![New Forest District Council logo]

NOTICE OF MEETING

Meeting:	**CABINET**
Date and Time:	**WEDNESDAY, 1 FEBRUARY 2017, 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

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

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 4 January 2017 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. **ICT STRATEGY** (Pages 1 - 16)

To recommend to the Council that a proposed new ICT Strategy, to cover the next 12 to 18 months, be approved.

5. **COMMUNITY GRANTS** (Pages 17 - 32)

To consider the recommendations of the Community Overview and Scrutiny Panel with respect to the payment of Community Grants.

6. **MEDIUM TERM FINANCIAL PLAN AND ANNUAL BUDGET FOR 2017/18** (Pages 33 - 50)

To consider the Medium Term Financial Plan and budget for 2017/18 and to recommend them to the Council for adoption.

7. **HOUSING REVENUE ACCOUNT BUDGET AND HOUSING PUBLIC SECTOR CAPITAL EXPENDITURE PROGRAMME 2017/18** (Pages 51 - 58)

To consider the Housing Revenue Account Budget and Housing Public Sector Capital Expenditure Programme and to recommend them to the Council for adoption.

8. **SOUTH EAST EMPLOYERS ORGANISATION - OUTSIDE BODY APPOINTMENT**

To appoint Cllr J D Heron to replace Cllr Wise as one of this Council's representatives on the South East Employers' Organisation.

All other representatives and reserves remain unaltered.

To: **Councillors**   **Councillors**

Mrs S V Beeton   E J Heron (Vice-Chairman)
J E Binns   J D Heron
Mrs J L Cleary   B Rickman (Chairman)

CABINET: 1 FEBRUARY 2017

PORTFOLIO: FINANCE AND EFFICIENCY

ICT STRATEGY 2017/18

1.   INTRODUCTION

1.1   The purpose of this report is to set out and seek agreement to the proposed new ICT Strategy for the next twelve to eighteen months.

2.   ICT STRATEGY

2.1   It is proposed to keep this ICT strategy's time window to twelve to eighteen months to ensure a level of agility with regard to the future that has been lacking in this Council's approach to ICT in the past.

There are two compelling reasons for taking this approach:

- Uncertainties with regard to the future requirements for ICT at this Council.   For example, the evolving Digital strategy and degree of 'channel shift' we may wish to enable through technology.
- As we are all aware from our own experience of computing (e.g. smart phones, tablets, online commerce, and social media) the world of information technology is moving so fast that any strategy that fixes any aspect of ICT is likely to be proved redundant very fast.   This has never been more so with the rapid developments of, for example, mobile devices, cloud computing, hyper-convergence, internet of things (IOT), automation and software as a service.

With this in mind it is proposed that this strategy is reviewed and incrementally redefined on a twelve to eighteen month basis.   This means that this Council can adjust ICT, within a framework of clear service objectives, to respond to new opportunities, take advantage of new technology, or reorganise the team at relatively short notice in comparison to the historical pace of change.

2.2   The ICT Strategy consists of four components: ICT Projects Portfolio, ICT Organisation, ICT Technology Roadmap and ICT Operating Model.   In addition, special consideration has been given to Members' ICT requirements.   The strategy is attached as Appendix 1.

3.   CRIME AND DISORDER, ENVIRONMENTAL AND EQUALITY AND DIVERSITY IMPLICATIONS

3.1   None arising directly from this report

4.   FINANCIAL IMPLICATIONS

4.1   At a headline level the changes, while creating a more agile and flexible IT function, will result in lower operating costs.   Payback approved by EMT is under 2 years.

5.   VIEWS OF CORPORATE OVERVIEW AND SCRUTINY PANEL

5.1   The Corporate Overview and Scrutiny Panel supported the recommendation and asked to receive progress reports as appropriate.

6.   PORTFOLIO HOLDER'S COMMENTS

6.1   This strategy is an important step forward for this Council as ICT will need to provide the support necessary for new and efficient delivery of services.

7.   RECOMMENDATION

7.1   It is recommended that Cabinet support and endorse the ICT Strategy.

For further information please contact: **Background Papers:**

Rob Beere   Attached
Service Manager – ICT Services
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E-Mail: rob.beere@nfdc.gov.uk

APPENDIX 1 – ICT STRATEGY REPORT

Contents

Section	Contents
1	Introduction & Context
2	ICT Projects Portfolio
3	ICT Organisation
4	ICT Technology Roadmap
5	ICT Operating Model
6	Members' ICT

1.   Introduction & Context

The strategy aims to address the key domains of Stakeholder, People, Technology and Processes. This is in order to reach a clear understanding of the key reasons for ICT doing what it does. Specifically, why we are doing one thing and not something else, who does it, what we do, and how we do it efficiently and effectively.   The strategy is laid out to follow this structure and each section covers one of these domains, with a final section to address Members' ICT requirements. This is illustrated in Figure 1 below.

	Stakeholders "why?"	People "who?"	Technology "what?"	Processes "how?"
Scan	Meetings, ICT Survey – accumulated issues, requirements & demands	Current team SWOT, roles & responsibilities, organisation	Apps Architecture mapping, Infrastructure issues, legacy estate versus digital	Governance, workflows, practices - team & suppliers
Analysis	Potential projects, business cases and how to proceed	Positives & negatives	Tactical and strategic options and drivers against demand	Positives & negatives
Vision	EMT, Service Managers, Members, decide on and buy in to investments and benefits & sequencing	Draft new organisation to meet ICT Strategy	Integration of new technology with existing investments	New practices, behaviours and governance for ICT
Outcome	**ICT Projects Portfolio**	**ICT Organisation**	**ICT Technology Roadmap**	**ICT Operating Model**

Figure 1: ICT Strategy components (from 100 Day Plan)

Goals and Objectives of ICT

The goals of the ICT Service are as follows:

•   To deliver an IT Service that applies the right digital technology to enable the council to meet the Corporate Plan & Service Plans

•   To collaborate with Members, EMT, Service Managers, Officers, and Suppliers, to deliver increasingly efficient services and financial improvements through ICT

- To sustain a professional, productive, and enthusiastic ICT team who focus on 'the customer' and work towards continual improvement

To meet these goals ICT will have six objectives:

Supporting our Corporate Plan with NFDC wide Applications
Helping deliver our Service Plans through individual applications
Maximising Digital Public Engagement
Standardising/Reinforcing/Protecting our technology platforms
Enabling a flexible/mobile workforce without compromising security
Being devolution ready – being open to shared services, common platforms and integrated applications where practical

Key Issues Today

ICT has clear and present issues to face today:

1. A pent up demand for ICT across council services, ranging from the need for application upgrades to wholesale renewal of systems.
2. An aged and somewhat unstable 'on premise' infrastructure, opaque asset management, unclear license compliance, constraining network architecture, and limited technology to assist mobile working.
3. A deficit in modern technology know-how or skills within the NFDC ICT team.
4. A weak partner/supplier network with a largely legacy mind-set and limited capability to help us change or improve.
5. Unclear direction as yet for Digital at NFDC making it hard to invest in ICT without risking later technology redundancy.

The ICT Strategy aims to address and plot a course to resolve these issues.

2. Projects Portfolio

Introduction

The objective of this element of the strategy is to document the ICT requirements of NFDC's Members, EMT and Service Managers. The output is a list of potential ICT projects that can be put through the formal process of business case development. This will enable the creation and, most critically, the evolution of the ICT Asset Maintenance/Replacement Programme over time to reflect the changing needs of NFDC.

Actions Taken

Through a formal ICT survey in July 2016, each Service Manager was asked to describe where they felt that ICT could be improved, and what ICT development projects they would like to see progressed, subject to business case development and approval. This resulted in a long list of potential projects covering every area of the council's services. This was then

discussed with EMT and the process of engaging with Members, via CO&SP and the Finance and Efficiency Portfolio Holder, was instigated.

(This includes work on what 'Digital by Default' means at NFDC and how we go about achieving as much as possible digitally while recognising the unique character of the New Forest and the specific needs of the population of our district).

This eventually resulted in the development of a Projects Portfolio covering all service areas with circa 40 items. This was used as initial input to the creation in October / November of the ICT Asset Maintenance/ Replacement Programme for 2017/18 and 2018/19. The 40 items were then whittled down with EMT into 4 key priority items that break out into a series of projects in one of three categories: foundation, improvements or optimisations. This is illustrated in the diagram below.

Optimisations
- Better face to the public (Web Enhancements)
- Fix Broken Apps (CRM, Waste Mgt Systems)
- 'Digital by Choice' strategy (Channel Shift)

Improvements
- Improve Working Environment (eg Wireless offices)
- Efficiency (Mobile Devices for Officers)
- Data and Metrics (eg better productivity stats)

Foundations
- Maintain Front Line Services (Infrastructure & Network Environment)
- Exec/Mgr Productivity & Connectivity (Mobile Devices, Office 365, Skype)
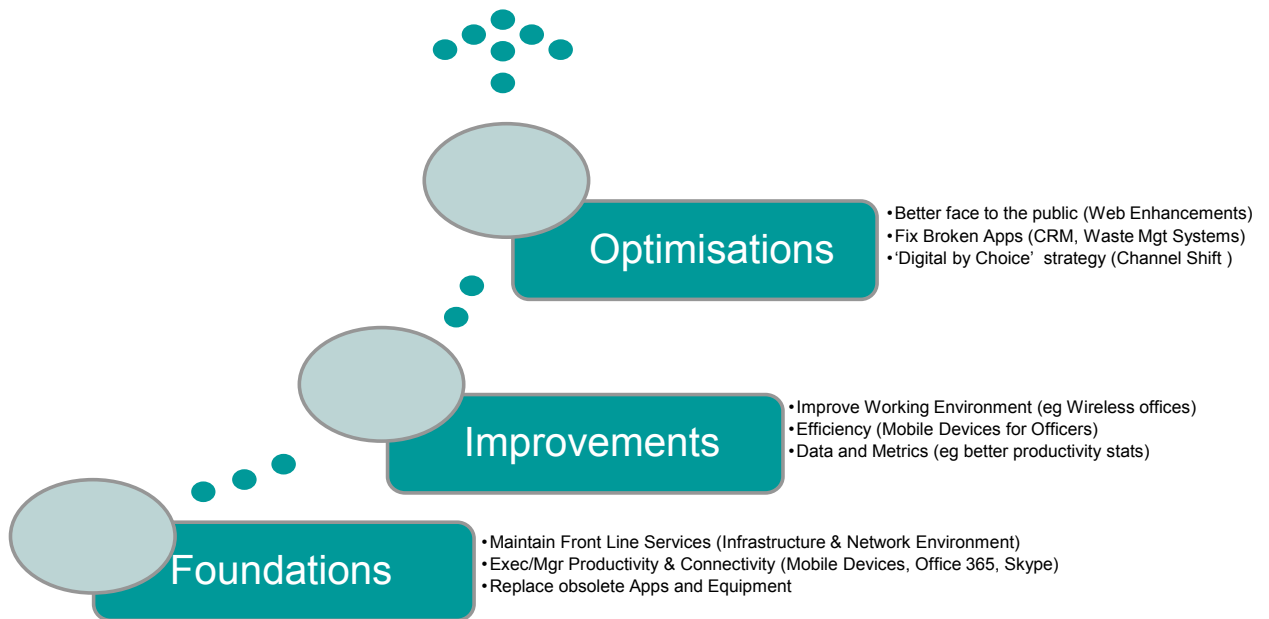- Replace obsolete Apps and Equipment

Figure: Asset Maintenance / Replacement Programme

The items within these categories that are proposed will each need business cases and detailed budget approval and they are as follows.

a. ICT to Protect and Maintain Front Line Services

This consists of a series of projects to design, specify, procure and implement infrastructure and applications to protect and improve council services and reduce the risk of serious outages, security threats, or degradations in systems performance. These projects will address the age, capacity, and performance issues of our hardware, software and network connections across the council by updating central servers and storage equipment, and replacing applications like EDRMS and Office/Outlook with more up to date services including Cloud and Software as a Service.

The specific projects will include:

1. Refresh Hardware, Software & Connectivity in Server Rooms (e.g SAN, Uniclass, SQL, Agresso servers). A range of our equipment is at a point where it is either at the end of support or at risk of failure; we need a thorough review and plan to replace it. This may be replacement of individual servers or devices like tape drives or else the wholesale replacement and move to cloud-based or hyper-converged technology.

2. Backup solution (On premise or Cloud) for IT systems. Investigation, selection, procurement, development and implementation of back up infrastructure based on cloud technology to replace the existing aged and capacity limited hardware on premise.

3. Investigation, selection, procurement, development and implementation of Office 365 alternative to on premise Outlook and Office toolsets with cloud based subscription model.

