCIAL REPORT – OUTTURN PROJECTION BASED ON PERFORMANCE TO DECEMBER 2011 (REPORT D) (MINUTE NO. 66)

There have been further net positive variations, amounting to £385,000, in the Council's revenue budgets in the third quarter of the year. While £200,000 of this is the release of the provision set aside to cover additional capacity claims under the Concessionary Travel scheme, there has also been an increase of £150,000 in income from the health and leisure centres and, in addition, improved interest rates on investments are expected to generate additional interest earnings of £35,000.

There are also positive variations in the Capital Programme, largely as a result of the rephasing of transportation schemes funded from developers' contributions (£760,000), although this has been partly offset by the cost of installing photovoltaic panels at Appletree Court and the Town Hall, Lymington, and the allocation of developers' contributions towards open space. The Cabinet was pleased to note that the Panels were installed in time to qualify for the higher level Feed in Tariff, and in addition, the cost of installation had only been in the region of £75,000 instead of the original estimate of £150,000. All staff involved with the achievements of this project were thanked.

The Cabinet are pleased with these positive variations to the budgets, but remain aware of the need to continue the work to lower expenditure across the Council in order to achieve a balanced budget for next year.

9. TREASURY MANAGEMENT STRATEGY (REPORT E) (MINUTE NO. 67)

As discussed under the item on the Housing Revenue Account above, the need for the Council to borrow £143.4 million on 28 March 2012 to pay to the Department of Communities and Local Government is a major factor in the Council's finances over the coming months. The Executive Director, in consultation with the Finance and Efficiency Portfolio Holder, will be making the final decision on the amount to be borrowed and the maturity profile of debt that will be most beneficial to the Council. The Cabinet welcomed the opportunities that the new financing arrangements offered, and also that the Council would no longer have to pay in the region of £10 million of the rents received to the Government each year. It was a matter for regret that the Council would no longer be debt free as a result.

The Cabinet has considered, and agreed, the main prudential indicators for 2012/13 – 2014/15, as attached as Annex A to Report E. In accordance with The Prudential Code for Capital finance in Local Authorities, the Cabinet also considered the Minimum Revenue Provision Policy, the Treasury Management Strategy Statement for the period 2012/13-2014/15 and the Investment Strategy. These provide an approved framework within which officers undertake the day to day capital and treasury activities.

RECOMMENDED:

(a) That the Prudential Indicators and Limits for 2012/13 to 2014/15 contained within Annex A of Report E to the Cabinet, including the Authorised Limit prudential indicator, be approved;

(b) That the Minimum Revenue Provision (MRP) Policy Statement contained within Annex A of Report E to the Cabinet, which sets out the Council's policy on MRP, be approved;

(c) ***That the Treasury Management Strategy 2012/13 to 2014/15, and the treasury Prudential Indicators contained within Annex B to Report E to the Cabinet be approved;***

(d) ***That the Investment Strategy 2012/13 contained in the Treasury Management Strategy set out in Annex B to Report E to the Cabinet, and the detailed criteria included in Annex B1 to Report E to the Cabinet, be approved; and***

(e) ***That the Executive Director may, in consultation with the Finance and Efficiency Portfolio Holder and in accordance with delegated powers, make the final decisions on the amount to be borrowed in respect of the Housing Revenue Account settlement and the maturity profile of the debt which is most beneficial to the Council.***

10. DIBDEN GOLF CENTRE – FUTURE OPERATION AND MANAGEMENT (REPORT F) (MINUTE NO. 68)

The Cabinet received the report of the Community Overview and Scrutiny Panel on the future operation and management of the Dibden Golf Centre, following extensive investigations and a competitive tendering process, which was overseen by a task and finish working group appointed by the Panel.

Two potential partners went forwards to the final evaluation process which involved a competitive dialogue process and the submission of formal tenders. The two potential partners, Mytime Active and Mack Trading, also gave formal presentations on their proposals to the task and finish working group and other key members, and visits were made to golf courses already being run by both organisations. Good references have also been received on both parties.

Mytime Active outscored Mack Trading on both the technical and financial criteria of the evaluation. The financial evaluation is set out in the confidential Appendix to Report F to the Cabinet. The Mytime Active bid also contains a variant bid which opens the opportunity for further significant capital investment in the golf centre facilities in the future, if the business case is positive, and planning consent is obtained. The core bid provides for the development of this variant bid to the stage of planning approval.

Having undertaken a risk assessment of the likely financial position, given both the current economic conditions and the current state of the golf market, it is anticipated that the bid from Mytime Active represents a financial benefit to the Council of between £816,000 and £1,281,000 over 5 years. The proposed term of the lease is 30 years, and the agreement allows the financial return to this Council to be reviewed at regular intervals.

The Employee Side welcomed their involvement in the process to evaluate the bids. They are pleased that Mytime Active has gained admitted body status and therefore the staff that TUPE over to the new company will have their pensions protected. They have questioned the need to grant a 30 year lease, but generally welcome the protection of the asset and the service that it provides to local residents.

The Cabinet are therefore satisfied that the proposed arrangements will bring benefits to the golf centre, the players, the staff and the Council, as Mytime Active uses its expertise in this field to make better use of this high value asset than is possible under current management arrangements.

RECOMMENDED:

(a) ***That the bid by Mytime Active for the future management and operation of Dibden Golf Centre be accepted; and***

(b) ***That the Executive Director, in consultation with the Finance & Efficiency and Health & Leisure Portfolio Holders, the Head of Legal & Democratic Services and the Head of Leisure Services be authorised to finalise the details of the arrangements between the parties and to enter into all necessary legal documentation to give effect to the decision in (a) above, subject to the financial parameters set out in Appendix A to Report F to the Cabinet.***

Cllr B Rickman
CHAIRMAN