

NOTICE OF MEETING

Meeting: CABINET

Date and Time: WEDNESDAY, 6 FEBRUARY 2019, 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

AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 5 December 2018 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. REVIEW OF SERVICE CHARGES (Pages 1 - 10)

To consider the outcome of a review of the service charges to tenants of extra-care, hostels and age restrict accommodation.

5. MEMBERS' ALLOWANCES - SCHEME TO APPLY FROM 1 APRIL 2019 (Pages 11 - 12)

To recommend to the Council that the scheme of members' allowances from 1 April 2019 remain unchanged.

6. COMMUNITY GRANTS (Pages 13 - 32)

To consider the recommendations of the Community and Leisure Overview and Scrutiny Panel with respect to the payment of grants in 2019/20.

7. RELOCATION OF CCTV CONTROL ROOM

The 2018/19 budget includes £121,000 for the relocation of the CCTV control room.

The scope for the use of the identified space has now been maximised to also accommodate the customer services centre, with the design including a flexible space that will be used as an incident management room to support a civil contingencies or business continuity emergency. This space is self-contained with appropriate welfare facilities and external access to support out of hours working and incident co-ordination without impacting the rest of the building.

The expansion of the use of the space has inevitably increased the cost of the design by approximately £90,000. These costs will be incurred in 2018/19, but will be met through the opportunities the relocation creates for more efficient ways of working (estimated at £45,000 per annum from 2019/20). Furthermore it supports the smarter working initiative by freeing up space for a work café on the first floor where the customer service team are currently located.

RECOMMENDED:

That Cabinet approve the one-off supplementary budget request of £90,000, to meet the increased cost of relocating the CCTV Control Room, noting that this will lead to an on-going efficiency saving of £45,000 per annum.

8. CAPITAL STRATEGY 2019/20 (Pages 33 - 42)

To consider and to recommend to the Council, the Council's Capital Strategy for 2019/20, including high level spending and financing plans and associated performance indicators. The report includes the Council's Medium Revenue Position Statement for 2019/20.

9. HOUSING REVENUE ACCOUNT BUDGET AND HOUSING PUBLIC SECTOR CAPITAL EXPENDITURE PROGRAMME 2019/20 (Pages 43 - 62)

To consider and to recommend to the Council the proposed Housing Revenue Account budget, the proposed rent levels and other charges, the maintenance

programme and proposed Housing Public Sector Capital Programme for 2019/20 – 2021/22.

10. MEDIUM TERM FINANCIAL PLAN AND ANNUAL BUDGET 2019/20 (Pages 63 - 82)

To consider the development of the Medium Term Financial Plan and to recommend to the Council the General Fund revenue and capital budgets for 2019/20 and the level of Band D Council Tax.

11. DELEGATION OF POWERS TO OFFICERS

The Council operates an extensive scheme of delegation of powers to officers in order ensure that the organisation can operate efficiently and effectively. It is necessary to update the current scheme of delegations firstly to take account of the appointment of the new Chief Planning Officer. In addition, an adjustment needs to be made to allow the officers involved with the Examination of the local plan to make amendments, in consultation with the Portfolio Holder, to respond within the process.

RECOMMENDED:

- (a) That the Council's scheme of delegation of powers to officers, that are the responsibility of the Cabinet, be amended to the effect that the Chief Planning Officer be delegated the same powers, throughout, as the Executive Heads; and
- (b) That the following additional power be delegated:

Source	Power Delegated	Delegated to
Planning and Compulsory Purchase Act 2004 – as amended by the Localism Act 2012	To agree to proposed changes/ modifications to the submitted Development Plan document, to address issues of 'soundness', during the public Examination of the document.	Chief Planning Officer, or Executive Head, or Service Manager, or Principal Policy Planner in consultation with the Planning and Infrastructure Portfolio Holder.

To:

Councillors

Mrs D E Andrews
J E Binns
Mrs J L Cleary
M R Harris

Councillors

E J Heron (Vice-Chairman)
J D Heron
Mrs A J Hoare
B Rickman (Chairman)

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CABINET – 6 FEBRUARY 2019

REVIEW OF SERVICE CHARGES

1. INTRODUCTION

- 1.1 The Council has carried out a review of the service charges it charges tenants of extra-care, hostels and age restricted accommodation.
- 1.2 Such accommodation has service charges that tenants and occupants are liable to pay to cover the costs of services received that are over and above the basic housing provision.
- 1.3 The last service charge review took place in 2004, so it is appropriate to carry out a review to ensure charges are applicable.

2. BACKGROUND

- 2.1 General service charges are for services provided for shared facilities and/or communal areas, regardless of actual use. Charges cover:

- utilities for the building (but not domestic use);
- internal/external cleaning and grounds maintenance;
- furniture and equipment; and
- any generic costs linked to the building.

Housing Benefit/Universal Credit can be paid to cover some or all of any general service charges that are due, if tenants are eligible to receive such support.

- 2.2 Domestic service charges are for heating, lighting and water supplied to individual dwellings, but not separately metered.

The Council deals directly with the utility suppliers and costs incurred are recovered through the applied domestic service charges. They are not covered by housing benefit, even if tenants are eligible to receive such support.

- 2.3 640 tenanted properties pay some form of service charge. These include
 - a. all three 'extra care' schemes (116 dwellings),
 - b. age restricted properties (460 dwellings),
 - c. general needs properties (43 dwellings)
 - d. licensed hostels (21 dwellings).
- 2.4 In addition, following the decommissioning of sheltered schemes in 2007, 23 tenants at this time opted to be 'linked-in' to nearby schemes and retained access to and use of communal facilities separate from their main residence.
- 2.5 An annual inflation based uplift has been applied in recent years to cover any increased costs attributed to the delivery of services. The fundamental principle is that service charges recover the costs incurred.

2.6 Separate charges are invoiced annually to all leasehold properties (119 dwellings) but are outside the scope of this review.

3. CURRENT REVIEW

3.1 A project team consisting of Housing senior management, Rent Accounting, Finance and Housing Estates Management have been involved with the review.

3.2 Housing Estates have commenced the remodelling of former sheltered housing schemes, removing communal and shared facilities at some sites to replace these areas with additional accommodation.

3.3 It is no longer appropriate to budget for the replacement of items in communal lounges due to remodelling and therefore the general office budget will reduce from £70,000 to £10,000.

3.4 General service charges will be applied on a site-by-site basis, other than extra care schemes and licenced hostels where charges will be applied equally across the type of establishment.

- **Extra care schemes:** Barfields, Gore Grange and Winfrid House
- **Hostels:** Merriemead, Parsonage Barn Lane, Tourlands and Waverley Road.

3.5 For domestic utility use by each household, the Council proposes to apply the same weighting as used for rent determination, so that charges are representative of usage. The weightings are 0.8 for bedsits, 0.9 for one-bed properties, 1.0 for two-bed and 1.1 for three-bed.