4. Review and expansion of connectivity to the internet to enable better provision of Cloud computing. We currently have a single point of failure in the form of our internet connection via Hampshire County Council using HPSN2.

5. Infrastructure Management environment. We currently have no means of understanding or addressing failures or degradations in our IT infrastructure. Hardware, software and network monitoring is becoming more and more vital as council services move to more mobile ways of working and cloud based infrastructure that relies on good integration and inter-connectivity.

6. Meridio must be replaced as it will not be supported by the vendor after Feb 2017. We will run with limited support and start the replacement project mid 2017/18. The project will cover the selection, procurement, development and implementation of replacement of the remaining Meridio data stores not replaced by IDOX. The project will also include migration, integration and optimisation activities.

7. Improve the ICT in committee rooms in ATC and MLD so they are fit for purpose and easy to use.

8. Replacement of personal computing equipment with up to date devices for better productivity and work-force flexibility based on new specifications, including potential mobile working options like laptops/tablets where appropriate.

b. Wireless Connectivity in Major Sites

This project is concerned with the investigation, selection, procurement, development and implementation of improved WIFI capability for key offices, depots and the Health and Leisure centres in the district. The aim is to improve working efficiency and flexibility, for example by aiding hot desking, committee room working, and visitor connectivity.

c. Improve Customer Interactions

This project will improve customer interactions through three distinct projects.

1. Replacement of existing Excel and Status CRM based systems with more efficient systems for all aspects of environmental collection services. This will remove the keying and rekeying effort associated with the current processes and enable the council to offer a better public facing service for residents and local businesses.
2. CRM replacement project to replace the aged and functionally limited system. The requirements are being worked up by a Customer Services project team between now and March 2017 and this will determine the best options for a solution.
3. Website enhancements to improve the current GOSS website. GOSS have a more up to date website offering that needs to be investigated. This is linked with the CRM and Waste projects above and these will need careful coordination to ensure money is spent on the right enhancements in the right sequence.

d. Integration of NFDC and New Forest National Park Authority (NFNPA) IT functions

This project will conduct an investigation into the scope for closer integration between NFDC and NFNPA IT functions for mutual benefits. Currently NFDC provide an agreed level of

support for NFNPA covering mapping (GIS), planning (Acolaid), finance/procurement/HR (Agresso) and the National Land and Property Gazetteer (NLPG). If developed further, NFDC and NFNPA could collaborate on additional IT services encompassing areas such as server management, shared networks, shared working, joint procurement and strategic IT planning. These would be added to the Service Level Agreement already in place. To achieve this would require the creation of capability to deliver the joint ICT services, the costs of which would be agreed between NFDC and NFNPA.

Actions Remaining

There remains the question of how the series of potential projects flagged by Service Managers should be addressed. These range from a total review/replacement of the HR/Payroll environment, to small enhancements to specific applications such as Orchard, Acolaid, Gladstone and Agresso. It is clear that completing the Foundation / Improvement / Optimisation projects will be a major investment of ICT time and effort and leave limited capacity to conduct more large-scale IT projects. However, it is intended that some enhancements to our key applications like Agresso, Acolaid, Gladstone and Orchard can be made via the 'business as usual' ICT teams who provide support and small enhancements. The way this could be managed via an Agile Demand Management process is covered in the Operating Model section further on in this report.

Next Steps

The next steps are EMT and Cabinet approval of the ICT Asset Maintenance/Replacement Programme. This will then be developed, via the Technology Roadmap, into a detailed Project Portfolio work plan for 2017-2018. This will be overseen by the ICT Service Manager and performed primarily by the Technology Officer and ICT Project Manager, two new roles within the new ICT Organisation, below.

3. ICT Organisation

Introduction

Perhaps the most critical task in developing a new ICT Strategy is the review and re-development of the organisation and structure of the ICT team to make it fit for future purposes. For this reason, a primary focus since September 2016 has been the design and implementation of a new ICT organisational model. This has taken a significant amount of management time but is now yielding results as the new team forms.

Actions Taken

There were a number of historical issues which the new ICT organisation structure addresses:

- Inefficient team groupings and insufficient clustering of knowledge and capabilities to ensure service resilience;
- Unclear ICT management team roles and responsibilities;
- Lack of clear competency grade levels or career development paths for ICT staff;

- An aging workforce and virtually no junior staff to feed into the base of the grade pyramid to provide the next generation of ICT staff.

Proposed Structure

Team 1 – ICT Service Level Management – This section will bring together Service Desk, SLA Management, Asset Management and Licensing under one manager. The manager will be supported by 1 Senior Analyst, 2 Analysts and 1 Graduate.

Team 2 – ICT Applications Management – This section will now bring together 3 existing teams: Property, Non-property and GIS. This proposal will reduce the number of management posts from 3 to 1.   The manager will be supported by 7 Senior Analysts, 2 Analysts, 1 Graduate, 1 Support and 1 Apprentice.

Team 3 – ICT Infrastructure Management – This section will bring together 2 existing teams, Infrastructure (including technical team) and Security. This proposal will reduce the number of senior posts from 2 to 1. The manager will be supported by 4 Senior Analysts, 2 Analysts, 1 Graduate and 1 Apprentice.

The ICT Service Manager is accountable for the transformation of the ICT team in accordance with the ICT Strategy. He will achieve this through the three teams listed above and by means of a **Transformation Office**, which will contain 3 specialists each reporting directly to the ICT Service Manager. The purpose of this Transformation Office will be to drive the necessary changes within ICT covering process improvement, technology innovation, and business case driven projects. There will be a specialist responsible for each of these topics.   They will report directly to the ICT Service Manager because of the cross-functional nature of each role, and because of the authority needed for each role to enforce change and drive transformation. Each specialist will sit on the ICT management team.

The specialist roles are as follows:

Specialist 1 – ICT Transformation Officer – This is a post to drive performance improvement across ICT and create a culture of continual improvement through processes, people and technology.

Specialist 2 – ICT Technology Officer – There will be ongoing requirement to ensure that the ICT Service and its clients are up to date with new technology, that opportunities to augment existing technology are realised, and that the integrity of the overall ICT architecture and standards are assured, maintained and improved. .

Specialist 3 – ICT Project Manager – There is likely to be an ongoing requirement for ICT project management resource within NFDC. This role provides the core project management capacity of one person to cover foundation ICT projects and whatever business/service driven projects can reasonably be assigned. . The project management capacity may be expanded with additional project managers if justified by approved business cases.

The new ICT organisation structure can be diagrammatically represented as follows.
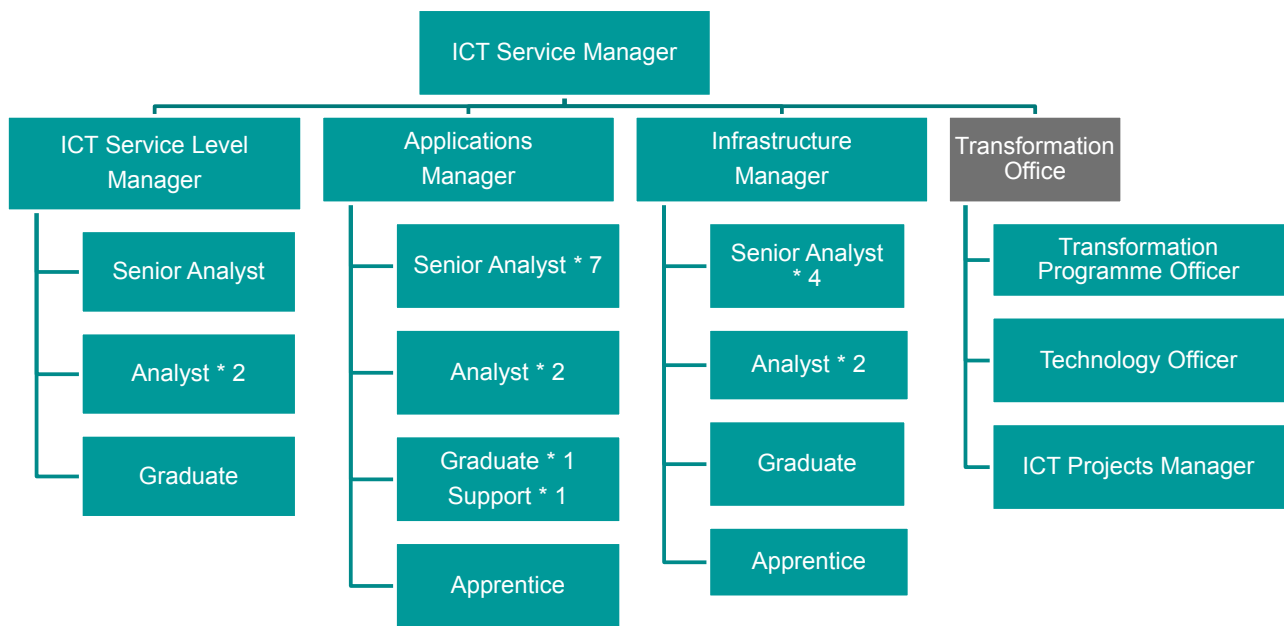
Figure: Proposed ICT Organisation Structure (showing Heads not FTE)

The new organisation proposes a career structure for ICT staff and this will be as follows, subject to Job Evaluation:

o   Level 1 Apprentice
o   Level 2 Graduate / Support
o   Level 3 Analyst
o   Level 4 Senior Analyst
o   Level 5 Manager

It is proposed that the 3 teams will have a number of staff at Levels 1 to 4; the numbers proposed are detailed above. This will ensure that tasks are done at the right level, that there is a career path for staff in a fluid IT job market, and ensure that we are bringing in up to date skills at an appropriate level.

We will take a proactive approach to Knowledge Management by using a matrix to define which Analyst has primary, secondary or tertiary responsibility for each application and each component of our infrastructure. This is a tried and tested means of spreading knowledge and creating a resilient organisation where several people hold knowledge about every IT component and can provide cover during holidays or sickness thus avoiding the 'single points of failure' which has dogged NFDC ICT.

Next Steps

The internal re-organisation towards the new structure was completed in early January 2017. We now have a number of vacancies which are currently being advertised internally and externally. We anticipate all appointments, bar the apprenticeships, to be in place by April 2017.   The apprenticeships will follow in May 2017.

It is worth stating that this reorganisation is the beginning of a continual evolution of the ICT team at NFDC. The skills and technical know-how needed in IT are changing at such a rate that, just as we need to review and renew the ICT Strategy every 12 to 18 months, we need to review and renew the ICT organisation in the same time window.

4. Technology Roadmap

Introduction

The purpose of the Technology Roadmap is to define the best way to meet the requirements defined in the Projects Portfolio/ Asset Renewal Programme. This is achieved by synthesising the following inputs:

- existing NFDC technology (such as our Server Rooms, Infrastructure, Network and Applications);
- new technology on the market (such as Cloud, Software as a Service, and infrastructure hyper convergence);
- best practices seen at other councils in relation to achieving both 'Digital by Default' and cost savings / efficiency gains (such as CRM-Lite, Office 365, Skype, Wireless, Hybrid/Tablets).

From these inputs we can determine how best to meet the requirements of the Project Portfolio / Asset Renewal Programme in a way that is cost effective, scalable, future proof and in line with best practice. The overall aim is to determine what assets in ICT we can:

- refresh, renovate or repurpose;
- and what we must renew, replace or remove.

Actions Taken

Since July, the ICT Service Manager has been scanning the IT market and the landscape of local government in order to understand the breadth of choices and the best practices across the UK in terms of Digital engagement and technical innovation. This is a potentially limitless task and so the work to date has only sampled a small fraction of the whole UK picture, but it is a start.

Scan of the IT Market

ICT have met with upward of fifteen suppliers (e.g. Microsoft, Phoenix, OSCL, Blue Chip, Embedded IT, Eduserv, Status, Jadu, Goss, Netcall) on topics as diverse as Digital by Default/Choice, CRM, infrastructure renewal, cloud services and service management. This has started to widen our insight into the art of the possible with technology today and tomorrow. It is an ongoing task which will require more focus before definitive positions can be taken on the right way forward for NFDC.

Scan of other councils

The ICT management team has met with various councils in Hampshire (Eastleigh, Basingstoke & Deane, Test Valley, Winchester City, Hampshire CC) and has also attended events which have provided an insight into some of the best of breed local government IT practice, such as the PSEICT conference. Some examples of the areas investigated are given below:

Who	Area of Interest
Maidenhead & Windsor	Digital by Choice (Channel Shift and CRM Lite)
Mid Sussex	Digital strategy in a similar district to New Forest
Wokingham	Use of Microsoft stack to create an end to end IT solution
Eastleigh	Transformation using Salesforce.com
Basingstoke & Deane	Cloud, Member technology, Office 365, Strategy
Test Valley & Winchester	Foundation infrastructure and IT Strategy
Derby	Cloud computing infrastructure
Wigan	Digital strategy

This activity has provided insights and ideas on how we can proceed at NFDC. Further discussions and investigations will inform not just the ICT strategy but also our customer engagement strategy. To this end, the ICT Service Manager is working closely with the Customer and Business Improvement Service Manager to ensure a common vision is developed for both service processes and technology used.

