

NOTICE OF MEETING

Meeting: CORPORATE OVERVIEW AND SCRUTINY PANEL

Date and Time: THURSDAY, 17 NOVEMBER 2016, AT 9.30 AM*

Place: COMMITTEE ROOM 1, APPLETREE COURT,
LYNDHURST

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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 Panel'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.

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Chief Executive

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

AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 22 September 2016 as a correct record.

2. DECLARATIONS OF INTEREST

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

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

3. PUBLIC PARTICIPATION

To note any issues raised during the public participation period.

4. FUTURE ROLE OF THE ECONOMIC DEVELOPMENT TEAM (Pages 1 - 4)

To consider proposals for the future work and priorities of NFDC's economic development team.

5. COUNCIL TAX REDUCTION SCHEME 2017/18 (Pages 5 - 10)

To consider the recommendations of the Task and Finish Group concerning the review of the Council Tax Reduction Scheme for those of working age on low income.

6. FINANCIAL UPDATE 2016/17 AND 2017/18 (Pages 11 - 20)

To note the latest position with the 2016/17 budget, together with the assumptions for the 2017/18 budget and the Council's mid-year Treasury Management position.

7. KEY ACTIONS AND SERVICE REVIEW PROGRAMME (Pages 21 - 24)

To receive an update on progress with key action and service reviews for 2016/17.

8. WORK PROGRAMME (Pages 25 - 28)

(a) To consider the Panel's future Work Programme, including any reviews of previous work undertaken; and

(b) To receive any updates on Task and Finish Group work.

9. PORTFOLIO HOLDERS' UPDATES

An opportunity for the Portfolio Holders to provide an update to the Panel on any issues.

10. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

To: **Councillors:**

M R Harris (Chairman)
Mrs A M Rostand (Vice-Chairman)
A R Alvey
W G Andrews
M J Kendal

Councillors:

Mrs A E McEvoy
A D O'Sullivan
M A Steele
D B Tipp
C A Wise

CORPORATE OVERVIEW AND SCRUTINY PANEL - 17 NOVEMBER 2016

FUTURE ROLE OF THE ECONOMIC DEVELOPMENT TEAM

1. INTRODUCTION

- 1.1 Following the completion of the tourism review it is now timely to consider the future role of the economic development team remaining at New Forest District Council. This follows on from the deletion of the Employment and Tourism Managers post and the transfer of many tourism functions to a new Company being set up by the New Forest Tourism Association.
- 1.2 “Helping local business to grow” is a top Council Priority and the work of the new economic development team needs to be guided by our priorities so that the Council uses its resources to support business in the most effective way.
- 1.3 The budget of the team is £160,000 and it be led by the existing Business Development Officer, Matt Callaghan. The team is now under the management of the Strategic Planning Service Manager, Louise Evans, to help emphasise the economic significance of the future growth planned for the area. Other members of the team will be confirmed when the staffing implications of the tourism review are fully resolved and to reflect the priorities of the new strategy.

2. ECONOMIC BACKGROUND

- 2.1 As background to the consideration of our priorities our unemployment rate is a very low and our environment and “quality of life” are ranked very highly. The leading business sector of the New Forest is the tourist/recreation/leisure economy which contributes £500 million to the local economy each year and creates about 15% of all jobs. It is predicted to be one of the UK's fastest growing economic sectors and there is the opportunity to ensure that the tourism offer continues to best showcase the unique identity and heritage of the New Forest.
- 2.2 Within the district there are approximately 8,000 businesses many of which are micro or small with less than 10 employees. SME's will generally benefit more than larger enterprises from local support as they do not have the resources to research and develop opportunities to gain access to things like funding sources which might be available to them. A significant part of the district supports a rural economy which faces a unique set of challenges. These include a shortage of affordable housing, limited access to high speed broadband and the mobile internet.
- 2.3 The consultation draft of the local plan identifies the need for up to 12,000 new homes over the next 20 years and this could be a catalyst for business growth. Such a level of growth would benefit from specific investment in the transport network which would help people access jobs and enable businesses to connect with each other and their customers more easily. In deciding how to provide any new major infrastructure a careful balance will have to be achieved which balances the need for it with the protection and enhancement of our very high quality natural environment.

3. CURRENT ACTIVITIES

3.1 A large part of the current work of the economic development team has been in support of the New Forest Business Partnership. This is a membership organisation which is very substantially organised by the Council. This involves:

- administering its membership
- organising and recording its meetings
- organising and running themed breakfasts, training workshops and conferences (24 per year)
- organising networking social events
- organising the “Brilliance in Business” awards
- maintenance of website
- PR, communications and social media
- running an annual Expo for New Forest businesses

3.2 The NFBP are very keen that this support work is maintained as it is about providing services to many of the smaller businesses which exist in the New Forest.

Other work of the existing team includes a range of business engagement activities including:-

- supporting the provision of improved broadband
- Film New Forest
- Rural Development Leader Grant funding
- A range of business support functions including helping business start-ups, giving growth advice and seeking funding opportunities, all working with existing partners.

3.3 As set out above, the current work of the economic development team is understood to be appreciated by many small businesses in the NFDC area. This is important as there are many of them and they need this type of help, support and networking opportunities to develop further. However we also have a number of larger, very successful businesses within our area and we would like to do more to engage with them and see what we can do to support their further growth and development.

4. OTHER FUTURE DIRECTIONS

4.1 Within the New Forest there are a number of public and “quasi” public sector bodies working in support of business. In addition to the District Council there is Hampshire County Council and the National Park Authority. We are in the area of two Local Enterprise Partnerships, Enterprise M3 and Solent. As business tends not to recognise public sector boundaries, engagement with neighbouring local LEP authorities in Dorset, Wiltshire and Southampton, together with their respective LEP’s, is also important. In addition organisations’ like the Forestry Commission have an important part to play in the rural economy. It is often difficult for local business to know how to engage with the number of public sector business support services which are in existence. A more joined up approach between the public agencies would assist local businesses and support a more efficient and effective public sector response. It is proposed that a role of the new team should look to establish a New Forest Business First public sector partnership to help achieve this objective.