3.6 Tenants of the 23 households identified in 2.4 above will have all service charges removed to reflect the removal of communal facilities in associated external sites. With the planned removal of these facilities, all attributed future costs recoverable within service charges will no longer be applicable.

3.7 Currently there is no service charge applied to former warden accommodation at decommissioned sheltered schemes. For the Council to continue to provide a fair and transparent charging structure it is proposed that charges are introduced and applied. At the time of this report this will apply to five households.

3.8 The proposed 2019/20 charges are shown in Appendix 1.

3.9 For the 576 households in extra care and age restricted accommodation, the proposed changes will mean that 373 households (65%) will see a reduction. Overall the proposals are:

Number	Implication	Proposal
373 (65%)	Reduction in charges	New charges to apply from 1 st April 2019
5 (1%)	A charge for the first time	New charges to apply from 1 st April 2019
85 (15%)	Less than £2 per week increase	New charges to apply from 1 st April 2019
113 (19%)	Greater than £2 per week increase, to be implemented on a phased basis	Phased approach of up to £2 per week, to apply from 1 st April 2019, up to a maximum of three years.

- 3.10 For the 64 households identified in licenced hostels and general needs accommodation, the proposed changes will mean that 29 households (45%) will see a reduction or no change to their charge. Overall the proposals are:

Number	Implication	Proposal
29 (45%)	No change or reduction in charges	New charges to apply from 1 st April 2019
28 (44%)	Less than £2 per week increase	New charges to apply from 1 st April 2019
7 (11%)	Greater than £2 per week increase, to be implemented on a phased basis	Phased approach of up to £2 per week, to apply from 1 st April 2019, up to a maximum of three years.

4 CONSULTATION

- 4.1 Consultation commenced in Summer 2017 with representatives of the Housing Tenants' Involvement Group. They reviewed the service provision across a number of establishments.
- 4.2 Further consultation with the Housing Tenants' Involvement Group took place on 18 January 2019. They agreed the Service Charge Review had been carried out thoroughly and they supported the changes made.

5. FINANCIAL IMPLICATIONS

- 5.1 The proposals will result in an estimated reduction of £71,000 in service charge income, but in accordance with the policy of cost recovery, this is due to a reduction in expenditure budgets.

6. EQUALITIES IMPLICATIONS

- 6.1 Pursuant to the Equality Act 2010 ("the Act"), in the exercise of its functions, the Council has to have "due regard" to (i) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. The relevant protected characteristics are: age, race, disability, gender reassignment, pregnancy, and maternity, religion or belief, sex and sexual orientation and marriage and civil partnership.
- 6.2 In assessing the potential equality implications, the Council has taken into consideration the implications (both positive and negative) on those with protected characteristics and any mitigating actions to be taken, or where appropriate, the reason why a provision is the most proportionate means of achieving the Council's objectives.

- 6.3 The proposed changes will have a predominately positive impact on all occupants of extra care, hostel and age restricted accommodation, as seen at paragraphs 3.9 and 3.10; with 65% of those in extra care and age restricted accommodation having a reduction in the amounts they pay and 45% of those in general needs and licenced hostels seeing no change or a reduction in the amounts they currently pay. The Council recognises that occupants of its extra care and age restricted accommodation will normally fall within the protected characteristic of age and disability.
- 6.4 Whilst some of the Council's occupants will have an increase in the amounts they pay; the increase has been kept to a minimum; an increase of less than £2 per week for 44% of general need and licenced hostels and 15% for extra care and age restricted accommodation. Where the increase is more than £2 per week the Council has sought to mitigate the adverse impact by introducing a phased approach of up to £2 per week from April 2019. The Council has also ensured that there has been consultation with representatives of its Housing Tenant Involvement Group throughout the review process.
- 6.5 The Council recognises there will be an adverse impact on the 5 (1%) of occupants who will now have to pay a service charge for the first time and note that 4 out of the 5 occupants fall within the protected characteristic of age. However, the Council's objective in introducing these charges is to ensure that there is a fair and transparent charging structure. The Council considers that the introduction of these charges for all occupants is the most proportionate means of achieving this objective. The Council also notes that there will be social welfare payments available to support occupants who fall within a protected characteristic group, and where there is not, the Council recognises the need to keep under review the impact of these proposed changes to ensure that equality of opportunity is achieved.

7. HOUSING OVERVIEW AND SCRUTINY PANEL'S COMMENTS

- 7.1 The Panel considered and supported the proposals to change the service charges that tenants and occupants of extra-care, hostels and age restricted accommodation pay. The proposed structure and charges were felt to be fairer and more transparent. It was noted that the last review had been carried out in 2004 and the Panel were pleased to hear that service charges would be regularly reviewed in the future.

8. PORTFOLIO HOLDER COMMENTS

- 8.1 I am very pleased that an up to date review of Service Charges has taken place to ensure that our Service Charges remain appropriate and fair for our tenants. As the report shows, the majority of our tenants will see a reduction in Service Charges. Increases of £2 or more will be phased to ensure that our tenants have time to make the necessary adjustments. I know that the new management in Housing will keep Service Charges under review to ensure that we offer value for money for our tenants whilst fairly and reasonably apportioning Service Charges across the board.

9. CRIME AND DISORDER, ENVIRONMENT AND EQUALITY & DIVERSITY IMPLICATIONS

9.1 No direct implications.

10. RECOMMENDATIONS

10.1 That the service charges set out in Appendix 1 be approved and to be introduced in accordance with the timescales set out in section 3.

Further Information:

Brian Byrne
Service Manager, Housing Estates Management & Support
Tel: (023) 8028 5588
Email: brian.byrne@nfdc.gov.uk

Kerry Leach
Rent Accounting & Home Ownership Manager
Tel: (023) 8028 5588
Email: Kerry.leach@nfdc.gov.uk