Next Steps

The next steps from the above scans are to commence formal projects for each of the defined areas to move from idea to a viable plan. There are some key inputs to this, some of which have been defined and some of which are outstanding. As discussed in the Project Portfolio section, the wider Service Manager requirements and the ICT foundation issues are now understood.

However, the direction of travel for NFDC in relation to Digital Strategy will take some time to resolve. The ICT Manager is part of the Customer Services Review project team which will be considering Digital engagement. This is due to report in approximately March 2017 and this will shape the technology direction of travel for our Digital engagement, both in terms of the general public but also for workforce efficiency and flexibility.

In addition, the ICT Organisation re-structure means that key ICT experts are now just being appointed or are still to be recruited. These staff, such as the Technology Officer and Project Manager, will be at the heart of the design of the architecture and running of the development projects to make the Technology Roadmap real and sustainable.

Given items on the critical path (e.g. Customer Services Review, ICT Restructure bedding down) it is realistic to expect a first draft Technology Roadmap to be created by end April 2017 with a more detailed version by end June 2017 and further iterations/refinements throughout 2017/18. The overall process can be seen as an input-process-output flow and this is summarised in the diagram below:

Service Manager requirements

ICT's foundation issues

NFDC Digital Strategy (customer & workforce)

New ICT Team creation

What Infra and Apps do we invest in?

Architecture

Specification

Procure Partner(s)

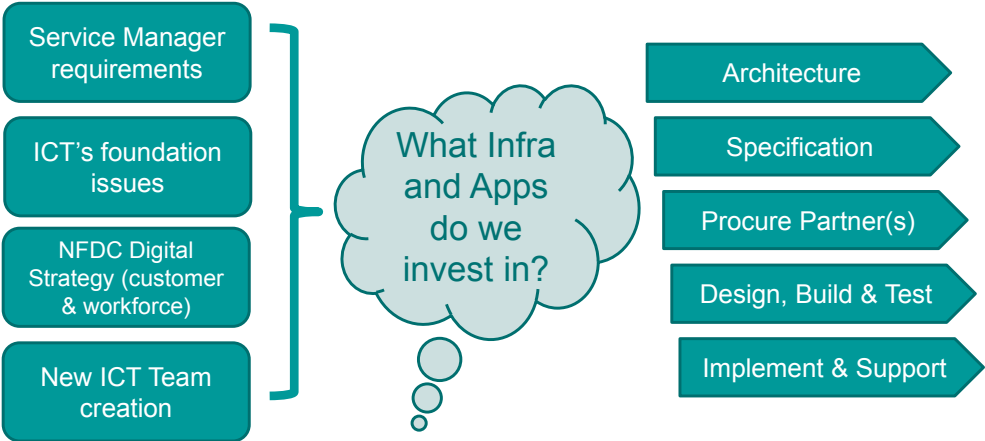Design, Build & Test

Implement & Support

Figure 3 – Input-Process-Output for Technology Roadmap

5. Operating Model

Introduction

The operating model provides the definition of how ICT go about their business of providing excellent support services to the rest of the council. The overall flow of functions across ICT can be seen as follows:
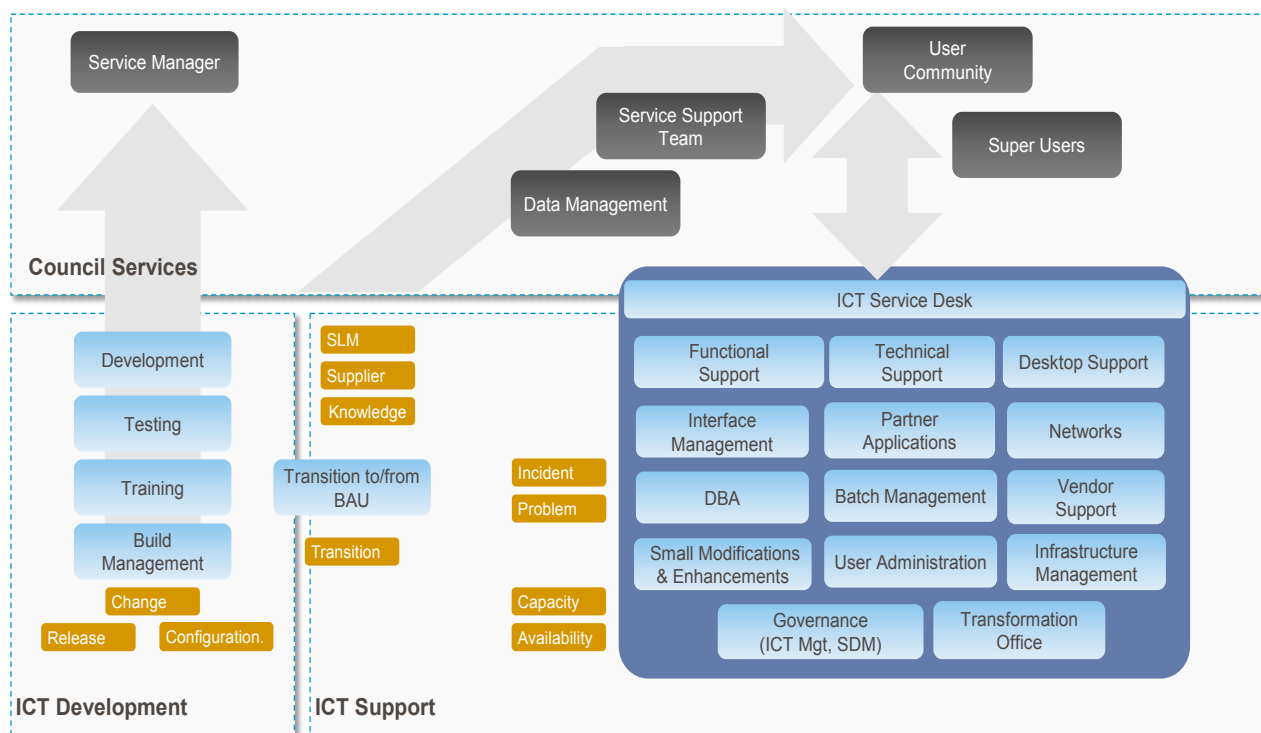

Figure – ICT Functional Model

It is important that every member of the ICT team knows where they fit into this functional model and understands the key work/data flows to and from their areas of responsibility. It has become apparent that currently there is:

- Limited understanding of this overall functional model within ICT across the team
- Little measurement or metrics around service delivery, for example mean effort to fix different types of incidents
- No process to improve or analyse ICT performance against such a functional model

These deficits in capability have led to the inclusion within the new organisation of a Transformation Officer to lead the development and implementation of the operating model, metrics and processes for standardisation, innovation and continual improvement within ICT. The Transformation Officer will report to the ICT Service Manager. Success for the post-holder will be measured by the clarity of the:

- operating Model;
- data points around ICT performance;
- functional responsibilities across the team;
- delivery of Continual Improvement.

This will be enhanced by the definition of a new ITIL compliant Operating Model for managing workload within ICT. This will be specific to NFDC and measure outcomes including fix and enhancement times and staff productivity. A draft Operating Model is shown below to illustrate the various activities and levels of support used to structure ICT workloads.
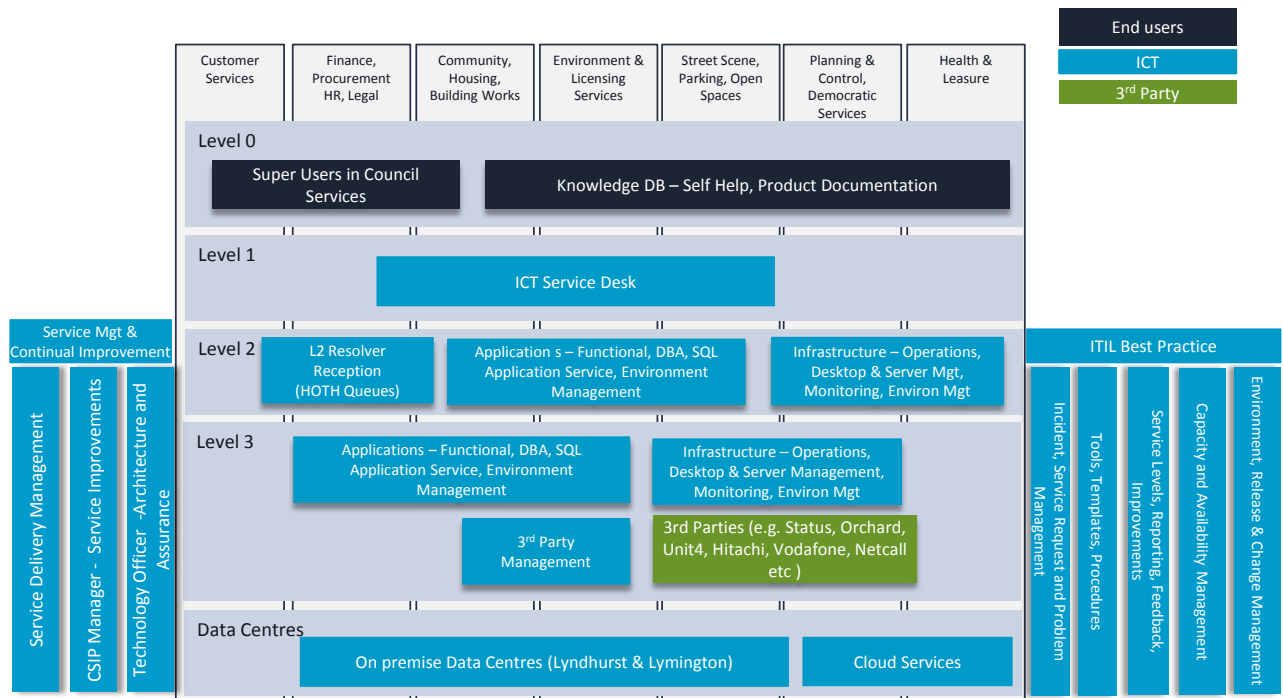

Figure: Draft ICT Operating Model with Support Levels 0,1,2,3

So, the Transformation Officer is key to the production of the new operating model. To achieve this they will produce a Continual Service Improvement Plan (CSIP) which will develop and enhance the operating model and will consist of a range of initiatives to:

- change the ICT team's working methods to conform to the operating model, and
- improve the ICT team's performance.

This will be achieved by methods such as:

- LEAN thinking for improved productivity and removal of redundant work products
- Agile for faster IT systems development
- Shift Left for earlier IT incident resolution
- Failure Mode Analysis to understand the root cause of IT problems

Each CSIP initiative can then be benchmarked for impact against six key areas ranging from IT Process Improvement through Productivity and Ticket Volumes to Business Process Improvement. From this analysis the initiatives with the greatest positive impact will be selected. The template for this analysis is given below, with example initiatives shown:

No	Initiative	IT Process Improvement	Knowledge & Skills	Productivity & Ticket Volumes	SLA & Business Outcomes	Technology & Landscape	Business Process Improvement
1	SHIFT LEFT Strategy						
2	Failure Mode Analysis (FMA)						
3	Quarterly Innovation Forum						
4	Application Renovation Study						
5	Cloud Readiness Study						
6	LEAN Implementation						
7	Client Satisfaction Programme						
8	Apps Service Enablers						
9	Business Outcomes						
10	Infra Improvements						

Figure: Continual Service Improvement Programme – Initiatives and Impacts

This model will enable us to decide which CSIP initiative will have the biggest benefit. For example if an initiative positively impacts IT Processes, Knowledge and Skills, and SLA and Business Outcomes this is a strong indication that it is worth pursuing.

An example of a specific initiative in practice is provided below. This shows the way the Transformation Officer could work with the ICT Management Team on Agile Based Demand Side Planning.

Example CSIP Initiative - Agile Demand Side Planning

In this situation, the ICT team will work with the relevant Council Service Manager to develop and maintain a rolling view of all work items and related resource requirements over a 1, 3, and 6 month planning horizon. This Demand Stack will cover all Changes and Incidents. This will be jointly reviewed on a monthly basis – items cleared will be removed, and then the full Demand Stack will be placed in business priority sequence.

Once completed, the resulting prioritised Demand Stack will become the actual work-plan for next month. This will enable Supply Side Planning. The 1 to 3 month forecast will take a firm view of the resources needed (volume, skill-set), with certainty steadily decreasing for the three subsequent months and will create a Resource Supply Plan.