- 4.2 Helping local business grow will at times require financial investment. A further objective of the new team should be to help local business to maximise funding opportunities to achieve greater impact within our District, both in terms of assisting individual businesses and in providing for broader infrastructure needs. In particular this might involve liaising more closely with the two LEP's which cover our area and supporting bids for the funding they obtain from central government. In particular we would like to encourage new infrastructure investment to assist with transportation improvements especially where larger scale new development is being considered and for greater broadband coverage.
- 4.3 A long established part of our overall economic aims is to encourage the growth of higher paid jobs in our area to help create a better balance with many of the existing low paid and often seasonal types of work. We have some very innovative, high value types of business particularly in the marine sector and we would like to encourage more of these types of businesses to develop and expand. To help achieve many of the aims above we need to do more to showcase the special features and strengths of the New Forest to attract the type of new investment we want.
- 4.4 We might also have a role to play in encouraging the improvements in the skills of our local workforce if we are looking to attract new higher value employment. This would involve partnerships between businesses, education and training providers. The development of entrepreneurial skills, particularly in young people, should also be part of this new agenda.
- 4.5 As part of many of the ambitions set out above we should look to support major projects which tick the boxes we want to support. Current examples include the proposed large mixed use development of the old Fawley Power station site which could bring high tech employment to the southern Waterside. Another is the proposal for A31 improvements in Ringwood which could remove a major traffic bottleneck adversely affecting businesses in the east of the District and in many areas beyond.

5. FINANCIAL AND OTHER IMPLICATIONS

- 5.1 There are no financial implications because this report is suggesting a revised role for the economic development team within existing budgets.
- 5.2 There will be environmental implications arising from new growth and infrastructure but these will be dealt with through the emerging local plan processes. The role of the economic development team will be looking to achieve adequate funding for new infrastructure to ensure that the implications of new development can be appropriately mitigated.
- 5.3 There are no crime and disorder or equalities implications arising from this report.

6. CONCLUSION

- 6.1 It is hoped that there is general support for most of the ambitions set out above. However we will only be able to support a small economic development team and its resources will need to be carefully targeted at what is most important to the District Council. If we can do more to encourage a joined up public sector approach dealing with many of these issues we will be able to punch above our weight in terms of what can be achieved with a small team here at NFDC.

6.2 If members are satisfied with the direction of travel outlined the following actions will be further developed:

6.2.1 The Council's objectives for the new ED team will be set out in a Draft Strategic Economic Plan for the District. The objectives will include:

- a. Support for the New Forest Business Partnership and expanded business sector engagement
- b. The development of a New Forest Business First public sector partnership that maximises the benefits for local business, including external investment.
- c. Support to key projects including:
 - i. Development of Fawley Power Station
 - ii. A31 Ringwood improvements
 - iii. Broadband
 - iv. Helping and encouraging local young entrepreneurs

6.2.2 The Draft Strategic Economic Plan will be shared with all partners

6.2.3 The new Economic Development team will develop a work programme in support of this plan.

7. RECOMMENDATION

7.1 That the Panel consider the proposals made in this report for the future work and priorities of NFDC's economic development team and advise the Cabinet accordingly.

For further information

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and Planning

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Background Papers

None

CORPORATE OVERVIEW AND SCRUTINY PANEL – 17 NOVEMBER 2016

COUNCIL TAX REDUCTION SCHEME 2017/18

1. INTRODUCTION

- 1.1 Members will recall that the national scheme for Council Tax Benefit (which provided financial help for those on low income) was abolished on 31 March 2013. Instead, local authorities are responsible for setting up their own local Council Tax Reduction Scheme for those of working age on low income. The Government stipulated that there must be no change to the level of help that pensioners receive.
- 1.2 The Council Tax Reduction Scheme must be formally made by the Council no later than 31 January 2017, to take effect from 1 April 2017. The Government has constructed rules for a 'default scheme' which will have to be operated by any council that does not agree a local scheme. This replicates the former rules for council tax benefits. It is contained in schedule 1 of The Council Tax (Default Schemes) (England) Regulations 2012.
- 1.3 The Council Tax Reduction Scheme for New Forest District Council fulfils the prescribed requirements for localised schemes.
- 1.4 Approximately 9,100 claimants are receiving Council Tax Reduction. Of these 2,800 are working age (1,000 are working and most of whom have children), 1,500 are vulnerable and 4,800 are of pensionable age.
- 1.5 The current Council Tax Reduction Scheme costs approximately £8.3 million. This is split between:
- | | |
|----------------------|------------|
| Working Age employed | £ 691,000 |
| Working Age other | £1,510,000 |
| Vulnerable | £1,460,500 |
| Pensioner | £4,675,000 |
- The cost is shared between New Forest District Council, Hampshire County Council, Hampshire Police and Hampshire Fire and Rescue.
- 1.6 When the Council Tax Reduction Scheme was introduced, approximately 90% of the cost was reimbursed by the government within the formula grant process. The balance of the cost was shared by the council and the Precepting bodies as part of the tax base calculation. Changes to the amount of Council Tax Reduction awarded now affects the tax base of each organisation and is no longer identified within the overall formula grant allocation.

2. REVIEW PROCESS

- 2.1 A Task & Finish Group met to review the current scheme and proposed changes effective from 1 April 2017.
- 2.2 The recommendations of the Task & Finish Group are to be considered by the Corporate Overview Scrutiny Panel, Cabinet and full council.

