

## NOTICE OF MEETING

**Meeting:** CABINET

**Date and Time:** WEDNESDAY, 2 NOVEMBER 2016, AT 10.00 AM\*

**Place:** COUNCIL CHAMBER, APPLETREE COURT,  
LYNDHURST

**Telephone enquiries to:** Lyndhurst (023) 8028 5000  
023 8028 5588 - ask for Jan Debnam  
Email: [jan.debnam@nfdc.gov.uk](mailto:jan.debnam@nfdc.gov.uk)

### **PUBLIC PARTICIPATION:**

\*Members of the public may speak in accordance with the Council's public participation scheme:

- (a) immediately before the meeting starts, on items within the Cabinet's terms of reference which are not on the public agenda; and/or
  - (b) on individual items on the public agenda, when the Chairman calls that item.
- Speeches may not exceed three minutes. Anyone wishing to speak should contact the name and number shown above.

**Bob Jackson**  
Chief Executive

Appletree Court, Lyndhurst, Hampshire. SO43 7PA  
[www.newforest.gov.uk](http://www.newforest.gov.uk)

**This Agenda is also available on audio tape, in Braille, large print and digital format**

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## AGENDA

### **Apologies**

#### **1. MINUTES**

To confirm the minutes of the meeting held on 5 October 2016 as a correct record.

#### **2. DECLARATIONS OF INTEREST**

To note any declarations of interest made by members in connection with an agenda item. The nature of the interest must also be specified.

Members are asked to discuss any possible interests with Democratic Services prior to the meeting.

**3. PUBLIC PARTICIPATION**

To note any issues raised during the public participation period.

**4. COUNCIL HOUSING BUY-BACK AND DEVELOPMENT UPDATE 2012/13 - 2015/16 AND FUTURE STRATEGY 2016/17 - 2018/19 (Pages 1 - 8)**

To review the Council's performance in increasing its housing stock and to review the Housing Strategy to be recommended to the Council for adoption.

**5. REVIEW OF TOURISM SERVICES (Pages 9 - 22)**

To consider the future delivery of the tourism service with respect to visitor information centres and the promotion of the Forest as a destination.

**6. STRATEGIC RISK REGISTER (Pages 23 - 28)**

To consider and approve the revised strategic risk register which has been prepared following the publication of the Council's new Corporate Plan.

**7. FINANCIAL MONITORING REPORT BASED ON PERFORMANCE TO OCTOBER 2016 (Pages 29 - 34)**

To consider the Council's financial performance and to consider new budget requirements for recommendation to the Council for approval.

To:

**Councillors**

Mrs S V Beeton  
J E Binns  
Mrs J L Cleary

**Councillors**

E J Heron (Vice-Chairman)  
J D Heron  
B Rickman (Chairman)

## **COUNCIL HOUSING BUY-BACK AND DEVELOPMENT UPDATE 2012/13 – 2015/16 AND FUTURE STRATEGY 2016/17 – 2018/2019**

### **1 INTRODUCTION**

- 1.1 This report looks at our approach to the delivery of new council Housing and the options available to us to increase our own housing stock.
- 1.2 This report shows the progress of our Council Housing Buy-Back and Development Programme over the last 4 years and the future programme for the next 3 years.

### **2 BACKGROUND**

- 2.1 One of the key aims relating to housing within the Corporate Plan is helping provide affordable housing for local people.
- 2.2 The introduction of the new council housing finance regime introduced as part of the 2011 Localism Act enabled the Council to re-look at its Housing Strategy and finances to best meet the aims of the Corporate Plan.
- 2.3 From 2012/13 the Council no longer had to pay an annual subsidy to the Government from our Housing Revenue Account. Furthermore we were able to retain a greater level of capital receipt to spend on our own stock provision rather than providing grants to housing associations. Offsetting this, the Council now has to make interest payments on loans acquired from the start of this new system and will make principal repayments on these loans from 2017/18.
- 2.4 In response to the above, the Cabinet agreed to invest additional funds of approximately £7m per year for 5 years, 2012/13 to 2016/17, for the acquisition and development of our own Housing Stock.
- 2.5 The options identified as being available to the Council include:

#### HOUSING BUY-BACK

This is the purchase of former council homes previously sold under Right to Buy.

#### NEW DEVELOPMENT ON HOUSING PORTFOLIO LAND

This involves the assessment of potential development sites within our District.

#### PURCHASING S106 UNITS

This is where the Council directly purchases units from private sector developers through partnership arrangements.

- 2.6 New Project Teams and Project Boards were initially set up as well as further consultation with Heads of Service, Executive Management Team, Tenants and Members to meet this goal, drawing principally from the following Service areas;
- Housing – Development, Needs, Asset Management & Rent Accounting
  - Resources - Building Works & Surveying & Technical
  - Planning – Development Control, Environmental Design
  - Legal – Conveyancing, Property/Land, Estates & Valuation
- 2.7 Re-structuring of service areas in 2016 has brought a majority of these service areas under the Executive Head of Economy, Housing and Planning which will further enhance cross service working to deliver the Council’s objective of maintaining the supply of Council owned stock.

### **3 PROGRESS BETWEEN 2012/13 – 2015/16**

#### **3.1 HOUSING BUY-BACK**

Due to the lead in time needed to implement new build programmes this has been our primary means of quickly securing new properties over the past 4 years.

We had reached our initial target of acquiring 100 properties in the first 3 years of the programme and now have a total of 135 at the end of the fourth year. These properties are across our District and offer a range of property types but are predominantly family homes.

#### **3.2 NEW DEVELOPMENT ON HOUSING PORTFOLIO LAND**

This is a new area of work for this Council and is very resource intensive. The advantage with this option is that it provides additional units of housing stock, which would not otherwise be built.

In May 2015 we completed 4 one bed units which have been built on a previous garage site in Testwood Crescent, Totton.

#### **3.3 PURCHASING S106 UNITS**

This was initially felt to be an attractive option for both the Council and developers. For the Council it removes the complex work involved in working up and delivering schemes from the start. For the developer, this approach provides a simple way of providing their affordable housing obligations and provides a good level of security. In practice this has been found to be more complex and time consuming than originally thought and without guarantees for the actual developments to complete.

In March 2014 we purchased 4 two bed units in Keyhaven Road, Milford on Sea.

### **4 FUTURE STRATEGY**

- 4.1 The minimum requirement will be to at least maintain our existing stock levels. We currently manage 5,000 properties and are selling up to 30 a year through the Right to Buy Scheme. To match this ongoing reduction we would need to set ourselves a target to develop or acquire, on average, at least 30 a year.

- 4.2 We should look to identify the areas and property types of highest demand and longest wait to concentrate future development or “buy-backs” as part of our future strategy.
- 4.3 For the past 4 years stock levels have been maintained largely through ‘buy backs’ rather than new build projects. This results in the delivery of extra council housing stock but does not result in an overall increase in housing. It just moves existing properties from one tenure to another. Furthermore, new build projects have the advantage of increasing the overall supply of affordable housing stock, leaving ex-council housing houses in the private sector to provide relatively affordable market housing.
- 4.4 The emphasis of future programmes will now be on new build projects which will add to the overall levels of housing stock. Less reliance will be placed on the purchase of ex-council homes, buy backs, and these should in future be restricted to only where there is a high need or specific requirement.