Metrics will be collected to review delivery, quality and productivity.
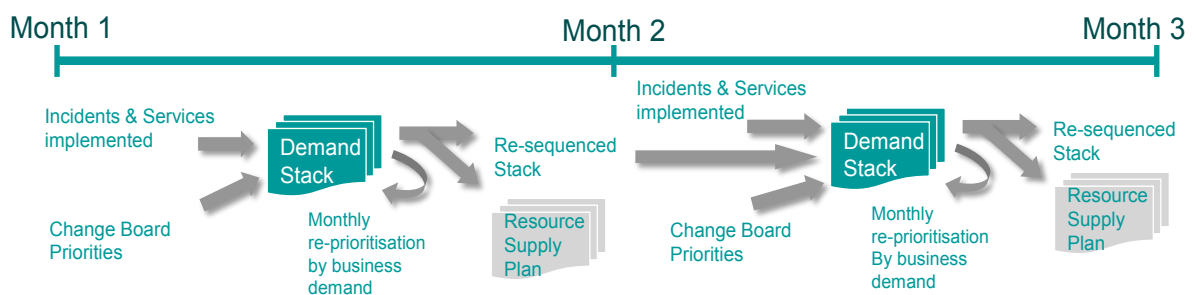
Actions Taken

The Transformation Officer role is part of the new ICT organisation and we have now appointed an officer to the post. In the coming weeks the handover of their current work will complete and they will commence

Next Steps

The operating model and CSIP will need to be fully developed, agreed and implemented by the Transformation Officer who will need to work in collaboration with the whole ICT Management Team and all ICT Staff.

6.   Members' ICT

Introduction

Providing great support to members is a small but vital element of ICT's overall responsibilities. ICT will aim to be responsive, knowledgeable and helpful in enabling Members to perform their duties using their IT equipment. This involves ensuring access to relevant NFDC services and data, being available to assist members in the event of problems, and providing technical support for the Chamber and Committee Rooms to enable the smooth and trouble-free execution of members' duties.

Actions Taken

ICT Working Group.
This group was used in years past to discuss and advise officers on issues relating to members' use of ICT, both generally and more specifically on matters such as the members' ICT security policy and access to the Council's systems. It has ceased to meet for the past year but will now be re-instigated and members have been asked for 6-10 nominations to participate. The Group will be a forum for officers to get feedback from members and to discuss possible innovations and/or improved ways of working which can be taken through formal decision-making processes as necessary. This group will ideally consist of members with a range of ICT knowledge and skills, from the competent to those who perhaps need greater levels of support and guidance. The group will meet for the first time in January 2017.

Drop-In Sessions
ICT will restart Drop-In sessions to advise and assist members with specific issues. The first Drop-In session was on 21 November in ATC and received circa 8 member visits and resulted in 2 subsequent home visits to resolve deeper ICT issues.

Actions Remaining
There are two other areas where ICT can potentially be of service to members.

Standard PC/Laptop Specification
ICT will create standard specifications for each type of device (PCs, laptops or tablet etc.) for officers and this will be shared with members in an appropriate format to enable them to make informed decisions when updating their own equipment.

Members' ICT Survey
If agreed by the Members' ICT Working Group, in 2017 ICT will create a member's ICT Survey to establish what else we can do to improve services. The contents of this will be agreed with the working group but the aim will be ensure we are assisting appropriately and providing great, supportive IT services for all members.

CABINET: 1 FEBRUARY 2017   PORTFOLIOS: FINANCE AND
                                            EFFICIENCY AND
                                            HEALTH AND LEISURE

COMMUNITY GRANTS

1.   BACKGROUND

1.1   At the 20 September 2016 Community Overview and Scrutiny Panel meeting,
        Members established a Task and Finish group to examine the Council's community
        grant process, including assessing the grant applications for 2017-18. Key to the
        work of the Group was to ensure that the Council's grants system was robust and
        transparent and, in response to the increasing financial pressures facing the Council,
        to ensure that the Council continued to receive value for money.

1.2   The Task and Finish Group comprised Cllrs Mrs Cerasoli, Davies, Penman and
        White with input from key Council Officers. Cllr M Harris, Chairman of the Corporate
        Overview and Scrutiny Panel also attended for the presentation by the Citizens
        Advice Bureau.

1.3   The Group reviewed the current process and agreed draft eligibility criteria
        (Appendix 1) which were presented to and agreed by the Community Overview and
        Scrutiny Panel at their meeting in November 2016. These criteria were used to assist
        the Group in their interviews with individual grant applicants. .

1.4   The Community Overview and Scrutiny Panel considered the recommendations of
        the Task and Finish Group at their meeting on 17 January 2017 to which all members
        were invited.   The recommendations of the Panel in respect of each grant application
        are set out in **Appendix 2**.

2.   PROCESS

2.1   All grant applicants (17 in total) were invited to attend a meeting with the Task and
        Finish Group to provide a 20 minute presentation (with the exception of Community
        First New Forest and Citizens Advice Bureau who were allocated a longer time slot in
        light of the larger grant amounts being applied for). Applicants were asked to
        evidence their accounts, business case and how their request would meet the needs
        of, and benefit, residents in the District. Applicants were also asked to explain how
        their funding request linked to the priorities set out in the Council's Corporate Plan.
        The presentations with the applicants were held over two days on 5 and 6 January
        2017.

2.2   Following the presentations the Task and Finish Group fully discussed and reviewed
        the information submitted and presented. In formulating a recommendation on the
        grant requests, members referred to the agreed criteria, the Council's Corporate Plan
        Priorities, and the value for money being offered.

2.3   With respect of the larger funding request from Community First New Forest
        (£80,000), members felt that further clarification was needed on how this money
        would be used, to the benefit of the residents of the New Forest. The organisation
        was invited to the full Panel meeting to give a further presentation to enable the
        Panel to determine what level of funding this organisation should be awarded for
        2017/18. The Panel concluded that the submitted information did not justify the

payment of the full amount requested and are recommending that the grant paid in 2017/18 should be £40,000. The grants requested by Community First specifically to support Nightstop and Health Walks should however continue to be paid in full. In addition, members of the Task and Finish Group and the Panel expressed their concern over the decision by Community First to cease the over 25's night stop project. It is suggested that, subject to a business case and matched funding, the council grant Community First New Forest an additional £7,500 towards this project, as it is the council's aim to ensure that all of the community grants are delivered in a transparent way, directly to those who are in need of it.

3.   FINANCIAL IMPLICATIONS

3.1   The total amount to be awarded, should the Cabinet approve the recommendations set out in Appendix 2, is £452,000.

3.2   In line with budget setting strategy, the revenue grants totalling £418,500, representing a saving of £20,500 in comparison to 2016/17, have been built into the General Fund budget, and the one-off grants totalling £41,000 will be funded via use of reserves.

4.   COMMUNITY GRANT APPLICATIONS: SUMMARY

4.1   Summary of Applications Received

Applications E and M are funding requests for one-off projects. The remaining applications are for the annual operating costs of key partner organisations with which the Council has a relationship.

ITEM	APPLICANT	RECOMMENDATION (£)
A	Hampshire and Isle of Wight Wildlife Trust	£25,000
B	Forest Arts Centre	£17,000
C	CODA	£2,500
D	The Waterside Scrap Store	No award
E	St Winifred's Church	No award
F	Ringwood School of Arts *	£6,000
G	Citizen Advice Service	£255,000
H	Forest Forge Theatre Company	£32,000
I	New Forest Disability Information Service	£10,000
J	hArt	£6,000
K	Avon Valley Concerts	£1,000
L	Yellow Door	£5,000
M	Lymington Rowing Club *	£35,000
N	Community First New Forest: Management and Advice	£40,000
	Community First New Forest: Nightstop	£15,000
	Community First New Forest: Healthy Walks	£2,500
	Community First New Forest Nightstop 25+	£7,500
Total		**£459,500**

 * One-off grants funded via reserves

5.   FUTURE GRANT APPLICATIONS

5.1   Following the determination of the level of funding to be awarded under the grants process for the 2017 financial year, the Group discussed how future grant requests should be managed. The Group felt that a clear timescale for receiving applications should be set, so that all applications could be considered, by a member Panel, en masse, at the same time. This also means that applicants would have a clearer understanding of when their application will be determined. In order to meet the Council's budget setting timescales, it is proposed that grant applications be submitted from August to November.

5.2   Furthermore, the Group felt that in order to ensure a fair and clear process, the Council should no longer contact previous grant applicants inviting their submissions (as in previous years), placing responsibility on the organisation seeking funding. This view was supported by the Panel

5.3   In discussing the funding request from the Citizens Advice Bureau, the Panel concurred with the Group view that, given the amount of the funding support, this organisation should not be considered under the grants process but rather a formal agreement should be set up with the Council. A separate Task and Finish Group will be established to review the future relationship and funding support with this organisation, with a view to gradually reducing the level of funding given.

6.   PORTFOLIO HOLDER COMMENTS

Health and Leisure: The grants process of 2016/17 marks an end to the previous system whereby financial aid received from NFDC was almost entirely at the discretion of the Portfolio Holder for Health and Leisure. The system did not allow for proper scrutiny by Members or for their direct involvement within the process.

As promised I have changed the system so that it is transparent, comprehensive, ensures proper scrutiny and guarantees that the views of all those Members that are willing to engage are sought. This year has been a trial-run for the new scheme and it has worked extremely well and I therefore expect to continue the revised system in following years. I would like to thank the Members who were selected to join the Grants Task and Finish Group, particularly Cllr. Michael White who was nominated Chairman.

The Task and Finish Group have approved 14 Community Grant applications totalling £459,500 of expenditure. Each application has been thoroughly scrutinised by the Grants Task and Finish Group, the Community Overview and Scrutiny Committee and by me personally as Portfolio Holder for Health and Leisure.

Any application should work towards the objectives contained within our Corporate Plan, enabling us as an organisation to deliver on the identified and varied needs of our communities throughout the entire district. In this spirit the grants approved cover an extremely wide base; outreach work with young people, voluntary organisations tackling social isolation in the elderly, disability advice, and support for groups working in the area of mental health.

This year have seen several new organisations apply for grant funding, with a clear majority of submitted applications being for very deserving causes. I am pleased that the Task and Finish Group have been able to approve many applications whilst working within the confines of budgetary pressures.

The total Community Grants allocation of £459,500 is not an insignificant investment in our local community. At a time when budgets are increasingly strained and funding streams diminishing, we acknowledge the tremendous contributions that civic organisations play within the New Forest. We will continue to nurture our community and third sector organisations where we can, and we recognise the many volunteers and community workers who help to invigorate and support our communities.

I therefore ask my Cabinet colleagues to approve the recommendations.

7.	RECOMMENDATIONS

7.7	It is the recommendation of the Community Overview and Scrutiny Panel that the following recommendations be put forward to the Council for approval: -

a)	That the grant eligibility criteria as set out in **Appendix 1** be approved and advertised on the Council's website;

b)	That the grant awards as set out in **Appendix 2** be agreed for inclusion in the Medium Term Financial Plan.

Further information: **Background Papers:**
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New Forest District Council Community Grants Scheme and Eligibility Criteria

Context

New Forest District Council aims to support a range of voluntary and community organisations to provide activities for local people. The funding programme reinforces the Council's corporate priorities of being "collaborative, proud and customer focused", securing a better future for the New Forest by "assisting the well-being of those people who live and work within the District".

Aim

The Community Grants programme aims to provide opportunities for discretionary grants to be awarded in support of local not-for-profit community and voluntary services.

Categories

There are two types of grants that can be awarded in the scheme: -

Small grants – (£600* - £2,000) – these are open to applicants from local community and voluntary groups.

Large grants – (over £2,000**) – these are available for local projects/services provided by registered charities and not-for-profit voluntary/community organisations.

Partnership/Contractual Agreements - these are not "grants" as NFDC have a requirement to contribute to or are subject to an agreement for deliverer of agreed services.

*Applicants requiring monies less than £600 are encouraged to contact their local ward member(s) who hold funds of up to £600 from their community engagement grant awards.

**Maximum limit of £10,000 will be awarded. Anything exceeding this amount, the Council will consider entering into a formal Service Level Agreement, if this is a requirement need that cannot be provided in-house.

Who can apply?
Any registered charity, community interest group, community or voluntary organisation, school, health body or town or parish council meeting the Council's eligibility criteria.

What can the funds be used for?
Grants may be applied for revenue schemes or construction projects.
The grants will be awarded towards various costs/expenditure items that relate to activity described in the application form that align with the councils priorities as laid out in the corporate plan. Only one grant per organisation will be awarded.