3. THE CURRENT LOCAL COUNCIL TAX REDUCTION SCHEME

- 3.1 The council's Council Tax Reduction Scheme protects the vulnerable. A person is vulnerable if they (or a partner) are in receipt of Disability Living Allowance, Personal Independence Payments or Severe Disablement Allowance.
- 3.2 The council's Council Tax Reduction Scheme for 2016/17 requires all working age claimants (except the vulnerable) to pay a minimum of 10.00% council tax (8.5% in 2013/14). This affects roughly 2,800 claimants. Previously some of these claimants would have received full council tax benefit and paid no council tax. These changes were agreed by a Task and Finish group, Corporate Overview Panel and Council.
- 3.3 The council's Council Tax Reduction Scheme also includes:
- A. Council tax reductions are capped at band D (so that claimants living in higher banded properties receive any reduction based on band D). This currently affects 102 claimants, 74 being in a Band E property.
 - B. The savings limit is now £6,000 (previously £16,000), so that claimants on low income with more than £6,000 in savings are not entitled to any reduction.
 - C. There is no entitlement to Second Adult Rebate.
 - D. The council's Council Tax Reduction Scheme incentivises work by disregarding £25.00 a week of earnings. The government disregards are £25.00 for a lone parent, £20.00 for a disabled claimant, £10.00 for a couple and £5.00 for a single claimant.
 - E. The maximum period for backdating a claim is 4 weeks (previously 6 months)
 - F. To remove the family premium for new claims

4. MATTERS CONSIDERED BY TASK & FINISH GROUP

- 4.1 Collecting council tax from those on low income is becoming increasingly more difficult, with significantly more work for officers having to work with those affected. In 2016/17 council tax bills increased for the first time since 2010, meaning council tax payers having to pay more. This is likely to continue in the forthcoming years, with predicted increases of roughly 3% to 4%. It is not anticipated that wages will increase at the same rate, which affects roughly one-third of working age claimants.

The collection rate for those in receipt of Council Tax Reduction, who are not a pensioner or vulnerable, has decreased from 82.7% in 14/15 to 80.11% in 15/16. As at 31 October 2016, our collection rate is 61.74% compared to 62.94% for the same time in 2015.

- 4.2 Many of the claimants have also been affected by other welfare reforms, including the spare room subsidy, the benefit cap, which is being further reduced from 7 November 2016, as well as an increase in the cost of living. Many working age state benefits are being frozen for the next 3 years, as is the Local Housing Allowance which is used to work out entitlement to Housing Benefit. There are also further welfare reforms to come.
- 4.3 Due to the minimum contribution, welfare changes, system restrictions, and avoiding having amendments for numerous different groups, paying their council tax for some groups of claimants causes financial hardship. This could include, for example, lone parents who are full-time carers for a disabled child. Consideration has been given to administering a financial hardship fund to award to those claimants suffering exceptional financial hardship. This would be financed in full by the council (but see 4.4.). The council could work with applicants, for example by giving budgeting support and advice.
- 4.4 The council is agreeing a Council Tax Reduction scheme to assist those on a low income, whilst trying to be fair, prudent and reflecting welfare reforms. Officers propose to introduce a Prosecution and Penalties policy as an anti-fraud measure and to ensure any Council Tax Reduction is only awarded to those with a genuine entitlement. This policy enables a claimant to be issued with a penalty, which is up to £1,000 and added to their council tax bill, where they have fraudulently claimed a council tax reduction which they are not entitled too. An example could be where the claimant has undeclared capital.

The policy will be administered in conjunction with the council Corporate Fraud Officer.

Any penalties received will be used to assist with funding the Hardship Fund in full.

5. DISCUSSION ON COUNCIL TAX REDUCTION SCHEME FOR 2017/18

- 5.1 The group considered the options below:
- A. To maintain the current scheme with no changes
 - B. To increase the minimum contribution of 10%
 - C. To remove the Work Related Activity Component in the calculation of Council Tax Reduction for new claims
 - D. To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of 2 for new claims and entitlements.
 - E. To remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carer Element) to look after them
 - F. To use the gross Universal Credit payment as income in the calculation of Council Tax Reduction

- G. To award council tax reduction if there is an active Housing Benefit claim or for a period up to 6 months following nil entitlement to Universal Credit, without the need to make a new application.
- H. To have a Hardship Fund to assist those suffering exceptional financial hardship

- 5.2 Option A would not affect current claimants in that their support would not reduce and it's administratively simple.

However, a declining caseload means fewer claimants are in receipt of a Council Tax Reduction.

- 5.3 Option B was discussed at length. Members were provided with statistics to demonstrate the impact on increasing the minimum contribution, as well as comparisons with other local authorities.

Any savings will depend on the minimum contribution amount, and if the amount is collected. Officers consider there is a "tipping point" where an increase in the minimum contribution will result in less or no council tax being paid. This may therefore have an adverse impact on collection and increase administration costs.

- 5.4 Option C is to mirror changes being introduced in Housing Benefit from April 2017, and Universal Credit. It is simple and will help with administration of the scheme.

The Work Related Activity Component is part of how we assess the financial "needs" of any claimant, which is compared to their income. The government is introducing changes from April 2017 affecting new claims for Employment and Support Allowance who will no longer be entitled to the additional Work Related Activity component.

- 5.5 Option D is to mirror changes being introduced in Housing Benefit, Universal Credit and Child Tax Credits from April 2017. With all these state benefits, there will be no additional amounts paid in state benefits where a claimant has a third child after April 2017, unless in specified and limited circumstances. Existing claimants will be protected.

- 5.6 Option E is administrative and is to mirror changes being introduced in Housing Benefit from April 2017

- 5.7 Option F is administrative and is to clarify the amount used in the calculation of Council Tax Reduction.

When a claimant receives Universal Credit, deductions from the award may be made, for example to repay court costs and fines, council tax or utility arrears or loan repayments. To use the amount of Universal Credit after these deductions would mean using a lesser income and therefore entitling the claimant to a higher Council Tax Reduction.