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Appendix 1

Site	Beds/ Type	Units	Proposed weekly charge			Cash change to existing charge		
			General Service Charges	Domestic Service Charges	Total	General Service Charges	Domestic Service Charges	Total
Extra care								
Barfields [Carlton House]	1	8	17.53	8.13	25.66	3.34	0.39	3.73
Barfields [Carlton House]	2	4	17.53	9.03	26.56	3.34	0.77	4.11
Barfields [Barfields Main Building]	1	37	17.53	18.16	35.69	3.34	0.97	4.31
Barfields [Barfields Main Building]	2	3	17.53	20.17	37.70	3.34	1.90	5.24
Gore Grange	1	37	17.53	15.15	32.68	3.34	-1.83	1.51
Winfrid House	1	26	17.53	11.37	28.90	3.34	-0.99	2.35
Former warden accommodation that will be charged for the first time								
Winfrid House	2	1	17.53	12.62	30.15	17.53	-0.90	16.63
Clover Court	3	1	7.94	0.00	7.94	7.94	0.00	7.94
Corbin Court	2	1	13.13	5.80	18.93	13.13	-2.46	10.67
Ewart Court	3	1	4.98	0.00	4.98	4.98	0.00	4.98
Wilson Court	2	1	15.60	0.00	15.60	15.60	0.00	15.60
Age restricted accommodation that will see an overall increase in charges								
Albion Road	1	19	7.83	12.89	20.72	-2.28	5.05	2.77
Lime Tree House	1	12	8.75	0.00	8.75	3.21	0.00	3.21
Lime Tree House	2	4	8.75	0.00	8.75	3.21	0.00	3.21
Rivers Reach	1	8	12.06	0.00	12.06	1.95	0.00	1.95
Wilson Court	1	13	15.60	0.00	15.60	1.81	0.00	1.81
Age restricted accommodation that will see an overall decrease in charges								
Bannister Court	1	34	8.84	16.75	25.59	-4.22	1.40	-2.82
Bannister Court	2	4	8.84	18.62	27.46	-4.22	2.44	-1.78
Campion House	1	13	9.72	4.31	14.03	-3.34	-11.04	-14.38
Campion House	2	2	9.72	4.80	14.52	-3.34	-11.38	-14.72

Site	Beds/ Type	Units	Proposed weekly charge			Cash change to existing charge		
			General Service Charges	Domestic Service Charges	Total	General Service Charges	Domestic Service Charges	Total
	no.	no.						
Clarks Close	Bedsit	7	11.41	2.09	13.50	-2.38	-2.26	-4.64
Clarks Close	1	13	11.41	2.35	13.76	-2.38	-2.27	-4.65
Clover Court	1	17	7.94	0.00	7.94	-5.85	0.00	-5.85
Clover Court	2	4	7.94	0.00	7.94	-5.85	0.00	-5.85
Compton House	Bedsit	16	14.11	6.63	20.74	0.32	-0.63	-0.31
Compton House	1	8	14.11	7.46	21.57	0.32	-0.28	0.04
Compton House	2	1	14.11	8.29	22.40	0.32	0.03	0.35
Corbin Court	Bedsit	16	13.13	5.22	18.35	-0.66	-2.52	-3.18
Corbin Court	1	16	13.13	4.64	17.77	-0.66	-2.62	-3.28
Evergreens	Bedsit	8	12.49	10.47	22.96	-1.30	-1.40	-2.70
Evergreens	1	8	12.49	11.77	24.26	-1.30	-0.80	-2.10
Evergreens	2	1	12.49	13.09	25.58	-1.30	-0.28	-1.58
Ewart Court	2	40	4.98	0.00	4.98	-8.81	0.00	-8.81
Howard Oliver House	1	30	11.19	8.47	19.66	-2.60	-3.89	-6.49
Howard Oliver House	2	1	11.19	9.43	20.62	-2.60	-3.73	-6.33
Lawrence House	Bedsit	19	9.44	11.15	20.59	-4.35	-0.72	-5.07
Lawrence House	1	4	9.44	12.55	21.99	-4.35	-0.02	-4.37
Lawrence House	2	1	9.44	13.93	23.37	-4.35	0.56	-3.79
Manor Close	1	10	7.63	9.07	16.70	-2.48	1.23	-1.25
Marryat Court	Bedsit	16	8.62	10.25	18.87	-5.17	-1.62	-6.79
Marryat Court	1	18	8.62	11.52	20.14	-5.17	-1.05	-6.22
Marryat Court	2	1	8.62	12.80	21.42	-5.17	-0.57	-5.74
Robertshaw House	Bedsit	16	12.10	6.27	18.37	-1.69	-0.99	-2.68
Robertshaw House	1	8	12.10	7.05	19.15	-1.69	-0.69	-2.38
Robertshaw House	2	1	12.10	7.84	19.94	-1.69	-0.42	-2.11
Sarum House	Bedsit	16	13.27	6.48	19.75	-0.52	-0.78	-1.30
Sarum House	1	8	13.27	7.28	20.55	-0.52	-0.46	-0.98
Sarum House	2	1	13.27	8.09	21.36	-0.52	-0.17	-0.69
Solent Mead	Bedsit	15	12.90	0.00	12.90	0.23	-4.35	-4.12

Site	Beds/ Type	Units	Proposed weekly charge			Cash change to existing charge		
			General Service Charges	Domestic Service Charges	Total	General Service Charges	Domestic Service Charges	Total
	no.	no.						
Whitecroft	Bedsit	4	15.40	6.32	21.72	1.61	-0.94	0.67
Whitecroft	1	14	15.40	7.12	22.52	1.61	-0.62	0.99
Willow Tree House	1	6	7.32	0.00	7.32	-2.79	0.00	-2.79
Willow Tree House	2	3	7.32	0.00	7.32	-2.79	0.00	-2.79

Site	Beds/ Type	Units	Proposed weekly charge			Cash change to existing charge		
			General Service Charges	Domestic Service Charges	Total	General Service Charges	Domestic Service Charges	Total
	no.	no.						
Hostels								
Merriemead	1	4	32.43	18.01	50.44	8.10	-6.29	1.81
Parsonage Barn Lane	1	7	32.43	18.01	50.44	11.71	-1.70	10.01
Tourlands	1	4	32.43	18.01	50.44	2.29	-7.15	-4.86
Waverley Road	1	5	32.43	18.01	50.44	5.16	-10.28	-5.12
Waverley Road	2	1	33.07	19.99	53.06	5.26	-9.99	-4.73

General Needs accommodation

Dinham Court	Bedsit	16	6.46	0.00	6.46	0.10	0.00	0.10
Dinham Court	2	8	6.46	0.00	6.46	0.10	0.00	0.10
Hanover House	1	3	12.09	0.00	12.09	-3.57	0.00	-3.57
Hanover House	2	10	12.09	0.00	12.09	-3.57	0.00	-3.57
Hanover House	3	2	12.09	0.00	12.09	-3.57	0.00	-3.57
Ringwood Road	1	4	3.01	0.00	0.00	0.00	0.00	0.00

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CABINET – 6 FEBRUARY 2019

MEMBERS' ALLOWANCES – SCHEME TO APPLY FROM 1 APRIL 2019

1. INTRODUCTION

- 1.1 Allowances paid to members of the Council are set out in the Members' Allowances Scheme. The Council is required annually to make a scheme of members' allowances, which must be published.
- 1.2 The current scheme is available to view at <http://www.newforest.gov.uk/CHttpHandler.ashx?id=36587&p=0>

2. CURRENT SCHEME

- 2.1 The current scheme provides for the annual adjustment of allowances (basic, special responsibility and dependant carers' allowances) by the Local Government staff employees' national pay award annual percentage increase.
- 2.2 In 2018, the national pay award was settled for the two years 2018/19 and 2019/20 with a 2% pay increase for each year. Members' Allowances should therefore increase by 2% with effect from 1 April 2019. No other changes to the scheme are proposed. Indeed, no changes are possible without a recommendation from the Independent Remuneration Panel.