The funds cannot be used for the purchase of personal items.

When should applications be made?
The funding will be granted on an annual basis. Organisations must apply for their grants every year between **August – November**. Applications received outside of this period will only be considered in exceptional circumstances.
Once the application deadline has closed, the applications will be appraised and all those meeting the eligibility criteria will be asked to attend a short interview with a Panel of

members. The member Panel will make a recommendation to the Cabinet of whether the awards should be granted.

The Council does not have an appeal system. If your application is not granted, then the Council will encourage organisations to make applications in the following years round of applications.

How to make an application

Applicants must provide evidence to support their application including the following: -
- Cost of the proposed activity
- Benefits to New Forest residents
- How they have identified the need for the activity
- Milestones – how will these be met
- Whether funds have been secured from other sources
- How the application delivers against the priorities of NFDC
- Organisations policies, procedures and relevant organisational documentation

What won't be funded?

- Individuals and items that mainly benefit individuals.
- Projects from private companies/profit-making/trading organisations/business enterprises
- Political or religious activities.
- Activities that happen or start before we confirm our grant
- Any costs incurred when putting together your application or before confirmation of grant.
- Construction projects where the ownership or lease is not yet in place (including any planning permissions)
- Purchasing of used vehicles or machinery
- Projects that take place outside of New Forest District Council area.
- 100% of required project funds.

After the grant has been awarded

- All applications will be required to sign a formal agreement.
- Applicants can only use the money that it has been awarded for.
- NFDC must be mentioned as a funding partner in marketing and promotional material and acknowledged on any appropriate signage.
- Successful applicants will be requested to submit a monitoring report giving progress on the scheme and following completion of the scheme and appraisal of whether key milestones were met.
- If the money is not used, for the specified purpose, for whatever reason, it should be returned.
- If the actual cost of the scheme is less than the estimate mentioned above, then the funding may be reduced proportionately. However, if the actual cost of the scheme exceeds the estimate, the funding will not be increased.
- The Council must be notified of the date on which the project will commence and the estimated completion date. The appropriate Executive Head must be informed of any delay which may result in a completion date later than that given.
- The Council shall have the right to inspect the project at all reasonable times.

In order for grants to be successfully awarded, applicants must meet the following **eligibility criteria**: -

- Organisations must have a written governing document (eg, a constitution, articles of association, trust deed etc)
- Governing documents must include a suitable dissolution clause.
- Organisations must have a UK-based bank account in the name of your organisation (or for schools, a local authority bank account) and financial procedures, that both require at least two people who are unrelated and do not live at the same address to sign cheques or make a withdrawal.
- Your project must be completed within one year of award.
- The project must not be started (retrospective funding will not be considered).
- The application must expressly identify how it will meetNFDC outcomes.
- The service/activity that the grant will be used to fund MUST directly benefit New Forest residents.
- We are unlikely to fund organisations that are in poor financial health or those that have had a previous grant from us which has not been managed satisfactorily
- For applicants seeking "large grants" they must have a policy for financial risk
- Applicants must not sell or otherwise dispose of the facility, equipment or items purchased through grant fund money other than at full market value and in the event of such disposal an appropriate proportion of the proceeds (equal to the proportion of the original cost met by the funding) will be surrendered to the Council.
- Facilities must be fully insured on the basis of full replacement cost evidence that suitable policies of insurance are in existence.
- No part of the balance of the cost of construction projects will be raised by means of a mortgage secured on the facility without the previous written consent of the Council having been obtained.
- Facilities or projects that are granted an award must be open and accessible to the New Forest District Council community. For private or educational facilities this must be secured through a community use agreement.
- Organisations delivering projects aimed at children, young people or vulnerable adults must have suitable safeguarding policies and appropriate checks.

A	APPLICANT:	REASON FOR APPLICATION:
	Hampshire and IOW Wildlife Trust	**Annual operating costs Blashford Lakes community activities and site management**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£133,114	£133,089	£25,000

SUMMARY: The Trust operates the Blashford Study Centre and nature reserve on behalf of NFDC; Wessex Water and Bournemouth Water. All the partners contribute core operational funding. Indeed, both water companies individually contribute more per annum than the Council, in what is a discretionary activity for these commercial companies. The Trust provides informal and formal education opportunities for adults and young people. They are also able to offer a number of regular education and conservation volunteering opportunities. As they are a Trust, they have been able to attract significant investment in capital works, such that the site has won awards for its accessibility across the Reserve. Targeted programmes such as "buggy walks" for young parents; "walking for health" are all part of the broad appeal and impact of the project.

RECOMMENDATION: That the funding request of £25,000 be agreed.

REASON: This organisation has already seen a reduction in its funding through the loss of approximately £14,000 of administration support previously given by the Council. The management agreement between this organisation and the Council is due for renewal in July.

B	APPLICANT:	REASON FOR APPLICATION:
	Forest Arts Centre	**Annual operating cost Arts Centre and outreach activities**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£283,288	£266,852	£17,000

SUMMARY: Forest Arts Centre provides a leading venue for live arts events and has an extensive outreach programme. The Centre is operated by Hampshire Cultural Trust. The backing of the Trust has brought about new projects and opportunities, and the centre programming has led to an increase of throughput and continues to be well supported.

Targeted work through regular session such as SCARF (Supporting Special Children and their Relatives and Friends) are very well established and project work, for example with young people around drug education; adults with learning disabilities, work with older people tackling issues such as dementia and social isolation through the Better Life Chance team, and with young people in deprived areas of the district, have produced excellent outcomes.

RECOMMENDATION: That the funding request of £17,000 be agreed.

REASON: This organisation offers value for money through the numerous and extensive community based projects across the Forest particularly aimed at young people and hard to reach groups.

C	APPLICANT:	REASON FOR APPLICATION:
	Coda	Annual operating costs, providing music for health and wellbeing purposes.

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£360,000	£355,000	£2,500

SUMMARY CODA are an independent music trust, which is developing its links with local schools and community groups. There have been successful projects in the New Milton area and this application will enable more project work to be done. The aim is to facilitate creative music making for all ages and sectors of the community through high quality participatory music programmes, workshops and projects. Their funding will support particular work with children and young people.

RECOMMENDATION: That the funding request of £5,000 not be supported but that the funding levels of the previous year, namely £2,500 be awarded.

REASON: The Council will continue to support this organisation at the same funding level as previous years. The evidence to support the request for additional funds was unclear. In addition, due to the location of this organisation, only a small section of New Forest residents benefited from the services provided.

D	APPLICANT:	REASON FOR APPLICATION:
	The Waterside Scrap Store	Annual running costs towards the collection and distribution of re-useable materials for creative purposes

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£3760	£3217	£0

SUMMARY: The Waterside Scrap Store is a small, local organisation which is part of a national network of scrap stores. The Scrap Store provides low cost recycled arts and craft resources for the local community. The volunteers at the organisation collect quality re-useable "scrap" from groups, businesses and organisations around the district. They then sort and clean the materials so that members (schools, play groups etc) and individuals can come and obtain affordable resources for creative projects. On the basis that this organisation is not a registered charity the task and finish group recommended that the grant application not be supported.

RECOMMENDATION: That the funding request of £1,500 not be supported.
REASON: The applicant is not a registered charity and as such does not meet the Council's eligibility criteria. It was felt that the applicant could approach Totton District Councillors to request support through the Councillors Community Grant Scheme.

E	APPLICANT:		REASON FOR APPLICATION:
	St Winifred's Church		To redevelop the church to create a facility to expand the existing preschool to serve a community need.

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£250,000	£0	£0

SUMMARY: St Winifred's Church in Totton is an inter-generational hub for the local community. The larger project sees the development of the whole church. This application relates to the development of a new purpose built facility to address the needs to expand our existing preschool with dedicated toilets, and provide a space that can be used flexibly for sports and arts.

RECOMMENDATION: That the funding request of £250,000 not be supported.

REASON: The funding application was to support 100% of the overall project costs of the scheme which did not meet the Council's eligibility criteria. Furthermore, the Task and Finish Group felt that the Preschool currently on site, as a private enterprise should support this scheme. In addition, the lack of business case to support the application was of concern to the Group.

F	APPLICANT:		REASON FOR APPLICATION:
	Ringwood School Arts Foundation		Replacing existing seating at the theatre based at Ringwood School.

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£73,971	£61,902	£6,000

SUMMARY: The existing tiered seating at Ringwood School is utilised by the community for a wide range of mainly musical, theatrical and drama performance. These seats are no longer fit for purpose and may be withdrawn on health and safety grounds. This is the only theatre environment in Ringwood for more than 50 seats.
The facility is used by a range of community groups for regular performances such as Ringwood Musical and Dramatic Society, Steppin' Out Dance Academy, Swish of the Curtain, Ringwood Market Town Performers.
All of the groups use the facility in out of School term periods and in extra-curricular times, which opens the facility for community use.

The project objectives are;
- Replace the existing seating with modern seating which will deliver greater seating capacity and enhanced experience with tiered seating that can be installed through automation allowing a set up period of less than 3 hours by one person.
- Open up the availability of the hall to further community groups. This can be achieved due to the ability to use the hall for shorter bookings because of the greater flexibility of installing the seating and taking it down in such a short period.
- Support and raise funds for further projects to additionally enhance the quality and theatrical experience from both the community user's and the audience's perspective.

RECOMMENDATION: That the funding request of £12,000 not be supported. A grant of £6,000 would be awarded.

REASON: The applicant had already purchased and installed the chairs at the school through their own fundraising efforts. The applicant continues to make great effort in its fundraising. The Task and Finish Group felt that the award of £6,000 was appropriate. They also considered that as the award be conditional on the basis that the the chairs being subject to a community use of asset clause.

G	APPLICANT:	REASON FOR APPLICATION:
	Citizens Advice Service	**For support with the annual operating costs of the charitable organisation.**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£304,968	£28,221	£255,000

SUMMARY: The Citizens Advice Service is a charity which offers free, confidential, impartial and independent advice. They offer fully trained advisers and can offer advice on a wide range of problems faced by local residence, such as employment, consumer issues and housing. They are an independent New Forest charity serving the community of the New Forest District, we are open to everyone who lives or works in the New Forest. They run clinics out of six bases across the district.

RECOMMENDATION: That the funding request of £255,000 be supported. However, in noting that the leases on a number of CAB offices were due for renewal in 2018, a Task and Finish Group should be set up to examine the gradual reduction of future funding support, with particular focus on assistance with accommodation and investigation into modernising the service through greater use of new technologies.

REASON: The organisation should, in advance of renewing the leases on several of their offices, look to examine more efficient and modern ways of working, in light of the fact that future funding support may well decrease over a staged period of time. In addition, the Group felt that the funding support of this organisation should be considered outside of the grants process, with a more formalised agreement being established, owing to the fact that the services provided by CAB greatly assist the Council's housing department through the information and advice offered to residents on welfare and benefits.

H	APPLICANT:	REASON FOR APPLICATION:
	Forest Forge Theatre Company	**Annual operating costs Touring professional theatre and creative learning**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£174,772	£142,772	£32,000

SUMMARY: Forest Forge has undergone a fundamental re-structure with the intention of providing creative learning and outreach activities at its core, whilst reflecting the changing

funding climate. There is still professional touring theatre to communities across the New Forest but the emphasis is clearly on creative learning.

Involving local people directly in activities such as workshops; work experience; targeted outreach (eg the Gypsy / Roma / Traveller community) and the Youth

Theatre is based in Ringwood and is very strong. The Company has a particular reputation for the quality of its work with those with additional needs and provides opportunities for older people to tackle social isolation and improve cross-generational understanding.

RECOMMENDATION: That the funding request for £32,000 be supported.

REASON: The organisation offers value for money through its diverse and wide ranging community outreach projects which benefit the wellbeing of many young people and families across the whole of the District.

I	APPLICANT:	REASON FOR APPLICATION:
	New Forest Disability Information Service	**Annual operating costs Advice to individuals and organisations**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£85,000	£61,500	£10,000

SUMMARY: The Service provides advice and information on disability issues with an emphasis on empowering individuals. With the consistent stream of changes to benefits and support arrangements for disabled people, demands on the Service are considerable.

RECOMMENDATION: That the funding request of £20,000 not be supported as this would be an increase of 800% on their 2016-17 grant but in recognition of the excellent work they have been achieving in the community an increased grant award of £10,000 be given.

REASON: This organisation offers vulnerable residents in the New Forest specialist advice which the Council does not currently have the resource to provide. With the changes to welfare legislation, the Council will inevitably receive more and more queries from residents regarding benefits and the expertise of this organisation will relieve the pressure on the Council's Housing Benefit team as such offering the Council value for money.