- 5.8 Option G is administrative to enable more efficient use of resources, make claiming easier for claimants, and is to mirror Universal Credit. This will also ensure a Council Tax Reduction is awarded where entitled and claimants do not lose out on entitlement.

- 5.9 Option H would assist those in exceptional financial hardship. See 4.3 for further details.

6. CONSULTATION

- 6.1 The council has a duty to consult on any changes to the scheme. The Council undertook a consultation exercise over a 6 week period. The consultation was advertised on the council's website, Facebook page, Twitter and on correspondence sent to recipients of a Council Tax Reduction. The major preceptors and Citizens Advice were also contacted.
- 6.2 The council only received 15 responses. Due to the minimal responses it is not possible to draw any real conclusions. However, most responses broadly supported the recommendations.

7. FINANCIAL IMPLICATIONS

- 7.1 The financial implications of each of the options were discussed.

Option A may incur minimal, or even less cost.

Option B savings will depend on the amount of the contribution and collection rates.

Option C would not save anything but will avoid potentially increasing, albeit minimally, the cost

Option D savings would be minimal but will avoid potentially costs increasing

Option E savings will be minimal

Option F savings will be minimal but will avoid additional future increases to cost

Option G savings will be zero

Option H would be a cost to the council but it is anticipated that the cost is off-set from penalties issued.

Therefore, the overall impact of these changes will be minimal. Savings to New Forest District Council will be even smaller as the council retains approximately 11% of the total council tax collected.

8. PORTFOLIO HOLDER COMMENTS

- 8.1

9. RECOMMENDATIONS

- 9.1 It is recommended to Corporate Overview Scrutiny Panel and to the Cabinet that the minimum contribution remains at 10% and that options, C, D, E, F, G and H are all adopted.

Background Information:

Minutes of Task & Finish Group

Caseload Graph

Collection Statistics

Impacts on changing the minimum contribution

Information on local authority schemes in Hampshire

Further Information:

Members of Task & Finish Group: Cllrs Michael Harris, Bill Andrews, Derek Tipp

Portfolio Holder: Cllr Jeremy Heron

Lead Officer:

Ryan Stevens ryan.stevens@nfdc.gov.uk

CORPORATE OVERVIEW AND SCRUTINY PANEL – 17 NOVEMBER 2016

FINANCIAL UPDATE 2016/17 AND 2017/18

1. PURPOSE OF THE REPORT

- 1.1 This report provides the panel with an update on the latest position with regards to the 2016/17 budget, confirms the assumptions made within the forecast for the 2017/18 budget and gives the panel an update on the Council's mid-year Treasury Management position.

2. BACKGROUND

- 2.1 There are two types of financial reports that are presented to Cabinet throughout the year. The Financial Monitoring Reports (FMR) focus on the current years' performance and provide a forecast budget outturn, and the Medium Term Financial Plan (MTFP) reports give updates on the current forecast budget position over a 3-4 year period, allowing for known and estimated funding and budget changes. Often items featured in the FMR's feed into the MTFP, if the adjustments are on-going.
- 2.2 In February 2016, at the same time as setting the 2016/17 budget, Council approved the Treasury Management strategy covering 2016/17 – 2018/19. A mid-year progress report was reviewed by the Audit Committee in September 2016, and an outturn report is reviewed each June.

3. LATEST POSITION 2016/17

- 3.1 A General Fund budget of £17.192m for 2016/17 was agreed by Council in Feb 2016.
- 3.2 The first FMR of the year (Aug Cabinet) identified budget savings of £731k and new budget requirements of £77k. The second FMR of the year (Nov Cabinet) identified further budget savings of £1.061m and new budget requirements of £279k. The narratives as included in the relevant FMR's are included as appendix 1.
- 3.3 Each report also included rephasings (from/to earmarked reserves), with the August report bringing rephasings from 2015/16 into 2016/17 totalling £2.297m, and the November report including rephasing out of 2016/17 into 2017/18 of £272k.
- 3.4 The following table summarises the change in budget position as a result of the reported variations, outlined above;

	Savings £'000	New Req. £'000	Rephasing £'000	Total £'000
Original Budget April 2016/17				17,192
Variations agreed in August	-731	110	2,297	1,676
Transfer from Reserves in August		-33	-2,297	-2,330
Updated Budget August 2016/17	-731	77	0	16,538
Variations Agreed in November	-1,061	279	-272	-1,054
Transfer to Reserves in November			272	272
Updated Budget November 2016/17	-1,792	356	0	15,756

4. LATEST ASSUMPTIONS 2017/18

- 4.1 The acceptance (via July Cabinet) of the Governments' 4 year finance settlement has given some degree of certainty around the levels of funding that the Council is due to receive until 2019/20.
- 4.2 The MTFP presented to Cabinet in October includes the latest funding forecast, and confirms a reduction in grant funding and resources when comparing 17/18 to 16/17 of £957k (11%).
- 4.3 Council tax is now the Council's main funding source, in 2016/17 representing 57% of total funding. An assumed increase for 2017/18 of £5 (equivalent to 3.16%) has been allowed for in the MTFP assumptions, which is forecast to generate an additional £349k. A baseline adjustment is also made (£33k), reflecting the number of new homes in the district. This total increased Council Tax yield reduces the funding shortfall down to £575k.
- 4.4 The following table summarises how different percentage changes to Council Tax would impact the current zero bottom line forecast for 2017/18;

Percentage Increase	3.16%	2.91%	2.66%	2.41%	2.16%	1.91%	1.66%	1.41%
Yield Increase (£'000)	349	321	293	266	238	211	183	155
Difference to £5 (£'000)	0	28	56	83	111	138	166	194

- 4.5 As of October expected Pay & Price increases for 2017/18 are £774k. At this point the total budget gap for 2017/18 is (£575k + £774k) £1.349m.
- 4.6 The implementation of the Council's new Senior Management Structure gave an opportunity for a fresh review of each and every service and back office function that the Council provides and requires. This has been given financial context by the inclusion of a Budget Stabilisation Target for each of the Service Managers. The principal of the target is to freeze the budgets in their areas of responsibility for the next 3 years, based on the 2016/17 level. This results in the need to absorb forecast cost increases (pay award, increments, inflation

etc.) over the 3 year period of £2.438m. A graph is included as Appendix 2 showing the breakdown of this total per Service Manager.