3. FINANCIAL IMPLICATIONS

- 3.1 Provision has been made in the draft 2019/20 budget.

4. ENVIRONMENTAL, EQUALITY & DIVERSITY AND CRIME & DISORDER IMPLICATIONS

- 4.1 There are none.

5. RECOMMENDATION

- 5.1 That it be a recommendation to the Council that the current scheme of members' allowances be made as the scheme to apply from 1 April 2019.

Further information:

Andy Rogers
Committee Administrator
Tel: (023) 8028 5588
e-mail: andy.rogers@nfdc.gov.uk

Background Papers:

Published documents

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COMMUNITY GRANTS

1. BACKGROUND

- 1.1 On 19 June 2018 (Minute 10 refers) this Community and Leisure Overview and Scrutiny Panel supported the introduction of revised criteria for the consideration of community grants, and in addition the introduction of a firm budget to give greater certainty and transparency to the process. The Panel considered that in 2019/2020 the budget for capital grants should be up to £100,000 and the budget for revenue grants up to £350,000. The revenue budget must also cover this Council's contribution to the running costs of the Citizens' Advice Bureau.
- 1.2 On 28 and 29 November and 7 December the Community Grants Task and Finish Group re-convened to examine the Community Grant applications received for the 2019/2020 financial year. In total, twenty-two applications were received. Twenty applicants were invited to give a presentation to the Task & Finish Group. Two applications (from the 1st Milton Scout Group and Avon Valley Concerts) did not meet the Council's adopted eligibility criteria for varying reasons and the organisations were not invited for interview. In addition, having heard the presentation from Mencap, the Task and Finish Group concluded that, as the organisation was a tenant in a building that was the responsibility of the Housing Revenue Account, the community grants process was not appropriate for their needs and the issue has been forwarded on to the housing service for further consideration.
- 1.3 The Task and Finish Group comprised Cllrs Armstrong, Davies, L Harris, O'Sullivan, Penman and White, with input from key Council Officers. Meetings were also attended by Cllr Mrs D Andrews, the Portfolio Holder for Community Affairs.

2 PROCESS

- 2.2 As part of their interview, all grant 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.
- 2.3 Following the presentations, the Task and Finish Group fully discussed and reviewed the information submitted with the applications and presented at interview. In formulating a recommendation for each grant request, members referred to the agreed criteria, the Council's Corporate Plan priorities, and the value for money being offered.
- 2.4 The recommendations, with reasons, for the determination of each of the grant requests, are set out in paragraph 4.1 below and in further detail in **Appendix 1**.
- 2.5 In addition to the process outlined above, the Council has also held discussions with Citizen's Advice New Forest (formerly Citizen's Advice Bureau, but now known as CANF). CANF is an independent charity serving the community of the New Forest District. It gives free, confidential and independent advice on a wide range of problems, including family issues, debt, benefits, employment, legal, housing and

consumer matters. In recent times, CANF has been supporting customers with Universal Credit. CANF has offices on Lymington, Totton, Hythe, Ringwood and New Milton, with outreach services in Fordingbridge.

- 2.6 Over the past 18 months, the Council's CANF Task and Finish Working Group has been holding regular meetings with CANF representatives to discuss the role of CANF and ways to modernise services and management arrangements, to enable better long term financial planning, both for CANF and the Council. Among efficiency measures in progress are rationalisation of office accommodation and the introduction of new technology and systems. CANF has recently moved its Ringwood office to the Ringwood library.
- 2.7 The CANF Task and Finish Group is very supportive of CANF and the range of complex issues it undertakes, as well its dedicated employees and many volunteers.

3. FINANCIAL IMPLICATIONS

- 3.1 The total amount to be awarded, should the Cabinet approve the recommendations set out in paragraph 4.1, is £131,500 of revenue expenditure and £61,000 of capital. The total amount of awards granted last year was £218,020 plus the grant aid to the Citizens' Advice Bureau.
- 3.2 In considering the grant applications the Task and Finish Group noted that the applications from the New Forest Centre and the Hampshire and Isle of Wight Wildlife Trust were new this year. In both cases the organisations had previously been funded partly by this Council under partnership agreements that had now expired, with this being the first year of the new arrangements. The Group considered that a further period of grant aid should be given as a transitional arrangement to allow the organisations to explore and secure alternative sources of funding. On this basis, the Head of Finance has agreed that additional monies, outside the community grants budget, can be found to support these organisations in 2019/20.
- 3.3 With respect to CANF, having taken into account all of the information set out in paragraph 2.5 above, including the Council's overall ongoing financial constraints, the recommended 3 year rolling programme from 1 April 2019 is as follows:

2019/20 - £229,500

2020/21 - £206,550

2021/22 - £185,895

The funding will be attached to a Joint Funding Agreement which has been agreed by both parties, and the second two years' funding will be reviewed every year. The Council will continue to support and work with CANF to assist with modernising their service.

- 3.3 This would bring the total revenue grant expenditure to £361,000 In 2019/20.

4. COMMUNITY GRANT APPLICATIONS: SUMMARY

4.1 Summary of Applications Received

ITEM	APPLICANT	AMOUNT REQUESTED	RECOMMENDATION
A	Forest Arts Centre	£17,000	£17,000
B	Forest Forge	£32,000	£20,000
C	CODA	£2,500	£3,000
D	The Handy Trust	£3,740	£4,000
E	Youth and Families Matter	£10,000	£5,000
F	Yellow Door	£5,000	£5,000
G	Compass Counselling	£2,000	£4,000
H	Families matter	£6,000	£5,000
I	Hampshire and Isle of Wight Wildlife Trust	£25,000	£10,000
J	hArt	£6,000	£6,000
K	St Barbe's Museum	£30,250	0
L	New Forest Centre	£35,875	£10,000
M	New Forest Disability Information Service	£15,000	£10,000
N	Community First New Forest - Nightstop	£22,500	£0
	Community First New Forest – Healthy Walks	£2,500	£2,500
	Community First New Forest – Volunteer Centre	£58,373	£30,000
	Total for revenue grants	£273,238	£131,500
O	The Garage Youth Club	£12,000	£12,000
P	King George V Cricket Pitch	£5,000	£5,000
Q	Fordingbridge Skate Park	£25,000	£25,000
R	Hale Village Hall	£5,000	£14,000
S	New Forest Disability Information Service	£0	£5,000
	Total for capital grants	£47,000	£61,000

5. FUTURE GRANT APPLICATIONS

- 5.1 The Community Grants Task and Finish Group is a standing Group of the Panel and will meet annually every November/December to determine applications received for the forthcoming financial year. The Task and Finish Group will be guided by the Council's projected financial position in determining the level of awards granted.
- 5.2 The Council's resources to grant aid such projects in the future will come under increasing pressure and it is therefore important that all organisations seeking grant aid from this Council understand that they need to be very pro-active in seeking funding from a wide variety of the various sources that are available. This Council should no longer be seen as a guaranteed resource, but more to act as a reserve resource to make up any shortfall.