## **5 FINANCIAL CONSIDERATIONS/IMPLECATIONS**

- 5.1 This future strategy will require the appropriate funding to be available. While at the moment this is in place, future changes to Government policy may have an impact on this.
- 5.2 Our council housing rents have previously increased in line with the appropriate retail or consumer price indexes. Since 2016/17, in line with Government policy, rents have been reduced by 1% and this is due to continue for at least a further 3 years. This will reduce our current and predicted revenue streams.
- 5.3 The programme of development and acquisitions is funded from various sources, one of which is developer’s contributions. These are negotiated as part of the planning application process and implement Policy CS15: Affordable Housing contribution requirements from developments, in the adopted Local Plan Core Strategy. Recent changes in national planning policies now preclude the Council from seeking affordable housing contributions from sites of 10 or fewer dwellings. This and other changes to planning policies are likely to result in a decrease in funding available from this source in the future.
- 5.4 As part of the new Council Housing Finance Regime we borrowed £142.7m with the intention to paying back £4.1m of the loan each year from HRA revenue resources, commencing 2017/18. This still remains our aim, assuming that suitable funding continues to be in place.
- 5.5 An option to increase our rents from social to affordable rents is a further consideration. This could be done with new properties and properties when they become vacant. This should increase our revenue but we need to be mindful whether our customers that we are housing can actually afford these increased rents. Additionally, changes in Government policy, namely “Pay to Stay”, could have an impact on this and our future allocation policy.

## **6 CURRENT AND FUTURE PROJECTS BEING WORKED ON THAT WILL ADD TO OUR EXISTING HOUSING STOCK**

### **6.1 NEW DEVELOPMENT ON HOUSING PORTFOLIO LAND**

On site with 21 Units (14 x two bed, 6 x three bed & 1 x four bed) in North Milton estate, New Milton. Started on site in November 2015 and expected completion date is March 2017.

Planning Permission was granted in January 2016 for 35 units (9 x two bed & 26 x 1 bed) at a site next to Compton & Sarum House, Totton. This delivery of this scheme is currently the subject of a procurement process. If all goes well a contract to build these units could start in the spring of 2017.

We are working with Hampshire County Council to purchase land at Stocklands, Totton. An outline planning application was approved in October 2016 to redevelop the site and provide for 20 Social housing units. A tender process for the development of this site will be commenced once the purchase is complete.

In October 2015, as part of the New Forest National Park Authority's (NPA) 'call for sites' for its Local Plan review work, the Council submitted details of 21 sites which it owns and believes may have some potential for future housing. If all were considered appropriate sites for development by the NPA it is estimated that these potential sites could deliver up to 100 units. However, the acceptability of these sites will be a matter for the NPA as the Local Planning Authority and we would only expect a proportion of these to progress. If NFDC wished to progress any of these sites independently of the Local Plan it could do so by making planning applications direct to the Park Authority, under the 'rural exceptions' Policy. Dwellings through this means are unlikely to start before 2018/19 so fall outside the remit of this report.

We are also re-modelling some of our former older person's accommodation by converting existing communal areas to flats. It is hoped to be able to create 16 additional units over 8 sites.

### **6.2 PURCHASING S106 UNITS**

The Council's adopted planning policy (Policy CS15 in the Core Strategy) requires affordable housing to be provided as part of most new residential development (subject to a change in national planning policy). The presumption is that affordable housing should be provided on-site as part of the development as it is constructed. With the Local Plan Review requiring a significant increase in green field site allocations, these new site allocations in future may provide new opportunities to acquire new affordable housing stock directly from the developers. In the shorter term such opportunities are more limited. Although there is the possibility of the Council acquiring a total of 40 units of affordable housing from the development south of Hightown Gardens, Ringwood (RING3). Discussions are underway on the 1<sup>st</sup> phase which could provide 15 units for the Council to purchase. Delivery of these units is difficult to programme as this will largely be dependent on the private developer. The Council is also aware of two other sites where it may be possible to acquire affordable housing units from the developer as required by planning policy as part of the developments. It is hoped that these units could become available in the 2018/19 financial year.

The ability of planning policies to enable the delivery of affordable housing is significantly influenced by national planning policy guidance. The Government have trailed a policy change which will require 20% of all homes on new developments to be 'starter' homes. The impact of this policy change on the viability of providing other 'affordable housing' as part of the development will need to be tested by viability work as part of the Local Plan Review process. The situation will be reviewed as part of the Local Plan Review preparation process to see what might be achieved on new greenfield site allocations.

### 6.3 HOUSING BUY-BACK

Buy-backs will continue to form an important element within the overall strategy but as previously mentioned it is hoped that with an increase in new developments, less reliance will be required under this scheme and we can become more selective to meet a specific need.

# 6.4 Appendix 1 includes a financial summary of current and future projects.

## **7 EXAMPLES OF OTHER PROJECTS THAT COULD AND ARE CURRENTLY BEING WORKED ON THAT WILL INCREASE AFFORDABLE HOMES AND IMPROVE OUR EXISTING HOUSING STOCK**

7.1 Explore all opportunities to identify suitable land for new Council housing development in both the public and the private sector.

7.2 Continuing with our enabling role and maintaining close working relationships with our housing association partners to assist in the development of new affordable homes in our District. In the last 4 years, 2012/13 – 2015/16, this work has assisted in the completion of 117 affordable homes, 103 of which were rented, with the other 14 being shared ownership properties.

7.3 Continue working with partners such as Hampshire County Council and the National Park to enable us to develop on their sites.

7.4 Converting and extending our existing stock to meet current and future need. This includes converting bedsits to 1 bed flats, 2 beds to 3 beds etc.

## **8. COMMUNITY OVERVIEW AND SCRUTINY PANEL COMMENTS**

8.1 The Community Overview and Scrutiny Panel considered this matter at their meeting on 20 September 2016. The Panel supported the adoption of the Strategy and the achievements of the Council to date in acquiring and developing its council housing stock.

## **9. PORTFOLIO HOLDER'S COMMENTS**

9.1 I am very pleased to see the achievements of this programme over the past four years. I believe that buy-backs will continue to have a role to play as we move forward but the greater emphasis on development on our own land and possibly S106 acquisitions is a positive move forwards. I welcome this report and the strategy for the next three years.

## **10. ENVIRONMENTAL IMPLICATIONS**

- 10.1 New proposed housing developments and their environmental impacts would also be considered by the relevant officers at the planning development control stage.

## **11. EQUALITY AND DIVERSITY IMPLICATIONS**

- 11.1 There are no equality and diversity implications arising from this report

## **12. CRIME AND DISORDER IMPLICATION**

- 12.1 There are no existing crime and disorder implications arising from this report.

## **13 CONCLUSION**

- 13.1 There has been good progress in the acquisition and development of new council housing following the changes to the Housing Revenue Account financing. This has been accomplished with a lot of hard work and resolve across many teams within the Council.
- 13.2 This has primarily been achieved through the buy-back of ex-council houses but we have also started and completed new development schemes on our own land. Additionally, we have begun purchasing units from private developers as part of their obligation to provide affordable housing through Section 106 Agreements.
- 13.3 This range of options will continue to be required to achieve our desire to increase our own council housing stock but it is our expectation that with the current work in progress, more new homes will be provided through new developments.

## **13 RECOMMENDATION**

- 13.1 That the Cabinet recommends to the Council that the Housing Strategy 2016/17 – 2018/2019 be adopted.