J	APPLICANT:	REASON FOR APPLICATION:
	hArt (Hampshire Art for Recreation and Therapy)	**To support the generic running costs and to deliver some targeted project work.**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£42,275	£16,000	£6,000

SUMMARY: hArt are a fairly new art therapy charity that looks to provide support for the mental health needs of people of all ages and abilities. They organise workshops and projects across a range of artistic mediums, in the more remote areas of Hampshire (primarily the New Forest) where limited access to services and opportunities for social

contact add to the increase in mental health issues by making loneliness and isolation a factor.

RECOMMENDATION: That the funding request of £30,000 not be supported but that an award of £6,000 be given.

REASON: This is a new application for grant aid funding support from a relatively new organisation. The Task and Finish Group had some concerns regarding the lack of business case and limited account information. However, the Group considered that the services provided by the organisation, in seeking to assist residents with Mental Health difficulties an emerging priority of the Council and its key partners, should be supported. As such, the Group felt that an award of £6,000 should be given to support outreach work focusing on loneliness, depression and isolation, which is often experienced by the older residents of the New Forest given its rural location.

K	APPLICANT:	REASON FOR APPLICATION:
	Avon Valley Concerts	**To contribute to the running costs of the charitable organisation.**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£11,375	£10,365	£1,000

SUMMARY: Avon Valley Concerts is a charity which promotes a series of classical music concerts each year in the Ringwood and Fordingbridge areas, presenting artists of national and international status.

RECOMMENDATION: That the funding request of £1,000 be supported.

REASON: To support the promotion and provision of classical music for residents of the New Forest.

L	APPLICANT:	REASON FOR APPLICATION:
	Yellow Door (Formerly Southampton Rape Crisis)	**To support the costs of support, outreach and education sessions**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£836,343	£794,467	£5,000

SUMMARY: Yellow Door provides a range of integrated, specialist services to those who are at risk of or who have been affected by unwanted Sexual Experience or Domestic Abuse (DSA). This may include anything from rape, childhood sexual abuse, sexual assault to harassment, coercion or domestic abuse. The group covers the New Forest, Southampton and Eastleigh areas.

RECOMMENDATION: That the funding request of £5,000 be supported.

REASON: This organisation offers specialist sexual and domestic services to an increasing number of vulnerable residents within the District with the aim of ending sexual, domestic violence and abuse. The services offered included specialist therapeutic support, family counselling sessions and education awareness raising sessions aimed at preventing exploitation and abuse. This offers value for money as this specialist service could not be provided by the Council. The Council supports the safeguarding and protection of its most vulnerable residents.

M	APPLICANT:	REASON FOR APPLICATION:
	Lymington Rowing Club	**To complete the internal construction of a new club house.**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
£96,788	£21,000	Up to £35,000

SUMMARY: Lymington Rowing Club are an amateur rowing club that offers affordable and quality coastal rowing experience for people of all ages and abilities. The club have existed in a very outdated and unexciting building for many years and have been offered a shell of a club house as part of the Redrow development in Lymington. The club are seeking support to complete the construction of the premises and ensuring that the facility is fit for purpose and can be operational for the function with which it has been designated.

RECOMMENDATION: That the funding request of £50,000 not be supported. That the Council match funds raised by the Rowing Club up to the value of £35,000.

REASON: The Task and Finish Group supported the promotion of rowing as a valuable sport, particularly engagement of children and young people to improve their physical and mental wellbeing.

N	APPLICANT:	REASON FOR APPLICATION:
	Community First New Forest	**a)Annual operating cost Voluntary sector support and Volunteer Centre** **b) Operating the Night Stop programme to tackle homelessness** **c) Contribution towards the Healthy Walks partnership** **d) Operating the Night Stop programme to tackle homelessness for the over 25's**

TOTAL COST	OTHER FUNDS/INCOME	RECOMMENDATION
a)£80000	£144,000	£40,000
b)£60,000	£45,000	£15,000
c)£11,000	£1,500	£2,500
d)£15,000	£7,500	£7,500

SUMMARY: a) Community First New Forest is the body which provides support across the whole of the voluntary sector in the New Forest. This involves activities such as: advising on DBS checks; funding advice; assistance with setting up and operating groups. With its work in training and operating the volunteer centre / volunteer placement, it also contributes to routes to work. It also acts as a representative voice for the sector and is involved in many technical working groups and strategic bodies across the district. Community First New Forest also state within their application that they work in partnership with statutory organisations to deliver a range of projects that support local New Forest residents. Unfortunately the Task and Finish group, as well as the Panel members, could not clearly define who these groups were.

b) Night stop is a programme which helps to tackle homelessness in those aged 16-24 by emergency overnight accommodation with local volunteers, and support in to longer term housing. Members of the Task and Finish group were disappointed that during the presentation it was identified that the Night Stop 25+ project was due to come to an end due to lack of funding.

c) The Healthy Walks programme is a partnership between the National Park, NFDC and Community First New Forest which sees the New Forest walking for health programme administrated and volunteer walk leaders trained and supported to deliver walks at various locations across the district.

d) As identified in b) above this valuable project is due to stop unless funding is made available. Members asked for this additional grant to be made available because Night stop is a programme which helps to tackle homelessness in those aged 25 and over by emergency overnight accommodation with local volunteers, and support in to longer term housing.

RECOMMENDATION:

(a) That Community First New Forest be paid a grant of £40,000 in respect of their general administration costs;

(b) That the funding request of £15,000 for Nightstop be supported but the panel noted their disappointment that a grant application was not forthcoming for the continued support of the over 25 scheme; and

(c) That the funding request of £2,500 for healthy walks be supported.

(d) That following on from the disappointment of not receiving a grant application (see recommendation (b)) and following further discussions, members support a grant of £7,500 for Nightstop 25+, subject to a grant application and a business case being provided by Community First New Forest

REASON:

(a) The Task and Finish Group were unclear as to how the previous award of £80,000 has been used in particular how the services provided are specialist and do not duplicate work already provided by other organisations.

(b) The services provided by Nightstop protect vulnerable young people in the District and take the pressure of bed and breakfast usage.

(c) The health walks project offers value for money by providing a popular service to residents across the District which could not otherwise be provided by the Council.

(d)   The services provided by Nightstop 25+ protect vulnerable individuals over 25 years of age in the District and take the pressure of bed and breakfast usage. This valuable service could stop in 2017 if funding is not available

CABINET– 1 FEBRUARY 2017   PORTFOLIO: FINANCE & EFFICIENCY/ALL

MEDIUM TERM FINANCIAL PLAN / ANNUAL BUDGET 2017/18

1.   PURPOSE OF REPORT

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

2.   BACKGROUND

2.1   On 5 October 2016 and 4 January 2017 the Cabinet considered a number of issues, through the established Medium Term Financial Plan reporting, that would affect the annual budget for 2017/18. The figures as included in the January report were based on the provisional local government finance settlement, received mid-December. Details of the final settlement are yet to be received.

2.2   In accordance with the Council's financial strategy, this report sets out the final proposals for:
- The General Fund Net Budget Requirement for 2017/18
- A level of Council Tax for 2017/18
- The Medium Term Financial Plan
- The General Fund Capital Programme for 2017/18

3.   FINANCIAL STRATEGY

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

The budget set out is in line with this strategy.

4.   MEDIUM TERM FINANCIAL PLAN – GENERAL FUND BUDGET

4.1   Details of the provisional available resources and General Fund spending requirements were set out in the appendices to the January Cabinet report. Subsequent to that report, the full detailed budget preparation process has taken place, including the allocation of central corporate costs to the Portfolios/Committees. The updated resource summary and budget requirements are now provided as appendices 1 and 2.

4.2   Appendix 1 is largely in line with the January report, with the only change being to the forecast effect of business rates collection. Having now made an assessment on the retained business rates and collection fund, the retained surplus is forecast to improve

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

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

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

4.5 **Planned use of Reserves**

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

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

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

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

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

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

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

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

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

detailed in appendix 5.

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

6.   **COMMITTEE AND OVERVIEW PANEL COMMENTS / RECOMMENDATIONS**

6.1   The General Purposes and Licensing and Planning Development Control Committees have both considered their draft budgets and have no comments to make on the proposals.

6.2   The Corporate Overview and Scrutiny Panel (COSP) met on 19 January 2017 and have adopted the Budget Task and Finish Group recommendations that:

a)   All Portfolio Holders be urged to seek further opportunities for provision of services in collaboration with other authorities and organisations, especially the National Park Authority;

b)   Representations be made to New Forest MP's on the Right to Buy policy and its detrimental effect on housing provision;

c)   The Government be made aware of the effect on the public in regard to universal credit and the impact on the Citizens' Advice Bureau;

d)   Consideration be given to increase income generation from offering the Council's services to other organisations, eg payroll, audit, and other services where practicable;

e)   In view of its financial and community significance, COSP receive a report on the Leisure Review and be given the opportunity to comment before a decision is made; and

f)   A Task and Finish group be set up to examine alternative forms of Bed and Breakfast provision.

6.3   The Community Overview and Scrutiny Panel met on 17 January 2017 and makes the following recommendations (as per report 5 on this Cabinet agenda):

a)   Revenue Grant awards totalling £418,500 be made (a reduction of £20,500 in comparison to 2016/17).

b)   Construction grants totalling £41,000 be made (in line with previous years; funded by reserves).

7.   **STILLWATER PARK**

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

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

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

8. RISK MANAGEMENT

8.1 The budget for 2017/18 is based upon best estimates, but there still remains some uncertainty, particularly surrounding the on-coming 100% Business Rate retention scheme (in replacement of all other central funding) and the continuing uncertain economic climate.

8.2 The Council provides regular financial monitoring reports, providing valuable updates on the latest forecasts as against original expectations and has £3m in General Fund Reserves, available to support service delivery budgets. In addition the level of other usable General Fund reserves are estimated to be £10m as at 31 March 2017. Within this overall context, the budget as now presented to Cabinet is considered to be robust and deliverable.

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

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

10. PORTFOLIO HOLDER COMMENTS

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

11. RECOMMENDED

Cabinet is asked to recommend to Council that:

11.1 there is a General Fund Net Budget Requirement in 2017/18 of £16,587,280, as set out in appendix 4 to this report, including use of reserves to finance 'Business Development' and 'ICT maintain and protect frontline services' projects, and one-off construction grants as set out in appendix 3;

11.2 the site licence fees and service charges at Stillwater Park be increased by 2.0% in line with RPI inflation;

11.3 the Band D Council Tax for 2017/18 shall be £163.36;

11.4 the General Fund Capital Programme for 2017/18 of £5.976m, as set out in appendix 5 to this report be approved; and

11.5 that each of the prudential indicators, the Limits for 2017/18 to 2019/20 and the Minimum Revenue Provision Policy Statement as set out in appendix 6 to the report be approved and adopted.

For Further Information Please Contact:

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Background Papers:

MTFP – October 2016
MTFP – January 2017

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MEDIUM TERM FINANCIAL PLAN FEBRUARY 2017

FUNDING

	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's
Business Rates Baseline	3,658	3,733	3,853	3,990
Business Rates Tariff Adjustment				-612
Revenue Support Grant	1,765	723	92	
Settlement Funding Assessment	5,423	4,456	3,945	3,378
New Homes Bonus	2,204	1,490	1,132	1,086
Transition Grant	111	111		
Total Grant	7,738	6,057	5,077	4,464
Business Rates Retained Surplus	600	802	802	802
Business Rates Collection Fund Deficit		-346		
Total Resources	8,338	6,513	5,879	5,266
Cumulative Reduction		1,825	2,459	3,072
%age reduction		22%	29%	37%
Council Tax				
Starting Point	11,168	11,168	11,675	12,074
Collection Fund Surplus		73		
Base Line Adjustment		83	46	47
£5 per annum increase		351	353	355
	11,168	11,675	12,074	12,476
Total Funding Available	**19,506**	**18,188**	**17,953**	**17,742**
Cumulative Reduction		1,318	1,553	1,764
%age reduction		7%	8%	9%