- 5.3 On this basis, the Task and Finish Group consider that it would be productive firstly to invite all grant awardees to attend an interview in July to update the Council on progress with their projects; and also to be given advice about potential sources of funding that may be available to them as an alternative to the Council.

6. COMMENTS OF THE COMMUNITY AND LEISURE OVERVIEW AND SCRUTINY PANEL

- 6.1 The Panel welcomed the new process which gave much greater clarity and introduced a firm budget. The Task and Finish Group were commended for their careful consideration of each application leading to the formulation of the recommendations, which were supported by the Panel.

7. PORTFOLIO HOLDER'S COMMENTS

- 7.1 I am pleased that the new process is bringing much greater clarity to decision making on the awarding of community grants and that, in future, the scarce resources that are available will be directed towards projects that bring clear benefits to our communities and are consistent with our priorities in our corporate plan. The introduction of a follow-up interview in July, to assess progress on the grant aided projects, will allow the Council to make sure that the money is being spent as intended and will also provide an opportunity to advise the applicants on other potential sources of grant funding for the future.

8. RECOMMENDATION

- 8.1 That the community grant awards as set out in paragraph 4.1, and in more detail in **Appendix 1**, be recommended to the Cabinet for approval and inclusion in the Medium Term Financial Plan; and
- 8.2 That CANF be awarded a revenue grant of £229,500 in 2019/20; and
- 8.3 That, in future, grant awardees be invited to a second interview in July to update the Council on progress with their projects and also to be advised of alternative sources of funding should they be considering further grant applications to the Council.

Further information:

Colin Read
Executive Head of Operations
Tel: 02380 285588
colin.read@nfdc.gov.uk

Background Papers:

Grant application forms

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

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£329,280	£312,280	£17,000	£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 and project work, for example with young people with mental health issues; adults with learning disabilities, working with older people with long term conditions such as dementia or Parkinson's disease have produced excellent outcomes. They have also worked hard to ensure that residents from more deprived backgrounds are not excluded from the programmes on offer.

RECOMMENDATION:

That a grant of £17,000 be paid.

REASON:

The Panel considered that the organisation met many of the Council's objectives with respect to health and wellbeing and were delivering services for the benefit of local people across the District. In particular it was noted that they worked with CAMHS and people with learning difficulties.

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

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£ 183,250	£110,772	£32,000	£28,000

SUMMARY:

Forest Forge provides creative learning and outreach activities, whilst ensuring opportunities to participate in high quality theatre productions. There is a professional touring theatre which tours to communities and schools across the New Forest with an emphasis on creative learning and using theatre to tackle wider social issues such as bullying and poor mental health.

The organisation targets local residents to encourage participation in a variety of activities such as workshops; work experience and targeted outreach projects (e.g. the Gypsy/Roma/Traveller community). The Youth Theatre is based in Ringwood and is very popular. 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 a grant of £20,000 be paid.

REASON:

The Group concluded that Forest Forge were delivering fewer of the council's objectives than Forest Arts, but were still offering services of benefit to local people across the District. The Group could not however see any justification for awarding a higher grant than last year given the overall restrictions on the level of available grant funding.

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

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£338,750	£336,250	£2,500	£2,500

SUMMARY:

CODA is an independent music trust, with links with local schools and community groups. There have been successful projects in the New Milton area and the application seeks to ensure that further project work can be undertaken, with aim to facilitate creative music making for all ages and sectors of the community through high quality participatory music programmes, workshops and projects. The funding would support particular work with children and young people.

RECOMMENDATION:

That a grant of £3,000 be paid.

REASON:

The Group considered that CODA had done a lot with the small element of their budget that came from the District Council and were very active in providing services that met many of the Council's objectives in promoting health and wellbeing across the District. The Group considered that CODA offered good value for money from the Council's contribution and noted their intention to increase their involvement in this District, with a number of specific projects being the subject of bids for funding.

D	APPLICANT:	REASON FOR APPLICATION:
	Handy Trust	They are applying for a grant to run their school holiday project that is not already funded and we need to obtain funding for 10 weeks

<u>TOTAL COST</u>	<u>OTHER FUNDS/INCOME</u>	<u>REQUEST</u>	<u>PREVIOUS AWARD</u>
£67,268	£57300	£3,740	£3,740

SUMMARY:

The Handy Trust is a youth provision for children & young people aged 0 – 25 years old. They work with the whole community a 24/7 service at home, in school and in the community. Due to the economic climate they are working with children and young people from families who are experiencing poverty and hardship and this sometimes includes mental health, domestic violence and substance mis-use. They work in the Waterside area of the New Forest and have service level agreements with Marchwood and Hythe & Dibden Parish Council. The Handy Trust are applying for a grant to run their school holiday project that is not already funded and they need to obtain funding for 10 weeks

RECOMMENDATION:

That a grant of £4,000 be paid.

REASON:

The Group concluded that the project that was the subject of this application met many of the Council's objectives. The Trust was promoting good community engagement on a wide basis in the Hythe and Dibden, Marchwood and Fawley areas and had made their bid in respect of a clearly defined project that was of benefit to the local population.

E	APPLICANT:	REASON FOR APPLICATION:
	Youth & Families Matter	To support the delivery of YFM as their focus has increasingly come upon tackling bigger community-based issues and working with individuals whose needs aren't typically covered other programmes. The issues that we are seeing are more complex and challenging and there has been an increase in the number of cases we are having referred. We need to attract additional support to help this new Community Development programme succeed and translate projects into meaningful outcomes for beneficiaries.

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£204809	£170,430	£10,000	£4,740

SUMMARY:

Youth and Families Matter (YFM) is a small registered charity that works from the heart of the community in Totton to improve the health and wellbeing of children, young people and families whose lives are impacted by many forms of disadvantage, mental illness, serious illness, addiction or abuse. The application aims to support three projects that will assist the wellbeing of isolated, vulnerable and disadvantaged people under a new categorisation of Community Development work, namely: -

RECOMMENDATION:

That a grant of £5,000 be paid

REASON:

The Group was impressed with the organisation and the bid, which met many of the Council's objectives. The organisation was based in Totton, was heavily involved in the local community and responding to referrals from police and other agencies. There was increasing demand for their services. The Group could only justify a small increase in grant compared to last year.

F	APPLICANT:	REASON FOR APPLICATION:
	Yellow Door	To support the costs of support, outreach and education sessions

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£1,026,716	£1,021,000	£5,000	£5,000

SUMMARY:

Yellow Door provides a range 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 a grant of £5,000 be paid.