### **For Further Information please contact:**

Richard Topliss  
Service Manager – Housing Property & Performance  
Tel: 023 8028 5588  
E Mail: [richard.topliss@nfdc.gov.uk](mailto:richard.topliss@nfdc.gov.uk)

Louise Evans  
Service Manager – Policy & Strategy  
Tel: 023 8028 5588  
E Mail: [louise.evans@nfdc.gov.uk](mailto:louise.evans@nfdc.gov.uk)

### **Background Papers**

Proposals for the Direct Provision of New NFDC Council Housing - Affordable Housing Project Board June 2013



Summary of Council Housing Development & Buy-Backs Programme	Unit Numbers				£'m
	2016/17	2017/18	2018/19	Total	Total
<u>New Developments</u>					
North Milton Estate	21	0	0	21	4.71
Compton & Sarum site	0	0	35	35	5.00
Stocklands, Totton	0	0	20	20	4.00
Re-Modeling/Decommissioning	2	4	10	16	1.35
<b>Total New Developments</b>	<b>23</b>	<b>4</b>	<b>65</b>	<b>92</b>	<b>15.06</b>
<u>S106 Units</u>					
	0	0	40	40	7.00
<b>Total S106</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>40</b>	<b>7.00</b>
<b>Buy-Backs</b>	<b>18</b>	<b>15</b>	<b>15</b>	<b>48</b>	<b>11.00</b>
<b>Grand Total</b>	<b>41</b>	<b>19</b>	<b>120</b>	<b>180</b>	<b>33.06</b>
<b>Minimum Target</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>90</b>	
<b>Total Expenditure £'m</b>	<b>9.01</b>	<b>8.90</b>	<b>15.15</b>	<b>33.06</b>	
<b>New Capital receipts/S106 Conts</b>	<b>2.80</b>	<b>2.80</b>	<b>2.80</b>	<b>8.4</b>	
<b>In year HRA Resources</b>	<b>7.50</b>	<b>3.40</b>	<b>3.40</b>	<b>14.3</b>	
<b>In year Surplus/Deficit(-) £'m</b>	<b>1.29</b>	<b>-2.70</b>	<b>-8.95</b>	<b>-10.36</b>	
<b>B/F New Development Fund £'m</b>	<b>16.90</b>	<b>18.19</b>	<b>15.49</b>		
<b>B/F Capital Receipts £'m</b>	<b>5.81</b>	<b>5.81</b>	<b>5.81</b>		
<b>Reserves</b>	<b>22.71</b>	<b>24.00</b>	<b>21.30</b>		
<b>In year Surplus/Deficit(-) £'m</b>	<b>1.29</b>	<b>-2.70</b>	<b>-8.95</b>		
<b>C/F Resources</b>	<b>24.00</b>	<b>21.30</b>	<b>12.35</b>		

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**CABINET –2 NOVEMBER 2016**

**PORTFOLIO: LEADER**

## **REVIEW OF TOURISM SERVICES**

### **1. INTRODUCTION AND SCOPE OF REPORT**

- 1.1 Many Council services are under review to consider whether they are being delivered in the most effective and economic way. One of these is Tourism, which started earlier this year, and has looked at the services the Council provides, the way they are delivered, the costs and benefits of the provision and then they have been discussed with the key partners involved in their delivery.
- 1.2 This review has not considered the more general issue of how we support businesses and wider elements of the New Forest economy. This is also under consideration and a report will be discussed at the next scheduled meeting of the Corporate Overview and Scrutiny Panel on 17 November 2016.
- 1.3 The Tourism review has been conducted in two parts. The operation of the Visitor Information Centre (VIC) in Lyndhurst and the way in which we work with the New Forest Tourism Association on marketing the destination are two separate and different elements of the service we provide. For this reason two separate reports have been produced for consideration by the staff involved and Executive Management Team, although they have been brought together under one heading for the purpose of Panel scrutiny, Cabinet and Council consideration.

### **2. CONSIDERATION OF THE MAIN ISSUES**

- 2.1 The key facts and conclusions of both work streams are set out in the two reports attached as Appendix 1 and 2 to this paper. They are presented in this format because they involve mainly different issues and they have been presented to staff in this way in a consultation exercise which closed on 21<sup>st</sup> October 2016. The views of staff and the EMT comments are included in this report and they will be considered by the Corporate Overview and Scrutiny Panel at a special meeting on 27<sup>th</sup> October 2016. The views of the Panel will be reported orally at the Cabinet meeting.
- 2.2 In the early 1990s the Council opened a number of visitor information centres in main towns but by the date of this review this had been reduced to one centre in Lyndhurst although some functions in other towns are provided from other information centres. In recent years the New Forest National Park Authority has set up a series of Local Information points which operate mainly from commercial premises in tourist centres.
- 2.3 The report in Appendix 1 looks at the future of the VIC in Lyndhurst. It documents changes in usage levels which are largely related to the growth in the availability of digital technology as an alternative way to obtain information for visitors to the New Forest. It then summarises the views of key partners and the costs of the service provision before making the following recommendations on the way forward.
- 2.4 The role of VICs has changed in the digital age and they are not as important to the tourism sector as they were some years ago. This is evidenced by earlier changes in

which the Council has closed down VICs or transferred their operation to other groups.

- 2.5 With the need for the service as recognised by other partners having changed there are no options for continuing with the current service. The New Forest Tourism Association do not consider the operation of the VIC it to be an essential part of its relationship with the Council, which is being discussed as part of the wider review.
- 2.6 The New Forest Centre (Ninth Centenary Trust) may, subject to further discussions take or some of the sales elements provided by the VIC.
- 2.7 The consequence of these various factors is that the recommendation is that Lyndhurst VIC, as operated by the Council will close after the completion of all due processes and before the start of 2017 tourism season. Negotiations will continue with the Ninth Centenary Trust.
- 2.8 The report in Appendix 2 looks at the other main element of the tourism service which is how the Council works with the tourism industry to promote the New Forest as a destination and the various tourism businesses which are available in the area. It sets out the current relationship with the New Forest Tourism Association, the services this delivers and the costs of this provision. It asks the question as to whether this provision could be delivered in a more efficient way and makes the following recommendations on the way forward.
- 2.9 The key conclusion is that the Council believes that the best way forward is for the tourism business sector to take responsibility for determining the way in which the New Forest is marketed and promoted as a destination to visitors for the benefit of business. The Council further believes that the Tourism Association is currently well placed to enhance and develop this role in the future, given that it reflects the interests of the members of the Association and it follows from this that the Council would stand back from its current level of involvement in setting and delivering the strategy.
- 2.10 To enable this transition to occur the Council will provide assistance to the Tourism Association both in terms of the initial set up and for the first 3 years of the new arrangements, in terms of transition funding. After this the Council would expect the Association or Company to be able to fully fund the activities it wishes to carry out to promote the New Forest as a visitor destination for the benefit of business.
- 2.11 The new arrangement is very likely to require the establishment a new Company to be established in order to carry out activities including being able to receive the transitional funding which the Council is proposing to make available from April 2017 until March 2020.
- 2.12 The Council envisages, subject to negotiation agreement that the activities that would become the responsibility of the new Company would include;
  - Management of the Destination Website
  - Visit New Forest leads on Social media
  - Email marketing
  - Promotional videos
  - Public Relations and advertising of New Forest as a Destination
  - Providing the offer to local tourism business of a route to the Destination Market

- The voice of New Forest Tourism, lobbying on important issues, providing research into visitor trends and sharing industry news and insights

This includes all associated income and expenditure being the responsibility of the Company.

- 2.13 The Council's preferred approach is to retain ownership of the destination website and envisages that staff will be retained to carry out duties related to its maintenance and development on instruction, via an agreed contract, with the new tourism body. This can include web hosting and design costs, the production of such guides and promotional material as the Association or Company wishes to produce. The Council's aim in any arrangement would be simply to recoup the expenditure it incurs. This would be reviewed over time and could be changed if it was not to the Company's satisfaction.