- 4.7 The forecast savings as a result of the Service Manager's year 1 reviews totals £1.373m. Other significant budget changes include a reduction in our forecast interest earnings (to reflect the drop in base rate; see section 6), and a temporary increase to the Asset Maintenance and Replacement programme, to balance the budget (as at October) for 2017/18 back to 0.

5. ASSET MAINTENANCE AND REPLACEMENT PROGRAMME 2017/18

- 5.1 Officers are currently working on finalising the Asset Maintenance & Replacement programme for 2017/18. A summary of the projects will be presented to a special December COSP meeting, to ensure that members have the opportunity to review the programme and make a recommendation to Cabinet.

6. MID-YEAR TREASURY MANAGEMENT UPDATE

- 6.1 The preliminary estimate of quarter 2 of 2016 showed strong growth as the economy grew 0.6% quarter-on-quarter, as compared to 0.4% in quarter 1 and year/year growth running at a healthy pace of 2.2%. However the referendum result in June led to a sharp decline in household, business and investor sentiment.

- 6.2 The repercussions of this plunge in sentiment on economic growth were judged by the Bank of England to be severe, prompting a cut in base rate to 0.25% in August 2016.

- 6.3 The Council's investment holding was £65.38m at 25 August 2016 and was placed in the following investment types;

Duration to maturity	Overnight £m	<1 year £m	>1 year £m	Total £m	Average Rate/Yield %	Average Life years
<i>Subject to bail-in risk</i>						
Bank notice accounts	-	3.5	-	3.5	1.05	0.16
Bank certificates of deposit ¹	-	7.0	-	7.0	0.52	0.39
	-	10.5	-	10.5	0.70	0.31
<i>Exempt from bail-in risk</i>						
Covered floating rate notes	-	7.7	11.3	19.0	0.77	1.31
Corporate floating rate notes	-	1.0	-	1.0	0.67	0.45
Covered fixed bonds	-	2.0	2.0	4.0	1.12	0.93
Supranational bonds	-	2.0	-	2.0	0.61	0.29
Government bonds	-	8.0	-	8.0	0.72	0.30
Money market funds	4.9	-	-	4.9	0.42	0.00
Local authorities	-	8.0	5.0	13.0	1.08	1.02
Pooled property funds	-	-	3.0	3.0	4.52	-
	4.9	28.7	21.3	54.9	1.04	0.87
Total	4.9	39.2	21.3	65.4	0.98	0.78

6.4 The average interest rate earned on the Council's investments at 25 August 2016 was 0.98%. The base rate cut by 0.25% will have an impact on future interest returns as existing investments mature. An adjustment of £200k has been made in the MTFP for 2017/18, reducing our budgeted interest earning income from £600k to £400k.

7. CRIME & DISORDER / EQUALITY & DIVERSITY / ENVIRONMENTAL IMPLICATIONS

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

8. FUTURE REPORTING

8.1 The reporting of financial information to this panel needs to fit in with the established Cabinet reporting timetable already in place, and give this panel an opportunity to feed into the Cabinet reports.

8.2 In some instances, due to the tight reporting timetables only actions agreed at the COSP meetings and put forward immediately by the panel chairman will find their way onto the appropriate Cabinet report.

8.3 The existing schedule of financial reporting to Cabinet and a proposed schedule of financial updates for this panel is as follows;

	CABINET REPORTS	PROPOSED COSP REPORTING
July	First MTFP	
August	First FMR	
September		Monitoring & MTFP (to feed into October MTFP)
October	Second MTFP	
November	Second FMR	Monitoring & MTFP (to feed into Jan MTFP)
December		
January	Third MTFP	Update on MTFP (to feed into Feb Budget Setting)
February	Final MTFP and Budget Setting	
March		
April	Final FMR	
May		Annual Review Report
June	Annual Performance and Provisional Outturn Report	

COSP Meetings

9. CONCLUSION

- 9.1 Significant funding reductions and cost increases require the Council to be proactive in its review of activities, in order to set a balanced budget.
- 9.2 The on-going savings identified in 2016/17 via the FMR's are built into the current MTFP assumptions, in principal as part of the Budget Stabilisation figures.
- 9.3 Council Tax plays a significant part in the way the Council is funded. Any changes to the £5 increase creates a budget deficit for 2017/18 (and a small cumulative effect going forward), which will then need to be addressed.

10. RECOMMENDATIONS

- 10.1 That the members of COSP;
 - a) note the contents of this report, and feedback any relevant comments for inclusion in the January MTFP report to Cabinet, and
 - b) note the proposed schedule of future financial updates, as laid out in section 8.

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Background Papers
FMR – 03/08/2016
FMR – 02/11/2016
MTFP – 05/10/2016

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August Variations**Savings; £731k**

- £300k - Ongoing savings identified during the 2015/16 closedown process and not already built into the base 2016/17 budget are estimated to be c£300k.
- £78k - The ongoing Senior Management Review has identified an additional £78k of savings.
- £283k – Ongoing savings have been identified as part of the Budget Stabilisation strategy that will have an immediate impact to 2016/17. £169k relates to an improvement in the operating position of the Leisure Centres and the remaining £114k relates to team restructures across the Council.
- £70k from existing coastal step replacement budgets will be used towards the access improvement costs included in the capital scheme detailed in paragraph 4.2 (ENV).