REASON:

The Group noted that Yellow Door's main bid for funding was to the Office of the Police and Crime Commissioner. It was recognised however that Yellow Door did important outreach work across the District. The group would encourage them actively seeking greater engagement with a wider range of secondary schools across the District.

G	APPLICANT:	REASON FOR APPLICATION:
	Compass Counselling	<p>Our budgets have increased for 2019 due to the following reasons:</p> <ul style="list-style-type: none"> Recruitment of additional paid counsellors to deal with increased number of clients presenting with medium-severe life issues A reduction in the rental income as we anticipate having to use the room for counselling Increased salaries due to a small restructuring of support staff The cost of developing group work has been included as we aim to introduce this during 2019 but it does require using a consultant counsellor with group work qualifications. It would have the benefit of being held in the evening

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£98,424	£87,891	£2,000	£0

SUMMARY:

Compass Counselling Services (New Forest) Ltd, a non-profit making registered charity number 1078724, is constituted as a company limited by guarantee. It was incorporated on 20 October 1998 and we are currently celebrating our 20th year in operation.

The charity's objectives and principle activities are those of preserving and protecting mental health by the provision of a professional, high quality counselling service for all sections of the local community who are suffering from psychological distress or relationship problems and to advance education and training in counselling. For many, the treatment programme available under the NHS involves long waiting lists or is not appropriate to their needs. We are committed to supporting those unable to afford private counselling by offering reduced rates – clients pay what they can afford. Our aim is to ensure no-one is excluded from counselling for financial reasons.

Operating out of our offices in Lymington we attract clients from around the New Forest area including New Milton, around to Ringwood, Lyndhurst, Ashurst and down to Dibden Purlieu and the Waterside areas. We are one of the few organisations offering subsidised counselling in the local area.

All new clients are offered a 90 minute initial consultation after which a clinical assessment report is written. This report is used by our Counselling Coordinator to allocate the client to a counsellor best suited to meet the needs of that client.

RECOMMENDATION:

That a grant of £4,000 be paid.

REASON:

The Group was very impressed with the bid and the service offered to vulnerable people in the District. It was noted that the Charity was limited by their ability to attract additional counsellors and group leaders to carry out important work. It was also noted that the Trust appeared to fall into a gap in what various funding sources saw as their areas of responsibility. The lack of NHS funding for their work was particularly disappointing. The service offered met Council objectives. The need for additional resourcing to protect and promote the mental wellbeing of local people was a priority.

H	APPLICANT:	REASON FOR APPLICATION:
	Families Matter	The NFDC grant last year was significant and highly appreciated. It enabled us to take on one new member of staff to help with the schools work and the parenting courses. The demand for these is growing and we are looking to support further work in these areas.

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£46,700	£42,200	£6,000	£3000

SUMMARY: Families Matter is a small local charity based in Hythe which helps families in need in the Waterside area. They support parents through parenting classes and groups for parents and children with special needs, autism, mental health needs etc. We visit families in their own home and support them through a crisis with their children (ie separation, domestic violence, behavioural problems etc). They work closely local schools, supporting children in the transition to secondary. They have a puppet project that goes in to schools to deliver presentation on bullying, staying safe online recycling etc. They also run groups for people with dementia and their carers and for families with drug alcohol additions.

RECOMMENDATION:

That a grant of £6,000 be paid.

REASON:

The Group supported the work of this organisation and recognised their community engagement, which met many of the Council's objectives. The charity worked in the Hythe area.

I	APPLICANT:	REASON FOR APPLICATION:
	Hampshire and IOW Wildlife Trust	To manage the Blashford Lakes area to the agreed standard, to ensure there is public access to the site and to provide educational outcomes for local residents.

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£144,721	£119,721	£25,000	£25,000 (as legal agreement)

SUMMARY:

Blashford Lakes is an area of land in the Avon Valley to the north of Ringwood, Hampshire, incorporating a series of lakes formed by sand and gravel extraction over the last sixty years. The Blashford Lakes Nature Reserve encompasses approximately 360 acres of this wider area, including Ibsley Water, Ellingham Lake, Ivy Lake, Blashford Lake and the land surrounding them. There are a wide variety of habitats (lake, pond, river, ancient woodland and secondary woodland, grassland and reedbed).

As a result its wildlife is very diverse and it is an attractive destination for visitors throughout the year. The Blashford Lakes are important nature conservation habitats, recognised by national and international designations (SSSI, SPA and SAC) for migratory over-wintering wildfowl. Most activity by the Blashford Project occurs on and around Ibsley Water and Ivy Lake - the lakes and adjoining tracts of land provide a significant recreational resource for local residents, with an extensive educational role provided through the Blashford Lakes Centre. This was opened in 1996 by Professor David Bellamy and general public access to the nature reserve has been permitted and promoted since 2006. During that time the permissive footpath network has been extended to 8km of rolled gravel footpaths and the reserve also boasts 8 bird watching hides and screens. Ease of accessibility has been considered throughout the reserves development and as a result the reserve is visited and enjoyed by people of all ages and physical abilities.

The nature reserve is managed as the Blashford Project by Hampshire and Isle of Wight Wildlife Trust in partnership with the New Forest District Council and the owners of the land comprising the site, Bournemouth Water and Wessex Water. Partner representatives meet regularly throughout the year to discuss and agree project work.

The project currently employs 3 full-time members of staff, supported by an invaluable and enthusiastic team of volunteers. In addition, education activity on site is supported by three Outdoor Learning Tutors employed on a sessional basis.

Notwithstanding extraordinary circumstances, the nature reserve is open daily, from 9 am-4.30 pm, 364 days of the year.

RECOMMENDATION:

That a grant of £10,000 be paid

REASON:

The Group felt that the Trust was approaching the Council as they had been an historic source of funding through the service level agreement that had recently ceased. Although the project would meet some Council objectives the Group considered that this Council's support for this project must reflect the overall restriction on the budget available. It was also noted that Blashford Lakes have a much wider appeal than just to the residents of the New Forest District and this may be an opportunity for the Trust to explore a greater range of options for funding for the future.

J	APPLICANT:	REASON FOR APPLICATION:
	hArt	To support the generic running costs and to deliver some targeted project work.

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£61030	£62,000	£6,000	£6,000

SUMMARY:

hArt are an 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 a grant of £6,000 be paid.

REASON:

The Group was impressed that there was a clear 5 year plan and vision to develop the work of the Charity. The services offered were valuable, meeting Council objectives, and were available across the District. They also showed good partnership working.