### **3 STAFFING IMPLICATIONS**

- 3.1 The closure of the VIC would result in 5 staff (2.5 FTE's) being made redundant. Staff will be placed on the Councils redeployment register.
- 3.2 The review of destination marketing would result in the full time post of Employment and Tourism Manager being made redundant.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 The detailed financial information about the costs of operating both parts of the service are included in section 5 of Appendix 1 and section 7 of Appendix 2.
- 4.2 The overall financial position if the recommendations are accepted, and at the end of the three year transitional period, is that the Council will have reduced its expenditure by approximately £160,000 per year.

### **5. ENVIRONMENTAL IMPLICATIONS**

- 5.1 There are no direct environmental implications arising from the changes proposed in the appended reports.

### **6. EQUALITY AND DIVERSITY IMPLICATIONS**

- 6.1 There are no anticipated equality or diversity implications arising from the changes proposed in the appended reports.

### **7. CRIME AND DISORDER IMPLICATIONS**

- 7.1 There are no crime and disorder implications arising from the changes proposed in the appended reports.

## **8. EMPLOYEE AND EMPLOYEE SIDE COMMENTS**

- 8.1 A total of seven consultation responses have been received from individual members of staff plus that from the Employees' side representative.
- 8.2 Two of the comments received can be described as generally supportive of the changes being proposed for Destination Marketing. One of them regrets the loss of the VIC. They both stress the need for the remaining business support work to be properly resourced and that the future arrangements for "contractual" tourism support need to be clearly defined. Tourism will remain a key part of the overall economic development in the area.
- 8.3 Three of the consultation responses argue strongly for the retention of the VIC service. One of them starts by saying that the report uses the wrong terminology. It is the New Forest VIC, not the Lyndhurst VIC, following the closure of other centres in the past. It points out that at 136,224 visitors per year that is an average of 376 per opening day and that there were 22,539 visitors in August alone. They all stress the value that those visitors gain from a face to face personal discussion with an advisor on a wide range of issues and that the cost of the service is small in relation to the benefits provided to the New Forest economy as a whole. In 2015 the Centre won a Trip Advisor Certificate of Excellence. The internet cannot provide for all visitors' needs. In addition, there is a significant income from the sales of maps, parking clocks and New Forest Tour Bus tickets. A major tourist destination like the New Forest National Park needs a Visitor Information Centre.
- 8.4 A detailed comment about the Destination Marketing proposals talks about the time being right for a move to a CIC company but the impracticality of having services being split between the Council and the Company. It refers to confusion being caused about responsibilities and questions how financial arrangements will be changed as well as on-going relationships with service providers such as PR consultants.
- 8.5 The final individual comment regrets that the externalisation proposals are not as wide as they could have been and that this is a missed opportunity to create a more efficient service and save more money. However, time is now short to implement new arrangements by 31<sup>st</sup> March 2017 and so the detailed negotiations will be very important to ensure a smooth transition. There is particular concern about how the new service level agreement between the Council and the Company will work and that what is currently proposed is less effective and more expensive than the Company taking full responsibility. This response notes the proposed closure of the VIC and comments on the goodwill and extraordinary effort the staff have put into this service.
- 8.6 The Employees' Side makes the following comments. In terms of the VIC they consider that, despite improvements in technology, it still offers a great community support and asset. They are aware of the need for spending cuts and so if it must close they want a clear plan of how it is to be implemented so that staff understand their role and rights and are kept fully informed. They wonder if the Trust that runs the main building might consider some redeployment of staff if they take over any of the commercial responsibilities.
- 8.7 In terms of Destination Marketing the staff side feel that there is a lack of clarity about how the relationship will operate in the future between the Council and the Tourism Association. They query the future structure of the remaining team and how this will

relate to the PR contract. They point out that it is the Employment and Tourism Manager who is being made redundant and query the income associated with the service.

## **9. EMT VIEWS**

- 9.1 EMT has carefully considered this report and supports the recommendations which it contains.

## **10. VIEWS OF CORPORATE OVERVIEW AND SCRUTINY PANEL**

- 10.1 A special meeting of the Panel is being held on 27 October 2016 to consider the outcome of the review. The comments of the Panel will be reported orally at the start of this item.

## **11. PORTFOLIO HOLDER'S COMMENTS**

- 11.1 It is important that services are offered that meet current day needs. I am grateful for the input of the tourism industry in the New Forest which will lead to the development of a conclusion that is to the advantage of all parties.

## **12. RECOMMENDATIONS**

- 12.1 These recommendations are made subject to the views of the Panel being considered.
- (a) That the Lyndhurst VIC withdraws its services by the end of the current financial year. Discussions will continue with partners to see if some of the services it provides can be continued by other providers;
  - (b) That the New Forest Tourism Association take on an enhanced role in determining the way in which the area is marketed and promoted as a destination for visitors for the benefit of businesses. The detail of this will be negotiated over the next 5 months but will include transitional funding over a 3 year period to enable this change to be smoothly implemented; and
  - (c) That the post of Employment and Tourism Manager be made redundant on 31 March 2017 with the responsibility for the tourism destination and marketing strategy passing to the New Forest Tourism Association at that point.

### **For further information**

Chris Elliott  
Executive Head of Economy, Housing and Planning  
023 8028 5345  
Email: [chris.elliott@nfdc.gov.uk](mailto:chris.elliott@nfdc.gov.uk)

### **Background Papers**

None

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## **TOURISM REVIEW**

### **THE FUTURE OF THE LYNDHURST VISITOR INFORMATION CENTRE (VIC)**

#### **1. INTRODUCTION**

- 1.1 As part of a wide series of service review across the Council, that commenced in 2016 the Tourism Service has been looked at in detail. One element of this service is that provided by the VIC in Lyndhurst. The review being undertaken has looked to assess whether this still represent the best way of delivering services to visitors, whether it meets the needs of tourism partners and does it for the Council represent good value for money given current economic pressures in the public sector.
- 1.2 This report deals only with the future of the Lyndhurst VIC. Other elements of the tourism service are also at an advanced stage of a review, and will be consulted on separately.

#### **2. THE ROLE OF THE VIC**

- 2.1 Since 1987 when the Tourism Service was first established, the council has provided VICs to support the process of good visitor management by providing visitors with the best quality information about how to behave and enjoy the forest as well as what to see and do and where to stay.
- 2.2 By the early 1990's the council was supporting VICs in Lyndhurst, Ringwood and Lymington. At this time footfall in the original VIC in Lyndhurst was over 300,000. Since then however, footfall has steadily reduced at Lyndhurst to a point where between 2011 and 2016 footfall has dropped from 184,524 to 136,224.
- 2.3 The number of accommodation bookings has also dropped considerably over the same period. In 2011 the VIC took 212 bookings for 648 bednights of accommodation. By 2016 this had fallen to 111 bookings for 144 bednights of accommodation. Between April and August of 2016 the VIC took only 65 accommodation bookings in the peak tourism season.

#### **3. CHANGES IN TECHNOLOGY**

- 3.1 For a long period and before the arrival of the digital age, VICs played a crucial role as visitors often arrived without having accommodation arranged or wondering what to do to enjoy their time in the New Forest or to find other attractions, for example if the weather was not good. The Council had previously operated VIC's at Ringwood and Lymington which are no longer in use.
- 3.2 In the modern day, many visitors have access to many forms of digital technology and use this to obtain the information that they once would have obtained only from a VIC.
- 3.3 So the question the review has considered is whether the current financial cost (Budget £62,000) of the Lyndhurst VIC can still be justified in today's digital society?