New Requirements; £110k (£77k net of transfer from reserves)

- £65k - On 18 April 2016 Council approved a grant of £65k to St Barbe's Trust as a contribution towards the cost of the museum's planned development project (H&L).
- £12k - In March 2016 the Leader of the Council approved £12k as a first year contribution to Creative England for promotion of film and television productions in the New Forest (Leaders).
- £33k - Additional staff resources of £33k are required to implement the increased Disabled Facilities Grant programme detailed in paragraph 4.2 (£33k representing around 10% of the additional grant). The additional cost will be funded from reserves and will be exceeded by a reduction in the Council's original planned use of capital receipts (H&C).

November Variations**Savings; £1.061m**

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

- £58k – Additional income has been received in respect of the telecommunications mast at Lymington Town Hall. This covers payments in respect of previous years which have now been received.
- £50k – Staffing savings of £60k have resulted following the Accountancy team restructure, £50k of which will benefit the General Fund and £10k the Housing Revenue Account.
- £489k – Asset Management & Replacement Programme review; The overall total is £540k, of which £51k relates to the Housing Revenue Account. The impact on the General Fund is therefore a reduction in costs of £489k;

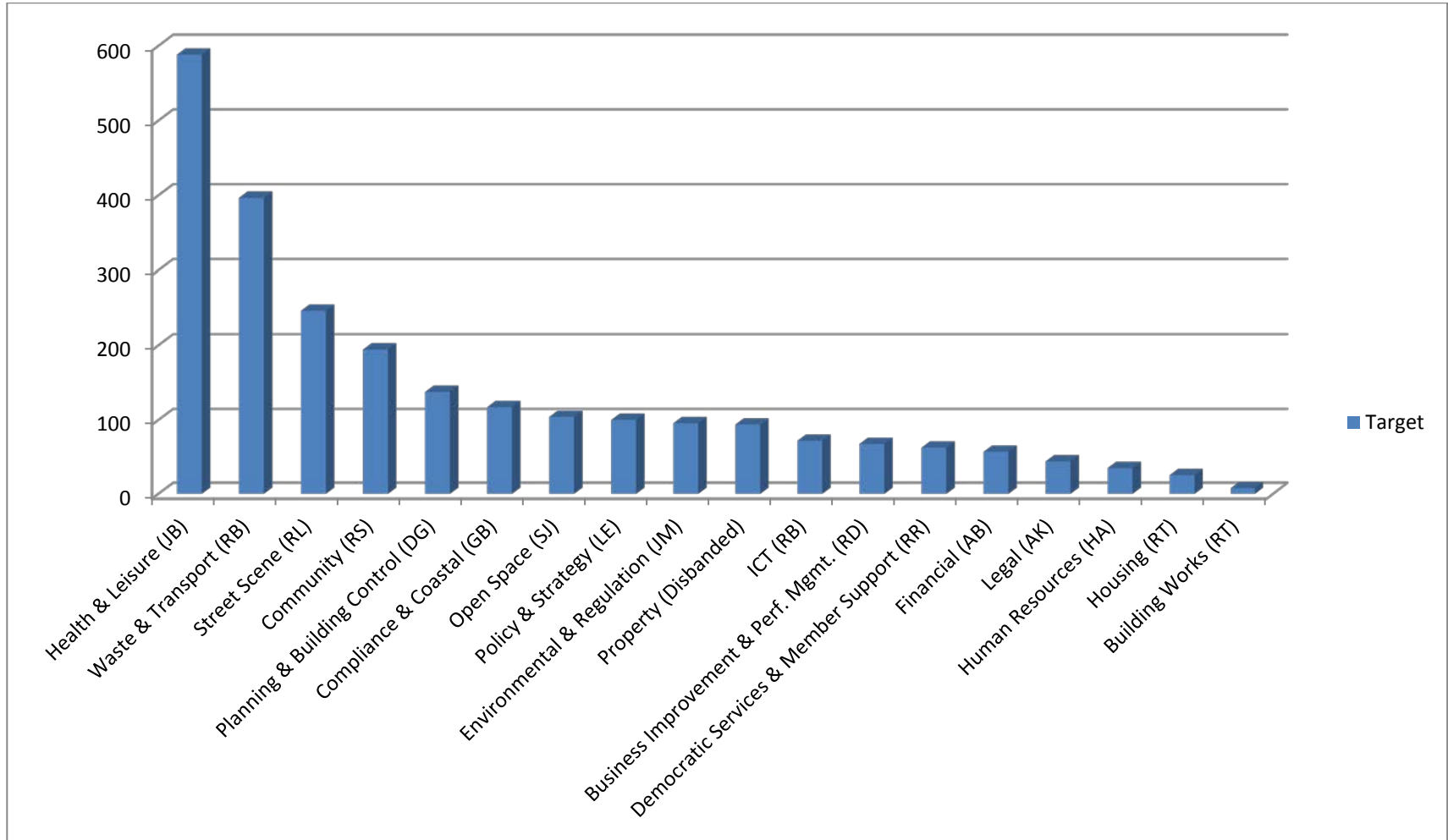
	GF	HRA
• Environment	£54k	
• Health & Leisure	£221k	
• P&T (Parking)		£55k
• Offices & Depots	£145k	£51k
• Vehicles & Plant (Minor)	£14k	

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

New Requirements; £279k

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

A GRAPH TO SHOW GENERAL FUND BUDGET STABILISATION TARGETS PER SERVICE MANAGER



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CORPORATE OVERVIEW & SCRUTINY PANEL – 17 NOVEMBER 2016

KEY ACTIONS AND SERVICE REVIEW PROGRAMME – UPDATE REPORT

1. INTRODUCTION & PURPOSE

- 1.1 The corporate plan included a delivery plan which set out a number of key actions and reviews for 2016/17. This delivery plan was set out against the background of continued funding reductions.
- 1.2 This report provides an update on work being undertaken, as part of the regular monitoring of the delivery plan.