MEDIUM TERM FINANCIAL PLAN FEBRUARY 2017

SUMMARY OF BUDGET MOVEMENTS

	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's
Budget Requirement 2016/17	19,506	19,506	19,506
Pay & Price Increases			
Pay Award (1%)	225	227	229
Increments	164	166	168
Pension Contributions - Fixed Element	101	101	101
Pension Contributions - Current Employees	160	160	160
Pay & Reward Review	60	100	40
Apprentice Levy	120		
Prices (Utilities, Fuel & Maint.)	107	110	112
	937	864	810
Cumulative Pay & Price Increases	937	1,801	2,611
Ongoing Savings Analysis			
Budget Stabilisation Strategy	-1,579	-372	-540
Service Management Reviews		-200	-200
Town & Parish Council Grant	-100		
Asset / Equipment Resources	-120	-80	
Beach Hut Income	-44		
Senior Management Review	-148		
Ongoing Savings from previous years	-300		
Tourism Review	-40	-50	-25
Health & Leisure Income generation	-185		
Health & Leisure staff turnover savings	-40		
Income from Development projects	-27	-27	-30
Reductions to Grants	-21		
Net Other	-5		
	-2,609	-729	-795
Cumulative Savings	-2,609	-3,338	-4,133
New Budget Requirements			
Cyclical Licencing Income	46		
Interest Earnings Reduction (base rate decrease)	200	-50	-50
ICT recurring costs from previously approved projects	85		
Increased Business Rate Costs	23		
	354	-50	-50
Cumulative Requirements	354	304	254
Budget Requirement	18,188	18,273	18,238
Total Funding Available (Appendix 1)	18,188	17,953	17,742
Estimated Cumulative Surplus / Shortfall (-)	**0**	**-320**	**-496**
Reserves Supporting the MTFP			
General Fund Balance	3,000	3,000	3,000

ASSET MAINTENANCE & REPLACEMENT PROGRAMME

	£'000's 2016/17	£'000's 2017/18	£'000's 2018/19	£'000's 2019/20
Asset Maintenance				
Health & Leisure Centres	467	643	500	500
Offices & Depots	342	300	200	200
Other Property Including Open Space	31	150		
Car Park Maintenance	70			
	910	**1,093**	**700**	**700**
ICT Strategy		165	185	185
Replacement Programme	125			
Existing Systems Developments (One-Off)	60			
Existing Systems Developments (Recurring)	85			
	270	**165**	**185**	**185**
Asset Replacement				
Health & Leisure Equipment Replacement	208	91		
Car Park Machines / Other Equipment	-			
Vehicles & Plant <£10k	23			
	231	**91**	**-**	**-**
V&P; Deferred Expenditure (Depreciation / MRP)	1,149	1,139	1,000	1,000
Non-Core Project Fund			500	500
Adjustments				
Contingency	85		15	15
Less: Proportion allocated to HRA	- 143	- 108	- 100	- 100
Third Party Contribution	- 2			
Total Revenue Programme	**2,500**	**2,380**	**2,300**	**2,300**
Budget Available	**2,500**	**2,380**	**2,300**	**2,300**
Variance	-	-	-	-
Business Development and Third Party Grants				
Public Conveniences Refurbishment	250	tbc	tbc	tbc
Leisure Business Development		295		
ICT Maintain & Protect		500	750	250
ICT Workplan	55			
ICT Workplan Recurring	41			
15/16 Retentions	12			
Community Grants - 'One-off Construction'	47	41		
Less: Proportion allocated to HRA	-	- 87	- 131	- 44
Total Reserve Funded Programme	**405**	**749**	**620**	**207**

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GENERAL FUND REVENUE BUDGET SUMMARIES
SUMMARY OF NET BUDGET REQUIREMENTS WITH FINANCE

	£'000's 2016/17 Budget	£'000's 2017/18 Gross Expenditure	£'000's 2017/18 Income	£'000's 2017/18 Budget
PORTFOLIO REQUIREMENTS				
Environment	9,176	11,814	-2,788	9,026
Finance and Efficiency	4,826	51,130	-46,515	4,615
General Purposes and Licensing Committee	550	993	-348	645
Health and Leisure	2,777	9,041	-6,419	2,622
Housing and Communities	2,008	4,487	-2,348	2,139
Leader's	514	479	-48	431
Planning and Transportation	228	4,345	-4,404	-59
Planning Development Control Committee	1,114	1,637	-632	1,005
	21,193	83,926	-63,502	20,424
Asset Rental Income	-2,029	0	-2,037	-2,037
Contribution to/(from) Earmarked Revenue Reserves	-306	86	-1,024	-938
NET PORTFOLIO REQUIREMENTS	**18,858**	**84,012**	**-66,563**	**17,449**
Contributions to Town and Parish Council Tax	100	0	0	0
Minimum Revenue Provision	1,149	1,139		1,139
Interest Earnings (Net)	-600	0	-400	-400
New Homes Bonus	-2,205	0	-1,490	-1,490
Other Grants	-111	0	-111	-111
GENERAL FUND NET BUDGET REQUIREMENTS	**17,191**	**85,151**	**-68,564**	**16,587**
COUNCIL TAX CALCULATION				
Budget Requirement	17,191	85,151	-68,564	16,587
Less:				
Settlement Funding Assessment				
Revenue Support Grant	-1,765	0	-723	-723
Business Rates Funding Target	-3,658	22,052	-25,785	-3,733
	-5,423	22,052	-26,508	-4,456
Locally Retained Business Rates	-600	704	-1,506	-802
Estimated Collection Fund (Surplus)/Deficit Business Rates	0	346	0	346
Estimated Collection Fund (Surplus)/Deficit Council Tax	-141	0	-214	-214
COUNCIL TAX	**11,027**	**108,253**	**-96,792**	**11,461**
TAX BASE NUMBER OF PROPERTIES	**69,632.30**			**70,155.20**
COUNCIL TAX PER BAND D PROPERTY	**158.36**			**163.36**
GENERAL FUND BALANCE 31 MARCH	**£3M**			**£3M**

CAPITAL PROJECTS REQUIREMENTS

	Portfolio	PROJECT REQUIREMENTS £			2017/18 PROJECT FINANCING £			
		2017/18	2018/19	2019/20	Capital Resources/Loan	Better Care Fund	Grant	DC / CIL
Private Sector Renewal / Home Repairs	H&C's	102,000	102,000	102,000	102,000			
Disabled Facilities Grants	H&C's	901,000	901,000	901,000		901,000		
Social Housing Grant	H&C's	100,000	100,000	100,000	100,000			
Procurement of Land	ENV	17,000			17,000			
Barton on Sea Grounds Investigation Study	ENV	5,000					5,000	
Milford on Sea Emergency Works Phase 2	ENV	23,000					23,000	
Strategic Regional Coastal Monitoring	ENV	1,776,000	1,675,000	1,589,000			1,776,000	
Hurst Spit	ENV	241,000	204,000	3,850,000	91,000		150,000	
Beach Hut Replacement	ENV	25,000			25,000			
Milford on Sea Environmental Enhancements	ENV	25,000			25,000			
Barton Drainage Test	ENV		200,000					
Eling Tide Mill	H&L	174,000	309,000		17,400		156,600	
DEPOT; New Depot Site Feasibility	F&E	37,000			37,000			
V&P; Replacement Programme	F&E	1,651,000	1,487,000	2,391,000	1,651,000			
Open Space Schemes	P&T	589,000	425,000	350,000	50,000			539,000
Transport Schemes	P&T	310,000						310,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		**5,976,000**	**5,403,000**	**9,283,000**	**2,115,400**	**901,000**	**2,110,600**	**849,000**
								5,976,000

LOAN FINANCED	**-1,651,000**
CAPITAL RESOURCES	**-202,000**
RESIDUAL NFDC RESOURCES	**262,400**

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CABINET – 01/02/2017

CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2019/20

1. **Introduction**

   1.1 Each year the Council approves a programme of Capital expenditure. Some of this expenditure will be supported by grants and contributions from the Government and other organisations; the remainder will be financed from the Council's own resources. If the expenditure cannot be financed from resources such as capital receipts, reserves or from direct revenue contribution, there will be an impact on the Council's underlying need to borrow.

   1.2 The underlying need to borrow is called the Capital Financing Requirement (CFR).

   1.3 The revenue consequences of capital expenditure funded by borrowing will need to be paid for from the Councils revenue resources. This is called the Minimum Revenue Provision (MRP) and is explained further in section 4.

   1.4 The proposed three year programme is largely funded from existing resources and is therefore only subject to a low level of risk if external contributions turn out to be less than anticipated.

   1.5 In 2012/13 the Council borrowed £142.7m to meet the requirement of the HRA reform. The first principal repayment of £4.1m is due in 2017/18.

2. **Capital Expenditure**

   2.1 The summary capital expenditure projections and CFR are shown in the table below. A more detailed schedule of these projections is included within the two budget reports included on the Cabinet Agenda.

   * **This is the first prudential indicator** and the Council is asked to approve the summary projections as demonstrated in the following table:

Capital Expenditure and Financing	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Non-HRA	6,406	5,976	5,403	9,283
HRA	13,436	15,290	21,300	12,367
Total Expenditure	**19,842**	**21,266**	**26,703**	**21,650**
Financed By:				
Capital receipts	3,002	3,002	3,002	3,002
Government grants and contributions	2,825	3,861	3,714	6,690
Reserves	1,992	3,661	9,409	476
Revenue	10,636	9,091	9,091	9,091
Net Capital Financing Requirement	**1,387**	**1,651**	**1,487**	**2,391**

3. Capital Financing Requirement

3.1 Capital expenditure will impact directly on the overall CFR if there is a borrowing requirement. Generally any borrowing required to meet the Council's capital expenditure is met by using cash held in reserves rather than raising loans. This action is known as internal borrowing and is assumed for the continuing future.

3.2 The CFR is reduced by the amount of any provision that is made to repay the loan in the future, this is known as the MRP.

3.3 The cumulative net projections for the CFR at each yearend are shown below.

* **This is the second prudential indicator** and the Cabinet is asked to note the projections as below:

Capital Financing Requirement	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
CFR - Non Housing	3,394	3,906	4,393	5,784
CFR - Housing	1,897	1,897	1,897	1,897
HRA settlement	142,704	138,604	134,504	130,404
Total CFR at year end	147,995	144,407	140,794	138,085
Movement in CFR from one year to next		**-3,588**	**-3,613**	**-2,709**
For each year the movement in CFR is represented by				
Net Financing Need (Cap ex. Financed by Loan)	1,387	1,651	1,487	2,391
HRA Settlement	0	-4,100	-4,100	-4,100
MRP Provision	-1,149	-1,139	-1,000	-1,000
Movement in CFR	**238**	**-3,588**	**-3,613**	**-2,709**

4.   Minimum Revenue Provision

4.1   Where General Fund capital spend has been financed by loan (internal borrowing), and has increased the CFR, the Council is required to make a provision to repay a proportion of the accumulated amount each year. This amount is charged to revenue and is called the Minimum Revenue Provision (MRP). This charge reduces the CFR each year, and is based on the expected economic use period related to the capital expenditure.

4.2   Full Council is required to approve an MRP statement in advance of each financial year. The Council is recommended to approve the following MRP statement:

*   *" For capital expenditure that has been incurred, and which has given rise to a CFR, the MRP policy shall be to charge revenue an amount equal to the depreciation of any asset financed by loan."*

4.3   For Council Housing the Council has currently approved a business plan that will charge amounts to revenue to ensure that any borrowings are reduced in accordance with the maturity of the debt outstanding.

5.   The Council's Resources

5.1   The use of reserves to finance capital expenditure will have an impact on investment returns unless resources are supplemented each year from sources such as asset sales. The following table shows estimates of yearend balances for each resource:

Estimated Year End Resources	2016/17 Revised £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Capital Receipts	7,170	6,968	6,766	6,564
Capital Programme	8,761	8,499	8,499	8,499
Earmarked Reserves	19,931	16,532	7,123	7,123
Total Core Funds	**35,862**	**31,999**	**22,388**	**22,186**

5.2   The reduction forecast in 2017/18 from 2016/17 is due to the commencement of repayment of the HRA settlement loan. The further reduction from 18/19 in comparison to 17/18 is principally due to the increased planned housing acquisition and development programme.

6. **Affordability Prudential Indicators**

6.1   The previous sections cover the prudential indicators for capital expenditure and financing. This section assesses the affordability of the capital expenditure plans. These provide an indication of the impact of the capital programme on the Council's overall finances.

*   **The Council is asked to approve the following indicators**:

6.2   **Ratio of financing costs to net revenue stream**:

6.2.1   The net revenue stream for the general fund is the amount of revenue expenditure which is met from government grant and council tax.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs) against the net revenue stream.

The estimates of financing costs include the current commitments and the proposals in this budget report on this agenda.

6.2.2   The net revenue stream for the Housing Revenue Account is the amount of revenue expenditure, arising from the capital programme, which is met by rents.

6.2.3   The following table shows the cumulative incremental effect of the estimated financing cost, against the estimated net revenue stream. This assesses the increase in the cost of borrowing to the revenue account.

	2016/17 Revised	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Non – HRA	0.8%	0.0%	(0.7%)	0.1%
HRA (inclusive of settlement)	0.0%	0.0%	(0.2%)	(0.3%)

For Non-HRA the reduction in 2018/19 reflects a reduction in V&P Expenditure to tie in with a lower MRP figure, as part of the forecast Asset Maintenance and Replacement Programme.