K	APPLICANT:	REASON FOR APPLICATION:
	St Barbes Museum	<p>We are applying for this grant to support both the Museum and the Council's priorities and objectives by:</p> <ul style="list-style-type: none"> • Directly benefiting the people of the New Forest and their wellbeing • To attract more visitors to Lymington thereby helping boost the economy and local businesses • To preserve and protect the special and unique character of the New Forest. <p>Following a complete refurbishment, St Barbe re-opened in August 2017. We are undertaking organisational development, with a new Chair of Trustees, new Director and new Fundraising Manager. We are trying out new approaches and reaching out to new and different audiences to ensure that we can provide the greatest possible social and cultural benefit to the local community. St Barbe was extremely fortunate to have been able to attract funding for the capital project. However, we need to establish strong and committed relationships with the local councils, businesses and other organisations as well as maintaining our excellent relationships with HLF and the Arts Council.</p> <p>We are in the final year of Arts Council grant 'resilience fund' which has put St Barbe in a good position to establish ourselves. However, going forward, this funding will need to be replaced by</p>

		<p>new income in year 2019/20 to ensure we can become sustainable and resilient for the future.</p> <p>The grant will be used to support Operational structure of the Museum and support the very small team of staff to deliver the programme for local schools, community groups, outreach, volunteer training and support and that has been successfully developed over the last year.</p> <p>We are very keen to develop a programme that would enable us to take on school student placements, university interns and apprentices. To do this, we will need to have a strong staffing structure to ensure that there is always someone in the Museum to supervise, manage, teach and train these people.</p> <p>A funding commitment from the NFDC will signal to other funding bodies that we have relevance in the local community and are fulfilling an important role in the cultural life of the New Forest.</p>
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TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£277,500	£247,250	£30,250	£0

SUMMARY: St Barbe Museum and Art Gallery is a registered charity governed by the Lymington Museum Trust whose principal activity is that of running a Museum and Art Gallery, the advancement of education and the stimulation of interest in the care of the beauty, history and character of the New Forest. St Barbe is governed by a board of 14 Trustees led by Chairman Sir John de Trafford.

RECOMMENDATION:

That no grant be paid.

REASON:

On 6 April 2016 (minute 62 refers, the Cabinet made the following recommendation to the Council with respect to the St Barbe's Museum:

RECOMMENDED:

(a) That, should the Trust secure all the other sources of funding necessary for the project to proceed, a capital grant award of £65,000 be made to the St Barbe's Trust through the contribution grant application process as a contribution towards the cost of the planned development project that has attracted funding from the Heritage Lottery Fund; and

(b) That should be the capital grant be paid, it be agreed in principle that no future revenue support grants shall be paid.

This recommendation was approved by the Council. The Group concluded that there was no compelling case to justify an exception being made, and the organisation was not therefore eligible for grant aid.

L	APPLICANT:	REASON FOR APPLICATION:
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	<p>New Forest Centre</p>	<p>Financial resilience – following the decision to introduce free entry, the challenge we face is to increase income from a range of streams to build our resilience. Our New Forest National Park Authority association agreement is coming to a natural end. This negatively affects our income by £30,000 a year but also gives us the opportunity to differentiate ourselves and develop a unique identity. It will help grow understanding that we are an independent charity and without the support of local people and organisations our existence is in jeopardy. The appointment of the Fundraising Development Manager is enabling us to develop relationships with potential major donors, companies and charitable trusts. A target of £50,000 towards core funding from new sources by the end of January 2019 has been set and good progress is being made. However, it will take 12 months for the full effect of her appointment to be felt.</p> <p>Changes to the curriculum - The removal of Tourism as a topic on the Key Stage 4 curriculum has hit the number of pupils accessing our education sessions. A third of our school visits were related to Key Stage 4. Teachers are reporting that the high cost of travel is affecting their ability to come and visit. Education providers pay to attend our education sessions so this is another threat to our income.</p> <p>A grant would provide security during this period of change and while we implement measures to broaden and grow financial support from individuals and organisations.</p>
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TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£502,891	£487,285	£35,875	£33,770 (via SLA)

SUMMARY: The free entry New Forest Centre (registered charity) is the only museum dedicated to the social and natural history of the New Forest. Our aim is to inspire our visitors to explore and value the New Forest by collecting, conserving and interpreting our collections and by providing educational activities and information to children, young people and adults visiting the Forest and living in the community. The Centre includes a free to enter accredited Museum, Reference Library and Exhibition Gallery, and our Education Team run a year-round exhibitions and events programme. Each year we share the heritage of the New Forest with more than 220,000 people of whom 70,000 visit the Museum.

We preserve artefacts and archives relating to the natural, social, economic, political and cultural history of the New Forest. The Museum collections contain within the region of 2,000 objects. The Library has a unique collection of approximately 10,000 books. It also has some archives relating to the ancient Verderers' Court and the administration of Forest Law dating back centuries.

Since 2003 the Museum has been accredited, recognising that the quality of its displays, curation and the management and planning of the organisation meet the highest of standards. In 2016, the Museum was awarded a 'Hidden Gem' accolade by Visit England that recognised the high-quality displays and activities on offer at the Museum. A recent evaluation found that 82% of respondents rated their satisfaction with the Museum and exhibition either a 5 or a 6 (where 1 is low satisfaction and 6 is high). Our Education Service

is rated an average of 4.88/5 for 'Did the trip meet your learning outcomes?' and 100% would book with us again and recommend us to someone else.

RECOMMENDATION:

That a grant of £10,000 be paid.

REASON:

The Group felt that the Trust's project would meet some Council objectives. Some reduction in the grant paid, compared to the funding arrangement under the previous service level agreement was however inevitable in the light of the Council's financial position. It was noted that the grant given to the New Forest Centre in the last 2 years had reflected the agreed transitional arrangements following this Council's withdrawal of the Tourist Information Centre. That space had now been let for use by a café making up that shortfall in income. The historic grant for running costs, through the community grants process, had been £14,000. The proposed grant reflected the overall level of cuts against the budget available.

M + S	APPLICANT:	REASON FOR APPLICATION:
	New Forest Disability Information Service	Annual operating costs Advice to individuals and organisations

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£103,200	£88,200	£15,000	£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 a revenue grant of £10,000 be paid, together with a capital grant of £5,000 towards the cost of the installation of a lift at the Services premises.

REASON:

The Group considered that this group provided an excellent service to a group of residents, across the District, who were particularly vulnerable. They were meeting Council objectives in a very specific niche role and providing good value for money for the funding provided. They were also proactive in seeking alternative sources of funding. The Group was aware that the Disability Information Service had applied to District Councillors for assistance, under their community engagement grants, for grant aid for the installation of a lift to allow access to the first floor of their premises, which had recently become available to them. The Group considered that organisations should only receive funding from 1 source within the Council, and that funding through the Councillor community engagement grants was not

therefore appropriate. However, there was scope to provide a grant from the capital budget to assist them with the installation of the lift.