#### **4. THE VIEWS OF PARTNER ORGANISATIONS**

- 4.1 To help answer the questions posed above, the review has engaged with a range of partner organisations and stakeholders involved in the tourism sector, to obtain their insight and crucially, whether they would be prepared to support the ongoing function of the VIC.
- 4.2 The New Forest Tourism Association do not consider that the retention of the VIC is of sufficient importance to their members' tourism interests to be able to support its retention in the long term.
- 4.3 Since 2006 the New Forest National Park Authority (NPA) has had a role to play in providing information to visitors to - and local people within - the National Park, through a range of means (including face to face, literature and on-line). However, the NPA has faced similar budget pressures to the Council and is unable to commit to funding the VIC in its present form.
- 4.4 The Ninth Centenary Trust who are responsible for the management of the New Forest Centre accept that there is a need for change. They are not in a position to support the VIC in its current form, but are prepared to review activities carried out in the front of house at the New Forest Centre. This could include take on some of the sales functions currently undertaken by the Council. Subject to the outcome of this consultation, those discussions will continue in more detail.

#### **5. THE STAFFING AND FINANCIAL IMPLICATIONS**

- 5.1 The Lyndhurst VIC currently employs 5 staff (4.5 FTE's). 4 of these are part-time, staff contracted to 53.85 hours per week, plus a budget for the employment of casual staff.
- 5.2 The direct staffing cost of the VIC is £62,000 per annum. In addition, there are rental and other premises costs amounting to £20,090 per annum. The management costs of the Centre amount to £20,000 including a senior management cost of £8,300.
- 5.3 Goods and services provided from the VIC generate a gross profit of £20,370 (£53,780-£74,150) to offset the expenditure set out above. Some of these services could still be provided from the adjoining New Forest Centre as mentioned in paragraph 4.4 above, subject to further negotiations.
- 5.4 A separate community grant of £13,770 is paid to the Ninth Centenary Trust.

#### **6. RECOMMENDATIONS OF THE REVIEW PROCESS**

- 6.1 The role of VICs has changed in the digital age and they are not as important to the tourism sector as they were some years ago. This is evidenced by earlier changes in which the Council has closed down VICs or transferred their operation to other groups.
- 6.2 With the need for the service as recognised by other partners having changed there are no options for continuing with the current service. The New Forest Tourism Association do not consider the operation of the VIC to be an essential part of its relationship with the Council, which is being discussed as part of the wider review.
- 6.3 The New Forest Centre (Ninth Centenary Trust) may, subject to further discussions take on some of the sales elements provided by the VIC.

6.4 The consequence of these various factors is that the recommendation is that Lyndhurst VIC, as operated by the Council will close after the completion of all due processes and before the start of 2017 tourism season. Negotiations will continue with the Ninth Centenary Trust.

## **7. CONSULTATION**

7.1 The contents of this report are now the subject of formal consultation with the staff affected and the other groups involved in the review process. This will run from 7<sup>th</sup> to 21<sup>st</sup> October. Following the end of the consultation process EMT will consider all of the comments received and decide how to proceed, including the nature of any political decision which is required.

7.2 If the decision is to close the VIC, the staff involved will be under threat of redundancy unless any alternative roles can be found for them under the Council's 'At Risk' procedures. The total cost of making the 5 staff redundant would be in the region of £48,000.

## **8. STAFF SIDE COMMENTS**

As set out in the report to the Cabinet

### **Further information**

Chris Elliott  
Executive Director Economy Housing & Planning  
02380 285588  
[chris.elliott@nfdc.gov.uk](mailto:chris.elliott@nfdc.gov.uk)

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## **TOURISM REVIEW**

### **THE FUTURE OF DESTINATION MARKETING AND THE RELATIONSHIP WITH THE NEW FOREST TOURISM ASSOCIATION**

#### **1. INTRODUCTION**

- 1.1 As part of a wide series of service review across the Council that commenced in 2016 the Tourism Service has been looked at in detail. A key element of this service is the relationship between the Council and the New Forest Tourism Association. A fundamental part of this relationship is the way in which the New Forest is promoted and marketed as a destination to attract people to visit the area and to utilise the tourism facilities which are a major sector of the local economy.
- 1.2 This report only deals with these aspects of the Tourism service. A separate report deals with the future of the Lyndhurst VIC. For the avoidance of doubt this report does not include the Councils relationship with the New Forest Business Partnership or the wider support it gives to businesses or the economy in general.

#### **2. THE CURRENT SITUATION**

- 2.1 The Council currently provides significant support to the operation of the New Forest Tourism Association. This involves the collection of membership subscriptions, the support/organisation of its operating structure and supporting a number of events it wishes to organise. Most importantly there is a significant budget which the Council holds for the marketing of the New Forest as a destination, the hosting of a website which is used to promote businesses in the area and the production of guides and publications which fulfil a similar function. The Council also organise the Brand New Forest initiative which supports local businesses and the tourism offer of the area. Although there is significant income from the advertising charges the Council supports these activities by about £100,000 per year.
- 2.2 The Council works in partnership with the Tourism Association in the design and operation of these activities but it is the lead player as the Association has no employed resources to input into the processes. Without the Council's support the organisation and the most of the activities would be unable to continue. This could have serious adverse consequences on some tourism businesses in the area with knock on effects into the wider economy.
- 2.3 This review has looked at the question as to whether the relationship between the Council and the Tourism Association could be realigned so that the latter is better supported to decide how it wishes to market the destination in the future as well as advertising its local businesses. It has also considered whether destination marketing should be a self-sufficient activity of the tourism business sector.

#### **3. THE VIEWS OF THE NEW FOREST TOURISM ASSOCIATION**

- 3.1 Throughout the review process there has been an active dialogue between the NFTA and the Council. The NFTA nominated 3 members to discuss this on their behalf.

The outcome is to be reported more widely across the Association at meetings during the autumn.

- 3.2 It is believed that the preferred approach to the future as set out in the next section has found a significant measure of agreement with the NFTA representatives.

#### **4. CONCLUSIONS OF THE REVIEW AND THE PROPOSED WAY AHEAD**

- 4.1 The key conclusion is that the Council believes that the best way forward is for the tourism business sector to take responsibility for determining the way in which the New Forest is marketed and promoted as a destination to visitors for the benefit of business. The Council further believes that the Tourism Association is currently well placed to enhance and develop this role in the future, given that it reflects the interests of the members of the Association and it follows from this that the Council would stand back from its current level of involvement in setting and delivering the strategy.
- 4.2 To enable this transition to occur the Council will provide assistance to the Tourism Association both in terms of the initial set up and for the first 3 years of the new arrangements, in terms of transition funding. After this the Council would expect the Association or Company to be able to fully fund the activities it wishes to carry out to promote the New Forest as a visitor destination for the benefit of business.
- 4.3 The new arrangement is very likely to require the establishment a new Company to be established in order to carry out activities including being able to receive the transitional funding which the Council is proposing to make available from April 2017 until March 2020.
- 4.4 The Council envisages, subject to negotiation agreement that the activities that would become the responsibility of the new Company would include;
- Management of the Destination Website
  - Visit New Forest leads on Social media
  - Email marketing
  - Promotional videos
  - Public Relations and advertising of New Forest as a Destination
  - Providing the offer to local tourism business of a route to the Destination Market
  - The voice of New Forest Tourism, lobbying on important issues, providing research into visitor trends and sharing industry news and insights

This includes all associated income and expenditure being the responsibility of the Company.