6.3   **Estimates of the incremental impact of capital investment decisions on the Band D Council Tax**:

6.3.1   This indicator shows the revenue costs associated with the proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The indicator shows the impact on the Council Tax of the revenue implications of the capital programme in

isolation from any other expenditure that may generate a revenue charge.

	Proposed Budget 2017/18	Forward Projection 2018/19	Forward Projection 2019/20
Change to Council Tax – Band D	0.61%	(0.42%)	0.98%
Change to Council Tax cost year on year	£0.97	(£0.69)	£1.65

6.4 **Estimates of the incremental impact of capital investment decisions on housing rent levels**:

6.4.1 The Council had adopted the Government's rent policy/guidance. As such the capital programme has no impact on rent levels.

6.4.2 The indicator below shows the cost of proposed changes in the housing capital programme, as recommended elsewhere on this agenda, expressed as a change in weekly rent levels if the Government's policy/guidance has not been adopted.

	Proposed Budget 2017/18	Forward Projection 2018/19	Forward Projection 2019/20
Change to Weekly Housing Rent Levels	(£5.76)	£0.26	£0.24

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CABINET – 1 FEBRUARY 2017

PORTFOLIO: HOUSING AND COMMUNITIES

HOUSING REVENUE ACCOUNT BUDGET AND HOUSING PUBLIC SECTOR CAPITAL EXPENDITURE PROGRAMME 2017/18

1 INTRODUCTION

1.1 This report sets out a proposed Housing Revenue Account (HRA) budget and a proposed Housing Public Sector Capital Programme for 2017/18. Cabinet is required to recommend budgets for consideration at Council on 20 February 2017.

1.2 The budgets for 2017/18 are the sixth year of the HRA self-financing system. The first £4.1 million instalment of principal repayment of the settlement loan is due to be made in 2017/18, in accordance with the Acquisitions and Development Strategy approved by Cabinet in November 2016.

1.3 The proposed budgets for 2017/18 were considered by tenants at the Resident Involvement Development Day on 20 January 2017. Their comments are set out in paragraph 10 of this report.

1.4 The proposed HRA budget is attached as **Appendix 1**.

2 KEY ISSUES

2.1 Members are asked to consider a number of financial issues for 2017/18.

2.2 **Housing Rents**

2.2.1 The report identifies a proposed rent reduction of 1%, in line with the Government's current requirement.

2.2.2 Following the rent reduction, average weekly rents will be £99.97 for 2017/18. The actual reduction will vary by property, but will amount to an average reduction of £1.01 per week.

2.3 **Hostels – Service Charges**

2.3.1 The primary aim when reviewing and setting the service charge for hostels is to ensure that relevant costs are fully recovered from those who benefit from them. In order to do so it is proposed that current service charge levels are increased by 1.25%.

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2.4 **Older Persons' Support Service – Service Charges**

2.4.1 The primary aim when reviewing and setting the service charge for Older Persons' Support Service tenants is to ensure that relevant costs are fully recovered from those who benefit from them. For 2017/18 inflationary budgetary pressures have been offset by other budget savings and it is therefore proposed that service charge levels be retained at their current level.

2.4.2 As with rents, the service charge payable by individual users varies according to their property and other factors, such as whether utilities costs are included and the level of service received.

2.5 **Garage Rents**

2.5.1 It is proposed that garage rents remain unchanged at the current weekly level of £10 (£10 plus VAT for non-HRA tenants) as this appears to maximise income at an acceptable fee.

3 **HRA INCOME 2017/18**

3.1 Estimated total income for 2017/18 is £194,000 lower than the original budget for 2016/17. The income variations from the 2016/17 approved budget are set out below:

	£000	Paragraph
Dwelling Rents	240	3.2
Non Dwelling Rents	(24)	3.3
Service Charges	(1)	3.4
Other Income	(21)	3.5
Total	**194**	

3.2 **Dwelling Rents £240,000** – The proposed budget for 2017/18 includes the £263,000 effect of the 1.0% rent reduction proposed in paragraph 2.2, but the reduction is partially offset by net additional income from the new properties at North Milton, the loss of properties at Cranleigh Paddock and the net movement in property numbers during 2016/17.

3.3 **Non Dwelling Rents (£24,000)** – This income is derived from garages and rents of other housing land. The increase reflects the current 2016/17 rent income estimates, which are more than the original budget due to reduced garage voids arising from greater demand.

3.4 **Service Charges (£1,000)** – Service charges are set in order to cover the costs incurred. This increase principally reflects the proposed hostel increase set out in paragraph 2.3.1.

3.5   **Other Income (£21,000)** – This is principally due to increased income arising from the administration element deducted from capital receipts from Right to Buy Sales (£6,500) and an increase in the Shared Amenities Contribution (£14,500), following additional grounds maintenance costs included within Supervision and Management costs in paragraph 4.4 below.

4   HRA EXPENDITURE 2017/18

4.1   Budgeted expenditure for 2017/18 is £194,000 lower than the approved budget for 2016/17. The major variations are set out below:

	£000	Paragraph
Disabled Facilities	191	4.2
Supervision and Management	95	4.3
Capital Financing Costs	4,096	4.4
Contribution to Capital Supporting Housing Strategy	(4,576)	4.5
Total	**(194)**	

4.2   **Disabled Facilities £191,000** – The annual Disabled Facilities budget has been set at £509,000 since 2014/15. Actual expenditure on these statutory adaptations, however, was £625,000 in 2014/15 and £703,000 in 2015/16. It is therefore proposed to increase the budget in 2017/18 by £191,000 to £700,000, to meet anticipated ongoing responsibilities.

4.3   **Supervision and Management £95,000** – Supervision and Management costs will increase by £95,000 due principally to pay and prices increases of £113,000 and £57,000 additional costs from the Council's Asset Maintenance and Replacement Programme, offset by savings of £73,000 from service reviews.

4.4   **Capital Financing Costs £4.096 million** – As referred to in paragraph 1.2 the first £4.1 million instalment of the Housing Settlement loan is due for repayment in 2017/18. This cost is marginally offset by a £4,000 reduction in estimated Debt and Investment Management Costs. .

4.5   **Contribution to Capital Supporting Strategy (£4.576 million)** – In 2016/17 £13.667 million of the Housing Public Sector Capital Programme was budgeted to be financed from revenue resources. In order to retain a balanced housing Revenue Account budget for 2017/18 the maximum resources available has reduced by £4.576 million to £9.091 million, due to the £4.1 million loan instalment repayment in paragraph 4.5 and the other net budget costs referred to in Sections 3 and 4.

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5   HRA RESERVE BALANCE

5.1   The HRA Reserve balance as at 1 April 2016 was £1.043 million. The original 2016/17 HRA budget showed a break-even position for the year. During 2016/17 the following net budget savings and rephasings totalling £3.035 million have occurred or are forecast. In accordance with current policy these will be transferred to the Acquisitions and Development Reserve.

	£000	£000
Dwelling rent income reduction	40	
Garage rent income increase	(24)	
Right to Buy Administration Recharge	(20)	(4)
Revenue funding of Capital Programme		
Compton & Sarum New Build Rephasing	(1,600)	
Major Repairs Programme Rephasing	(1,720)	
North Milton Rephasings from 15/16	300	
Other Variations	(11)	(3,031)
Total		**(3,035)**

5.2   The proposed HRA budget for 2017/18 currently shows a break even position, resulting in no change to the reserve balance. The estimated Housing Revenue Account balance at 31 March 2017 and 31 March 2018 will therefore be £1.043 million.

6   CAPITAL PROGRAMME 2017/18

6.1   The proposed Housing Public Sector capital expenditure programme for 2017/18 totals £15.290 million. The detailed programme and anticipated funding is set out below:

Proposed Expenditure	Original 2016/17 £000	Latest 2016/17 £000	Original 2017/18 £000
Environmental Enhancements	300	300	300
Major Repairs	5,720	4,000	5,940
New Build / Acquisitions	4,000	4,000	3,500
North Milton New Build	2,803	2,968	0
North Milton Env. Enhancements	1,613	1,748	0
Compton & Sarum New Build	1,700	100	1,600
Stocklands New Build	0	0	500
Extensions To Property	150	120	150
Older Persons' Schemes Alterations	250	100	400
S106 Developments	0	100	2,900
TOTAL	**16,536**	**13,436**	**15,290**
Funded by			
Revenue	13,667	10,636	9,091
Capital Receipts	1,000	2,800	2,800
Acquisitions and Dev. Reserve	1,869	0	3,399
TOTAL	**16,536**	**13,436**	**15,290**

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6.2 The proposed capital programme for 2017/18 reflects the Housing Buy- Back and Development Strategy approved by Cabinet in November 2016 and is £1.246 million less than the original 2016/17 programme. The reduction is principally due to the completion of the North Milton Environmental Enhancements project in 2016/17 (£1.613 million) offset by increases of £220,000 in Major Repairs expenditure and £150,000 in Older Persons' Schemes Alterations.

6.3 The Government introduced changes to the Right to Buy system in April 2012, primarily increasing the discounts to tenants, with the intention of stimulating tenant home ownership. This has led to a marked increase in tenant interest regarding purchasing their properties and for 2016/17 RTB sales have continued to be high with 27 properties sold to date at 31 December 2016. However, the Council's new build/acquisition programme should deliver 42 (19 acquisitions, 21 new build and 2 remodelling) new properties in 2016/17.

6.4 The capital spending power of the Council is limited by the availability of usable capital receipts, the level of Government Grants or Developers' Contributions, the ability to fund capital expenditure from revenue sources (HRA rents and reserves) or through the use of borrowing.

7 **ENVIRONMENTAL IMPLICATIONS**

7.1 Although the services covered in this report clearly do have an impact on the Environment, this report focuses on the financial effect of the proposed HRA budgets and capital programme. There are no direct environmental implications arising from this report.

8 **CRIME AND DISORDER IMPLICATIONS**

8.1 There are no direct crime and disorder implications arising from this report.

9 **EQUALITY AND DIVERSITY IMPLICATIONS**

9.1 There are no direct equality and diversity implications arising from this report.

10 **TENANTS VIEWS**

10.1 Well written report and very explanatory. Tenants are very supportive of the way in which the HRA is being used, especially in these financially challenging times. It is encouraging to note that, although housing stock is lost because of the Right to Buy scheme, New Forest District Council continues to be able to increase the number of homes available. We agree with the recommendations made in this report.

11 **PORTFOLIO HOLDER COMMENTS**

11.1 I am happy with this report. In line with the Government's requirements we continue to reduce our rents by 1% each year.

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12   RECOMMENDATIONS

12.1   That the Cabinet be asked to recommend to the Council:

i)   that the HRA budget as set out in Appendix 1 of this report be agreed;

ii)   that from 3 April 2017, a reduction in rents of 1% from the 2016/17 rent level, in accordance with Government requirements be agreed;

iii)   that from 3 April 2017, an increase of 1.25% in hostel service charges be agreed;

iv)   that from 3 April 2017, no change in older persons' accommodation service charges be agreed;

v)   that from 3 April 2017, no increase in garage rents be agreed; and

vi)   that a 2017/18 Housing Capital Programme of £15.290m, as set out in paragraph 6.1 above, be agreed.

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Background Papers:
Published documents as referred to within this report.

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HOUSING REVENUE ACCOUNT BUDGET

	2016/17 £'000	2017/18 £'000	Variation £'000	Para
INCOME				
Dwelling Rents	-26,317	-26,077	240	3.2
Non Dwelling Rents	-706	-730	-24	3.3
Charges for Services & Facilities	-752	-753	-1	3.4
Contributions towards Expenditure	-58	-57	1	3.5
Interest Receivable	-75	-76	-1	3.5
Sales Administration Recharge	-26	-33	-7	3.5
Shared Amenities Contribution	-179	-193	-14	3.5
TOTAL INCOME	**-28,113**	**-27,919**	**194**	
EXPENDITURE				
Repairs & Maintenance				
Cyclical Maintenance	1,472	1,472	0	
Reactive Maintenance	2,789	2,845	56	
Disabled Facilities	509	700	191	4.2
Supervision & Management				
General Management	3,745	3,818	73	4.3
Special Services	1,220	1,242	22	4.3
Homeless Assistance	62	62	0	4.3
Rents, Rates, Taxes and Other Charges	11	11	0	
Provision for Bad Debt	150	150	0	
Capital Financing Costs	4,488	8,584	4,096	4.4
Contribution to Capital supporting Housing Strategy	13,667	9,035	-4,632	4.5
TOTAL EXPENDITURE	**28,113**	**27,919**	**-194**	
HRA OPERATING SURPLUS(-)	**0**	**0**	**0**	
Transfer to Acquisitions/Development reserve	**0**	**0**	**0**	

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