2. KEY DELIVERY ACTIONS AND SERVICE REVIEWS

- 2.1 The tables set out key delivery actions and service reviews pertinent to each of the overview and scrutiny panels and provide progress updates where available. To ensure a corporate overview this panel is receiving progress updates for all reviews, whereas other panels will receive updates on reviews pertinent to that panel only.

CORPORATE OVERVIEW & SCRUTINY PANEL

Service Review and Terms of Reference		Progress Update
E.3	Supporting Local Business <i>Review the realistic aspirations of the Council in what it wishes to achieve and consider the mechanism for achieving this. Progress through the local plan review to support vibrant localities</i>	Consultations on a draft service review proposal will take place in mid-October, and will be reported to Cabinet in November 2016 for decision. Verbal update to be given at panel.
E.5	Tourism <i>Review the way in which the council engages with the Tourism industry and the delivery of the service</i>	
G.1	Procurement <i>Conclude the review of procurement with the implementation of centre led arrangements and a move towards a procurement partnership</i>	The move to a centre led model continues and it is planned to have completed the change to devolved buying by the end of 2016. The first tranche of purchasing cards have been issued and system testing is currently under way in Agresso so that the Purchasing Coordinators will be able to purchase items directly from suppliers. In relation to the Procurement team the revised structure is currently out to consultation. The review has generated annual savings in the region of £67,000.
O.6	Health & Safety <i>Review arrangements for Health & Safety advice across the Council in light of the management restructure</i>	Completed Service structure review completed and implemented generating savings of £29,000 annually. New working arrangements are now being agreed with Service Managers
O.7	Crematorium <i>Review potential opportunities for a New Forest crematorium</i>	Completed A Crematorium in New Milton has been now granted planning permission. This is a private sector project and implementation is now dependent on the site owner.
R.1	Digital Service Delivery <i>Review of ICT to support greater digital service delivery (having regard to the work of Fit for the Future)</i>	Work is progressing on the ICT Strategy with the reorganisation stream and project portfolio stream advancing to plan. The technology roadmap stream and ICT operating model stream will require certain posts in the new ICT

		organisation to be in place before they can be fully formed but are moving forward as far as possible. The project portfolio stream will feed into the asset management and replacement schedule bid nominations in late October. Corporate overview and scrutiny panel will be appraised of progress in January 2017.
R.2	Pay & Reward <i>To determine a fit for purpose pay & reward strategy related to performance and productivity (having regard to the work of Fit for the Future)</i>	The first priority of this review is to ensure the structure is line with the national living wage and this work is underway.
R.3	Building Works <i>Service delivery review to challenge existing model and maximise outcomes for the council and the customer, including optimising revenue potential and ensuring efficiency and effectiveness of the department</i>	Review scoping completed and report will be presented to EMT and corporate overview and scrutiny panel in November 2016.
R.4	Property Services <i>Review of operations and strategy</i>	Review completed, culminating in a restructure of the previous property services team and the removal of the service manager post generating a £60,000 annual saving.
R.5	Customer Strategy <i>Transform the management of demand through digital customer services and engagement (having regard to the work of Fit for the Future)</i>	Project brief presented to COSP in September 2016 detailing the scope of the review. The Member task and finish group and the project team will meet in early November to commence the review itself with initial findings and recommendations back to COSP in March 2017.

ENVIRONMENT OVERVIEW & SCRUTINY PANEL

Service Review and Terms of Reference		Progress Update
E.1	Local Plan <i>Local plan consultation and draft submission for adoption</i>	Public consultation on Initial Proposals for the Local Plan Review 2016-2036 was undertaken between 15 July and 16 September 2016. 1500 responses to the consultation were received. These are being analysed and will be reported to members as part of the next stage in progressing the Local Plan to Submission stage.
E.4	Building Control <i>Service delivery review of the Building Control service. Consider the sustainability of the existing arrangements and assess alternatives such as multi-authority joint service provision or a joint (arm's length) local authority trading company</i>	Alternative delivery models, including the possibility of a joint commercial venture, are being actively explored in partnership with other Hampshire local authorities. EMT is due to receive an update during November 2016.
G.2	Environmental Health <i>To review all aspects of the delivery of Environmental Health functions (to include Environmental Protection and Commercial)</i>	Service review commenced by Service Manager for Environment and Regulation Service Manager which covers Environmental Protection, Commercial and Licensing. Options appraisal in process prior to report being presented to EMT.
O.1	Waste & Recycling <ul style="list-style-type: none"> - Determine strategy in line with the county wide Project Integra review - Review of bring sites to rationalise costs 	Awaiting findings from the Hampshire wide Project Integra review, anticipated in 2016. Review of existing bring sites has been completed and the rationalisation of sites

		endorsed by Cabinet in October 2016 with an estimated saving of £143,000
O.5	Enforcement Activity (Streetscene) <i>Identify opportunities for joining up enforcement activities of visible officers</i>	The first phase of reviewing staff reporting lines has been completed. A further review to be commenced in 2016/17.