- 4.5 The Council's preferred approach is to retain ownership of the destination website and envisages that staff will be retained to carry out duties related to its maintenance and development on instruction, via an agreed contract, with the new tourism body. This can include web hosting and design costs, the production of such guides and promotional material as the Association or Company wishes to produce. The Council's aim in any arrangement would be simply to recoup the expenditure it incurs. This would be reviewed over time and could be changed if it was not to the Company's satisfaction.

## **5. INTERIM ARRANGEMENTS AND TRANSITIONAL FUNDING**

- 5.1 It is proposed that in the short term, and up until 31 March 2017, the Council releases the existing Employment and Tourism Manager to the Association to help with preparation for the new arrangements and, if they so wish, to negotiate with the Council on the details of how the new arrangements will work. Management arrangements within the Council will be adjusted to facilitate this.
- 5.2 Although subject to more detailed negotiations the Council's would then offer transitional funding to the new Company to allow it to establish itself and then to consider how best to market the destination in the future. The transitional funding could be in the region of £100,000 in the first year; £50,000 in the second year and £25,000 in the third year. After this period the Council funding would cease. The Company would contract with the Council to continue with the web hosting and the production of documents/guides on a cost recovery basis. It would also recruit whatever staff it decided that it needed to carry out its new role.

## **6. NEW FOREST DISTRICT COUNCIL STAFFING IMPLICATIONS**

- 6.1 The changes set out in this report would result in the post of the Employment and Tourism Officer being made redundant on 31 March 2017. TUPE does not apply. No other staff in the Employment and Tourism service would be directly involved other than some adjustments to existing job descriptions to reflect the new arrangements.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 There will be a redundancy cost.
- 7.2 At the end of the transitional funding period the Council will be saving approximately £100,000 per annum which it currently spends on Destination Marketing and the support it gives to the New Forest Tourism Association.
- 7.3 For the avoidance of doubt these measures have no impact on the budgets which will remain available for general business support in the District.

## **8. CONSULTATION**

- 8.1 The contents of this report are now the subject of formal consultation with the staff affected and the other groups involved in the review process. This will run from 7 to 21 October. Following the end of the consultation process EMT will consider all of the comments received and then decide what to recommend to the Cabinet meeting on 2 November.

## **9. STAFF SIDE COMMENTS**

- 9.1 As set out in the report to the Cabinet.

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## STRATEGIC RISK REGISTER

### 1. INTRODUCTION AND PURPOSE

- 1.1 In 2013 Cabinet approved a Risk Management Strategy that set out the council's intentions and approach to good risk management in a pragmatic and proportionate way. Cabinet and the Audit Committee also receive annually a revised strategic risk register that reflects the significant risks to the achievement of the council's priorities.
- 1.2 The introduction of Our Corporate Plan 2016-2020 has necessitated a review of the strategy and a revised strategic risk register that reflects the most significant risks to the council achieving the priorities set out in the new plan. The purpose of this report is to present the Strategic Risk Register to Cabinet for approval.
- 1.3 Our Corporate Plan, Delivery Plan approved by Cabinet in February 2016 recognises that government funding remains a key issue looking forward with a likely further 11.7% reduction in the budget from 2016 over the next four years. Any future plans must address this major challenge and the priorities within the corporate plan are all underpinned by the financial commitment to 'living within our means'. Consequently this remains the overriding risk.
- 1.4 Collaboration is also a key feature for future service delivery and the ongoing devolution discussions will be appraising options to work with others to achieve more.

### 2. BACKGROUND

- 2.1 Risk management aims to identify the significant risks that may impact on the Council achieving its objectives. Its purpose is to evaluate, design and implement effective measures to reduce both the likelihood and potential impact of these risks occurring.
- 2.2 The Council has a statutory responsibility to have in place arrangements for managing risks under the Accounts and Audit Regulations 2003 which require a sound system of internal control which facilitates the effective exercise of the body's functions and includes arrangements for the management of risk. As such it features strongly in the Council's Local Code of Practice for Corporate Governance and is one of the primary assurance strands in the Annual Governance Statement which places significant reliance on a robust risk management framework.

### 3. RISK MANAGEMENT FRAMEWORK

- 3.1 The Council's Risk Management framework is made up of a number of elements largely embedded in existing processes. In addition to strategic risk management, illustrated through the Strategy and Strategic Risk Register, it includes work place health and safety, ICT disaster recovery, business continuity planning and operational risk management including the provision of third party insurance cover and claims handling.

- 3.2 Risk is also considered as part of service and budget planning with resource plans giving consideration to challenges for each portfolio.
- 3.3 Appendix 1 presents the shortened Risk Management Strategy agreed by Cabinet in 2013. Although reviewed to ensure its continued relevance and content accuracy the strategy remains largely unchanged as an accessible and proportionate document that clearly sets out the council's intentions and approach to risk management.

#### **4. STRATEGIC RISK REGISTER**

- 4.1 The revised Strategic Risk Register (Appendix 2) summarises the most significant risks to the delivery of Our Corporate Plan and the proposed actions to mitigate against these risks. The mitigation offered is closely aligned to portfolio resource and service plans and in some cases relies on working with partners to help achieve the objectives. Other service specific risks and their analysis are considered in individual Service Risk Registers.
- 4.2 Following Cabinet's approval the revised register will be presented to the Audit Committee for review of its effectiveness. It will then be considered and updated annually alongside the performance management framework.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 There are none arising directly from this report although 'living within our means' remains the overriding risk.

#### **6. EQUALITY AND DIVERSITY, ENVIRONMENTAL AND CRIME AND DISORDER IMPLICATIONS**

- 6.1 There are none arising directly from this report.

#### **7. PORTFOLIO HOLDER COMMENTS**

- 7.1 I am confident that this updated risk register reflects the priorities in the Council's new Corporate Plan.

#### **8. RECOMMENDATIONS**

It is recommended that the Cabinet considers and approves the revised strategic risk register as set out at Appendix 2 to this report.

#### **For Further Information Please Contact:**

Rebecca Drummond  
Performance Improvement Manager  
Tel: (023) 8028 5588  
Email: [rebecca.drummond@nfdc.gov.uk](mailto:rebecca.drummond@nfdc.gov.uk)








#### **Background Papers:**

Audit Committee 26/09/14 Report  
(Strategic Risk Register)  
Cabinet 04/09/13 Report B (Risk  
Management Strategy and Strategic  
Risk Register)

## RISK MANAGEMENT STRATEGY

1		<b>New Forest District Council actively manages risk in order to contribute to meeting its objectives and statutory obligations. The Council will use this strategy as a tool to promote innovation and safeguard against threats in support of the Corporate Plan</b>
2		<b>Definition</b> – Risk is an event or uncertainty that may enhance (an opportunity) or impede (a threat to) the Council's ability to achieve one or more of its objectives effectively
3		<b>Risk Identification</b> - Strategic risks will be identified against corporate challenges and priorities within the corporate plan. Operational risks will be identified within the day to day issues that managers and staff encounter
4		<b>Risk Analysis</b> - Risks will be analysed to determine the frequency/likelihood of an adverse event or outcome occurring and the impact/severity if it did occur. They will then be prioritised for action. Risks will also be analysed to support strategic policy decisions and financial planning within reports
5		<b>Risk Control</b> - To mitigate against identified risks the Council will opt to control the risk by taking action to manage the likelihood and/or impact down, to accept the risk, to transfer the risk through insurance or contractual arrangements or terminate the risk by ending the activity or taking the decision not to do something
6		<b>Risk Recording</b> - Risks will be recorded in a series of risk registers. Risks to the achievement of the Corporate Plan will be contained by Portfolio in the Strategic Risk Register and service specific risks recorded in the relevant Service's register. In the case of significant projects the Project Manager will ensure that risks are considered in line with the Council's Project Management Guide
7		<b>Risk Monitoring and Reporting</b> - As far as possible Risk Management is embedded within existing practices and aligned to the Performance Management Framework. The Strategic Risk Register will be reported annually to Cabinet. The effectiveness of the risk management framework will be reported annually to the Audit Committee within the annual audit and assurance report
8		<b>Roles and Responsibilities</b> - Elected Members have a responsibility to understand the strategic risks that the Council faces and will be made aware of how these risks are being managed through the annual performance process. The Audit Committee is responsible for monitoring the development and operation of Risk Management. Officers are responsible for the delivery of the strategy
9		<b>Guidance and Review</b> - Detailed guidance in support of the Council's Risk Management arrangements is available to Members and Officers and the Risk Management Framework will be kept under review
10		<b>Contacts</b> – There are several strands to the Council's overall approach to Risk Management. In addition to strategic Risk Management it includes workplace health & safety, ICT disaster recovery, business continuity and operational risk management which includes the provision of insurance cover. For more information on any of these activities contact the Performance Management Team

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Portfolio	High Risk Areas Identified	Corporate Plan Priority	To Mitigate these risks the Council will:
<p><b>Leader's</b></p>	<p>Economic and demographic conditions limit growth and employment in the district and local business fails to prosper</p>	 <p><i>Helping local business grow</i></p>	<ul style="list-style-type: none"> <li>Review with partners, including the New Forest Business Partnership, the best way to support local businesses in the future</li> <li>Work with the relevant Local Enterprise Partnerships (LEPs) to the benefit of the district</li> <li>Develop the economic plan for the area</li> </ul>
<p><b>Finance &amp; Efficiency</b></p>	<p>Continued pressure on council finances results in an inability to deliver priorities and services</p>	 <p><i>Living within our means</i></p>  <p><i>Service outcomes for the community</i></p>	<ul style="list-style-type: none"> <li>Develop a Medium Term Financial Plan that delivers the Council's priorities</li> <li>Develop and undertake a programme of service reviews to ensure value for money and fundamentally assess delivery options</li> <li>Introduce stabilisation targets to manage budgets within existing resources</li> <li>Adopt an asset management strategy that optimises asset use and identifies revenue opportunities</li> </ul>
<p><b>Housing &amp; Communities</b></p>	<p>Unable to provide more housing to help meet the needs of the district</p>	 <p><i>More homes for local people</i></p>  <p><i>Working with others to achieve more</i></p>  <p><i>Service outcomes for the community</i></p>	<ul style="list-style-type: none"> <li>Develop the new local plan identifying sites for housing development</li> <li>Develop the Housing Strategy to include meeting future needs through remodelling of existing stock, stock acquisition and building</li> <li>Continue to work with partner Registered Providers to deliver additional homes in the District</li> </ul>
<p><b>Health &amp; Leisure</b></p>	<p>Health and wellbeing needs of residents are not met</p>	 <p><i>Service outcomes for the community</i></p>	<ul style="list-style-type: none"> <li>Fundamentally review and challenge existing health and leisure arrangements to maximise outcomes for the council and the customer in the longer term</li> </ul>

**Environment**

Unable to protect the natural beauty of the coastline and safeguard local residents



*Protecting the local character of our place*



*Service outcomes for the community*

- Continue to review and update a coastal maintenance programme identifying priority projects
- Undertake agreed coastal maintenance studies and work with elected members to identify alternative sources of funding

**Planning & Transportation**

External pressure for development fails to recognise and protect the special and unique character of the New Forest



*Protecting the local character of our place*

- Develop and approve a new local plan which fully reflects the requirements of the National Planning Policy Framework

## FINANCIAL MONITORING REPORT (BASED ON PERFORMANCE TO OCTOBER 2016)

### 1. INTRODUCTION

- 1.1 This report provides an update on the 2016/17 budget following on from the first report to Cabinet in August, which included the reporting of rephasings from the previous year.

### 2. BACKGROUND

- 2.1 The Council’s financial strategy of a continuous review of activities and services to identify opportunities for savings in expenditure alongside opportunities to generate income has been successful in addressing the significant reductions in government funding whilst at the same time maintaining key service levels. Budget monitoring reports form an important part of this process and support the ongoing development of the Medium Term Financial Plan (MTFP).

### 3. GENERAL FUND OUTTURN PROJECTION

- 3.1 A General Fund budget of £17.192m for 2016/17 was agreed by Council in February 2016. Net positive variations reported to Cabinet in August amounted to **£654k** and a reduced updated budget total for 2016/17 of **£16.538m**.
- 3.2 This report identifies new positive budget variations of **£1.061m** and new budget requirements of **£279k**. In addition, the report identifies budgets rephased to later years of £272k with the amount returned to earmarked reserves. **The latest General Fund estimated outturn is now £15.756m**. The table below provides an overview of the variations and full details are provided in sections 3.3 to 3.5.

	Para.	Savings £'000	New Req. £'000	Rephasing £'000	Total £'000
<b>Original Budget April 2016/17</b>					<b>17,192</b>
Variations agreed in August	3.1	-731	110	2,297	1,676
Transfer from Reserves in August	3.1		-33	-2,297	-2,330
<b>Updated Budget August 2016/17</b>		<b>-731</b>	<b>77</b>	<b>0</b>	<b>16,538</b>
Portfolio / Committee Items	3.5	-551	279	-57	-329
Asset Maintenance / Replacement	3.6	-489		-185	-674
Business Development / Third Party	3.7	-21		-30	-51
<b>Total Budget Variations This Period</b>		<b>-1,061</b>	<b>279</b>	<b>-272</b>	<b>-1,054</b>
Transfer to Reserves This Period				272	272
<b>Updated Budget October 2016/17</b>		<b>-1,792</b>	<b>356</b>	<b>0</b>	<b>15,756</b>

- 3.3 The majority of the Portfolio / Committee items have occurred as a result of the new Service Managers working towards the achievement of their large budget stabilisation targets factored into the Council's latest (October) MTFP.
- 3.4 The large savings and rephasings relating to the Asset Maintenance and Replacement programme are included as a result of a review of the complete programme, in order to effect a 're-set' and budget for a deliverable programme in 2016/17. The revised programme budget is now £2.075m, with spend (committed and actual) after 7 months totalling £900k. Some projects included within the £489k savings will be included within future years' programmes, and will be assessed in line with the overall programme requirements, as against the funding available outlined in the MTFP.

### 3.5 PORTFOLIO/COMMITTEE ITEMS

#### **Savings: £551k**

- £150k – The positive development of **car parking income** in respect of both clock sales and meter income which started in 2015/16 has continued into 2016/17. Aided by fair seasonal conditions, this is expected to result in additional income of approximately £150k in this financial year (P&T).
- £160k – Total Savings of £60k are now expected as a result of staff structure reviews in the **Revenues Service** (£20k) and **Benefits Service** (£40k). The service will, in this year, also benefit from additional one-off Government funding for the implementation of welfare reforms which have largely been implemented from within existing resources (£70k) and the fact that the Government subsidies for housing benefit and the local council tax support scheme administration are higher than originally anticipated (£30k) (F&E).
- £70k – Total savings of £70k are now expected within the **Streetscene Service** as a result of temporary vacant posts (£30k), a planned reduction in overtime costs (£20k) and sub-contractor savings (£20k) (ENV).
- £63k – Staffing savings (£46k) and additional external income (£17k) within Community Safety result in an overall ongoing saving of £63k (HSG & COMM).
- £58k – Additional income has been received in respect of the telecommunications mast at Lymington Town Hall. This covers payments in respect of previous years which have now been received.
- £50k – Staffing savings of £60k have resulted following the Accountancy team restructure, £50k of which will benefit the General Fund and £10k the Housing Revenue Account.