COMMUNITY OVERVIEW & SCRUTINY PANEL

Service Review and Terms of Reference		Progress Update
E.2	Housing Strategy <i>Review the delivery of affordable housing in terms of realistic aspirations of the Council and recent changes in the planning system. Assess the existing constraints and take into account the emerging new Government policy advice. Progress through the local plan review</i>	An interim review (Council Housing Buy-Back & Development Update 2012/13 – 2015/16 and Future Strategy 2016/17 – 2018/2019) has been undertaken and was considered and supported by the Community Overview and Scrutiny Panel at its meeting on 20 September 2016
G.3	Community Safety <i>Review the Council's involvement in community safety (having regard to the Council's statutory responsibilities)</i>	Management review of arrangements is currently underway and will be reported to Panel when completed. Savings in the region of £63,000 have already been made.
O.2	Health & Leisure Centres <i>Set financial targets and scope service delivery review to challenge existing arrangements and maximise outcomes for the council and the customer in the longer term</i>	The management restructure has been completed and identified annual and ongoing savings of £153,000. Focus will now turn to the broader fundamental service review which will aim to consider a range of delivery options for the future. Scoping of the review is expected to be completed by March 2017, with a full review scheduled for 2017 which will develop a feasibility report for the 'preferred' options arising from the scoping
O.4	CCTV/Alarm Monitoring <i>Service delivery review to challenge existing arrangements and maximise outcomes for the council and the customer</i>	A review was undertaken by a member task and finish group to consider the medium term position of the CCTV service. It reported back to the Community and Overview Scrutiny Panel in March 2016 and an action plan agreed for development of the service. Progress against agreed actions was reported to Panel in Sept 2016.

2.2 The £372,000 savings identified to date are annual and ongoing and will directly contribute to the funding shortfall identified in the medium term financial plan.

2.3 Reviews will continue to be monitored and reported upon to ensure they are progressing and that objectives of the review are being met.

3. FINANCIAL IMPLICATIONS

3.1 A clear focus of the reviews is continued financial responsibility with a view to easing funding pressures.

4. RECOMMENDATIONS

- 4.1 That the Corporate Overview & Scrutiny Panel notes the approach to delivering the service review programme and the progress updates contained within this report.

For Further Information Please Contact:

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Background Papers

Key Action and Service Review Programme
Report – EMT June 2016
Our corporate plan 2016-2020 Delivery Plan
Cabinet Report Feb 2016

CORPORATE OVERVIEW AND SCRUTINY PANEL – 17 NOVEMBER 2016

WORK PROGRAMME 2016/17

ITEM	OBJECTIVE	METHOD	TIMING
JANUARY 2017			
Delivering where it counts			
Building Works Review	Scoping		January COSP
ICT Strategy – Update			January COSP
Budget Task and Finish Group	To scrutinise overall budget in consultation with Cabinet members and make recommendations to the Panel	Task and Finish Group	First meeting on 29 September 2016. Ongoing. Report to 19 January 2017 Panel.
Review of Asset Management Strategy (TBC)	To maximise the opportunities of the Council's asset base	Officer written report	19 January 2017.
Performance Management		Officer report	19 January 2017
Medium Term Financial Plan		Officer report	19 January 2017
MARCH 2017			
Delivering where it counts			
Improving Customer Services	Various means of improving customer service	Task and Finish Group/officer work	Scoping report agreed by Panel on 22 September 2016. Report back to March COSP
MAY 2017			
Delivering where it counts			
Annual Financial Review Report		Officer written report	25 May 2017
Key Actions and Service Review Update	To note progress	Officer report	25 May 2017
Performance Indicators	Annual Performance Report for services	Officer report	25 May 2017

ITEM	OBJECTIVE	METHOD	TIMING
SEPTEMBER 2017			
Delivering where it counts			
Financial Monitoring Report and Medium Term Financial Plan		Officer written report	21 September 2017
NOVEMBER 2017			
Delivering where it counts			
Financial Monitoring and Medium Term Financial Plan		Officer written report	16 November 2017

ITEMS BELOW NOT YET TIMETABLED

Supporting Local Business			
<p>“Care sector”</p> <p>A very major sector that has been overlooked. Of great relevance to the area. Needs greater levels of support.</p>	<p>To identify the value of the sector to the local economy and identify means to develop the skills base; supply chain and in-sector collaboration so as to further the sector.</p>	<p>Bring the agencies together in Panel to determine common issues and how mechanisms for improvement can be developed.</p> <p>Investigate how other LA areas have dealt with this issue.</p>	<p>To be allocated in accordance with future priorities for the Economic Development Team being reported to November Panel</p>
<p>“Marine and Engineering”</p> <p>A high value sector which has a number of established and substantial businesses in the District</p>	<p>To assist in the development of this and other sectors, encouraging co-operation and assisting with access to trade fairs</p>	<p>Report to Panel</p>	<p>To be revised after a review of the Business and Tourism Service</p>
<p>Young People – Work Readiness/ Hospitality Sector</p>	<p>To improve work readiness for young people in the hospitality sector, in consultation with local colleges and hotels</p>	<p>Task and Finish Group/officer programme of work ongoing</p>	<p>Reported to Panel on 22 September 2016 – event in May 2017</p>

ITEM	OBJECTIVE	METHOD	TIMING
ITEMS BELOW NOT YET TIMETABLED (continued)			
Supporting Local Business (continued)			
<p>“Regions”</p> <p>Continue engagement/ collaboration with HCC/LEPS or any other external public agency, including reference to the Hampshire-wide devolution proposal</p>	<p>To effectively facilitate good relationships with these agencies in order to produce beneficial outcomes in the District</p>	<p>Report documenting progress with LEPs and business portal.</p> <p>HCC element via Leader updates.</p>	<p>To be revisited in the context of the review of the Business and Tourism Service Review</p>
Delivering where it counts			
<p>Access to alternative funding sources for voluntary organisations and parish/town councils</p>	<p>To explore opportunities</p>	<p>Officer written report</p>	<p>2016/17 committee cycle</p>
<p>Devolution – Wider Hampshire</p>	<p>Monitor progress with regard to devolution</p>	<p>Regular update from Leader</p>	<p>At appropriate times</p>
<p>Universal Credit update</p>	<p>To be aware of issues arising</p>	<p>Regular update from Finance & Efficiency Portfolio Holder</p>	<p>At appropriate times</p>
<p>Portfolio Holders’ Updates (Standing Item) Updates from Task and Finish Groups</p>			

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