#### **New Requirements: £279k**

- £250k – It is anticipated that some one-off transition costs may be incurred in order to deliver further efficiency savings. The savings outlined in this report enable a sum of £250k to be set aside, without impacting on reserves.
- £29k – Delays in the implementation of the In-cab technology project (see 3.6) will delay the forecast savings being achieved (ENV).
- **Planning fee income** is currently £30k ahead of last year's figures, with **land charges income** falling short by a similar amount. This area will continue to be closely monitored as changing income earning patterns in the remainder of the year have the potential to lead to significant variations (P&T).



### Rephasings to 2017/18: £57k

- £57k – Investigations have taken place to see if the Text Reward Service project (relating to waste & recycling collection) could be integrated into one larger corporate project involving other Council services. This has resulted in a delay to the commencement of the project, and so now requires rephasing to 2017/18 (ENV).

## 3.6 ASSET MAINTENANCE / REPLACEMENT

### Savings: £489k

- £489k – The overall total is £540k, of which £51k relates to the Housing Revenue Account. The impact on the General Fund is therefore a reduction in costs of £489k:

	GF	HRA
• Environment	£54k	
• Health & Leisure	£221k	
• P&T (Parking)	£55k	
• Offices & Depots	£145k	£51k
• Vehicles & Plant (Minor)	£14k	

### Rephasings to 2017/18: £185k

- £185k – In-Cab Technology (£217k total; £185k GF and £32k HRA):  
The Council's ICT function is currently subject to a corporate review. This review is wide ranging and will take some time to undertake. It is likely that the current ICT systems will change in some form and the in-cab technology relies on data transfer from the cab of the vehicle to the CRM or equivalent in order for it to function fully. It is unclear what CRM system will be in place in the immediate future and therefore it is recommended that this project be deferred until 2017/18.

## 3.7 BUSINESS DEVELOPMENT/THIRD PARTY GRANTS

### Savings: £21k

- £20k – A saving is currently projected on the Community Grants programme.
- £1k – A saving is currently projected on the Business Development programme.

### Rephasings to 2017/18: £30k

- £30k – Rephasing is required relating to the Council's community grant contribution towards the large redevelopment project at Lepe Country Park.

#### 4. CAPITAL EXPENDITURE (General Fund and Housing Revenue Account)

- 4.1 The Capital Programme agreed in February amounted to £20.669m. New requirements approved by Cabinet in August amounted to **£1.363m** and this, together with rephasings from 2015/16 of **£2.161m** resulted in a revised capital budget of **£24.193m**.
- 4.2 This is now reduced to a revised capital budget of **£21.343m** to reflect additional budget requirements of **£100k** and rephasings of schemes to future years of **£2.950m**, as outlined in the table below and reflected in paragraphs 4.3 and 4.4:

	Savings £'000	New Req. £'000 Para 4.3	Rephasing £'000 Para 4.4	Total £'000
<b>Original Budget April 2016/17</b>				<b>20,669</b>
Variations agreed in August		1,363	2,161	3,524
<b>Updated Budget August 2016/17</b>	<b>0</b>	<b>1,363</b>	<b>2,161</b>	<b>24,193</b>
Public Sector Housing			-1,900	<b>-1,900</b>
Other Services		100	-1,050	<b>-950</b>
<b>Total Budget Variations This Period</b>		<b>100</b>	<b>-2,950</b>	<b>-2,850</b>
<b>Updated Budget October 2016/17</b>	<b>0</b>	<b>1,463</b>	<b>-789</b>	<b>21,343</b>

#### 4.3 New Requirements: £100k

- £100k – Additional vehicle procurement costs due to timing of vehicle procurement and/or specification changes (£86k, equivalent to 8%) and items moved from revenue budgets to capital budgets (£14k; paragraph 3.6).

#### 4.4 Rephasings: £2,950k

- Capital costs originally assumed for 2016/17 now rephased to 2017/18 or future years and so will be included as part of the budget setting proposals for the relevant year, are broken down as follows:

	£'000	£'000
<b>Public Sector Housing:</b>		
· HRA Major Repairs	-1,720	
· Extensions to Properties	-30	
· Older Persons Schemes Allocations	-150	
		-1,900
<b>Environment:</b>		
· Procurement of Cemeteries Land	-17	
· Beach Hut Works	-50	
· Coast Protection Schemes	-119	
<b>Finance &amp; Efficiency:</b>		
· Vehicle & Plant Acquisitions	-258	
· New Depot Site Feasibility	-37	
<b>Planning &amp; Transportation</b>		
· Open Space Projects	-259	
· Transportation Projects	-310	
		-1,050
<b>TOTAL</b>		<b>-2,950</b>

## 5. HOUSING REVENUE ACCOUNT (HRA)

5.1 A break-even HRA budget for 2016/17 was agreed in February 2016. The table below summarises the revised position, taking into account the current reported variations (detailed in paragraphs 5.2 – 5.5):

### HRA Budget Summary

	Original Budget £'000	Variations Oct £'000
Income	-28,113	
Revenue Maintenance	4,770	
Supervision & Management	5,027	-61
Rents, Rates, Taxes & Other Charges	11	
Provision for Bad Debt	150	
Capital Financing Costs	4,488	
Contribution to Capital	13,667	-1,900
	28,113	<b>-1,961</b>

5.2 Paragraph 4.4 identifies a variance of £1.9m in the Housing Capital Programme, largely due to delays in the Major Repairs Programme (following changes to the Property Services Team). As this programme is budgeted to be financed from the HRA an equivalent saving is anticipated in the revenue account.

- 5.3 Asset Maintenance and Replacement programme savings, identified for offices and depots in paragraph 3.4, will result in a £51k cost saving for the Housing Revenue Account.
- 5.4 The £32k rephasing included in paragraph 3.6 will be absorbed within the overall building works on-cost account (and so not reflected in the table above).
- 5.5 As detailed in paragraph 3.3, £10k of savings in Accountancy staffing costs will benefit the HRA.
- 5.6 In accordance with current policy any underspend in the Housing Revenue Account at the year-end, after ensuring the optimum use of capital and revenue resources available, will be transferred to the Acquisitions and Development Reserve, retaining the current Housing Revenue Account general reserve balance at c£1m.

## **6. CRIME AND DISORDER / EQUALITY AND DIVERSITY/ENVIRONMENTAL IMPLICATIONS**

- 6.1 There are no Crime & Disorder, Equality & Diversity or Environmental implications arising directly from this report.

## **7. PORTFOLIO HOLDER COMMENTS**

- 7.1 We continue to make steady progress and to meet challenging and ever changing targets.

## **8. RECOMMENDATIONS**

- 8.1 It is recommended that Cabinet notes the latest budget forecasts of the General Fund (para 3.2), Capital (para 4.2) and HRA (para 5.1), and recommends to Council the inclusion of the new budget requirements as outlined in sections 3.5 and 4.3.

### **For Further Information Please Contact:**

Alan Bethune  
Service Manager – Finance & Audit  
Telephone: (023) 8028 5588  
E-mail: [alan.bethune@nfdc.gov.uk](mailto:alan.bethune@nfdc.gov.uk)

### **Background Papers:**

Financial Monitoring Report 03-08-16  
Medium Term Financial Plan 05-10-16