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

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
a £109,378	a £51,005	a £58,373	a £40,000
b £61900	b £39,400	b £22,500	b £15,000
c £4,000	c £1,500	c £2,500	c £2,500

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: 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 works in partnership with statutory organisations to deliver a range of projects that support local New Forest residents.

b)Night stop is a programme which helps to tackle homelessness in those aged 16-24 and 24+ by emergency overnight accommodation with local volunteers, and support in to longer term housing.

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.

RECOMMENDATION:

That the following grants be paid:

Nightstop - £0.

Healthy Walks - £2,500

Volunteer Centre Running Costs - £30,000

REASON:

Nightstop – The Group had established that, under the Council’s newly adopted Housing Strategy, the Council would in future be providing alternatives to the Nightstop provision that were more flexible and responsive, better able to meet the needs of homeless households in a timely manner. The continued funding of Nightstop could not therefore be justified

Healthy Walks - the Group queried whether this should be a grant as the service had been commissioned by this Council and the National Park Authority. The Healthy Walks were aimed at a different market to the ranger led walks organised by the NPA and other bodies.

Volunteer Centre Running Costs - The Centre was providing a service to the benefit of local people across the District. However the Group noted the services provided directly by other

charities operating in the District; that a significant proportion of the work of the Volunteer Centre was in signposting rather than carrying out work; and that they charged for some services such as DBS checks. The Group considered that an increase in the grant payable by this Council towards general running costs could not be justified.

O	APPLICANT:	REASON FOR APPLICATION:
	The Garage Youth Club	Bespoke teenage play areas

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£26,000	£14,000	£12000	

SUMMARY:

We want to build a bespoke soft play unit within the building and an outdoor play area in the grounds aimed at encouraging and increasing participation in safe recreational 'play'. We believe this will actively encourage more young people to engage with the centre, targeting groups at risk of mental health issues, substance misuse and crime related behaviours. These resources will be specifically designed to appeal to this older teenage range and consist of an indoor adult sized ball pool with safety wall enclosure and feature slides and other accessories and an outdoor climbing and swing area to meet the needs and level of stimulation young people desire.

The bespoke play units will enhance the youth centres ability to maintain and increase a high level of participation in safe, fun physical activities that continue to provide opportunities for local young people to make a positive contribution, raise their aspirations, encourage excellence, enjoy, achieve and learn in a safe comfortable environment that promotes healthy lifestyles, reducing inequalities, focusing on mental, physical, social and emotional health to increase life choices

RECOMMENDATION:

That a grant of £12,000 be paid.

REASON:

The Group was impressed with a well thought bid for a specific project that met Council objectives. The organisation took a very proactive approach to fundraising from a variety of sources. In general they provided an excellent service that diverted young people from potential problem behaviours. They responded to referrals from the police and other agencies.

P	APPLICANT:	REASON FOR APPLICATION:
	Totton Town Council – King George V Playing Fields	To provide an artificial cricket wicket at King George V cricket pitch.

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£10,000	£5,000	£5,000	

SUMMARY: The project will look to reinstate the cricket wicket at King George V playing field to enable matches to take place and to allow a greater usage of the cricket pitch that has always been poorly drained, an issue that has impact on the playability of the pitch. This will also give the Calmore Cricket Club the ability to continue to expand its women and junior sections but having this pitch available in close proximity to its main ground whilst ensuring that a facility is available in close proximity to a main centre of the Calmore population.

RECOMMENDATION:

That a grant of £5,000 be paid.

REASON:

The Group considered that a contribution from this Council could be justified particularly to enable the development of women’s and junior cricket as well as improving a facility that has suffered from drainage issues. The Group supported the activities of this local sporting group that contributed to mental and social wellbeing.

Q	APPLICANT:	REASON FOR APPLICATION:
	Fordingbridge Town Council – Skate Park	To renovate, rejuvenate and improve the local skate park.

TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£135,000	£110,000	£25,000	£0

SUMMARY: The scheme is to replace and enhance the existing skate park facility at the Recreation Ground in Fordingbridge. The existing park was installed over 15 years ago of metal construction and is rotting from underneath. The facility is well used and the project aims to replace the park with a concrete park which has a longer life span and lower maintenance cost. The park is a much loved facility in the town. The skate park is aimed at a wide range of users from young children with scooters to older BMX and skateboard riders, it provides an additional feature to the play area for families and focal point for older children from the town and surrounding area – it is a safe location for everyone to visit.

RECOMMENDATION:

That a grant of £25,000 be paid.

REASON:

The Group supported the value of the proposed replacement of the skate park. The scheme met many council objectives. The replacement of metal skate parks with concrete ones, elsewhere in the District, had brought many benefits for local residents, not least as the noise created by the ramps was significantly reduced. The Group noted the exceptionally successful way in which this particular scheme operated for the benefit of a wide range of users, who successfully and respectfully shared the use of the existing skate park.

R	APPLICANT:	REASON FOR APPLICATION:

	Hale Village Hall	.To provide a single story extension to the village hall
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TOTAL COST	OTHER FUNDS/INCOME	REQUEST	PREVIOUS AWARD
£37,000	£32,000	£5000	

PROJECT SUMMARY:

A single storey extension to Hale Village Hall to enable a range of new activities to enhance the social cohesion and physical and mental wellbeing of the residents of Hale and surrounding villages.

Hale Pre-school sadly closed in July 2018 and had been a regular hirer of the downstairs committee room in Hale Village Hall. A number of new activities are being considered by the hall committee and some new hirers have shown an interest in the downstairs area but are disadvantaged by the lack of a kitchen and food storage area.

By including a kitchen and sitting/eating area as an extension to the downstairs room and including storage for books, DVDs and village archives, we can introduce a book club, book and DVD lending service and area where villagers can relax and ponder the history of the village.

The Cricket Club is doing very well and has increased its use of Hale Village Hall. There is only one changing room and they have been asking for years for a second changing area for the home team. They are happy to use the new kitchen area as their second changing room when hiring the hall.

We have plans to use the extended downstairs area for Yoga, Tai-Chi, Qi Gong, Music Therapy, Language Classes, Bridge/Games evenings and Saturday morning films for children. There is interest from an organisation offering an after-school club for Martial Arts and from "Imagine This" an educational group for pre-school children. We are also exploring University of the Third Age and Pilates.

RECOMMENDATION:

That a grant of £14,000 be paid.

REASONS:

The Group concluded that this was a well thought out bid with clear benefits for the local community that used the hall. The Trustees had been very dynamic in their approach to developing the hall and to fundraising for the various initiatives that they had introduced. The hall was the hub for providing important services to a rural community that has limited access to alternative community provision, which significantly increased its value.

Subsequent to the Group's initial consideration of the bid the applicant advised the Council that one of their funders had dropped out, leaving a shortfall of £14,000. The Group was sufficiently impressed with the project to invite the applicants to amend their application to make up part of the shortfall.

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CAPITAL STRATEGY 2019/20

1. INTRODUCTION

- 1.1. The Capital Strategy is a high level document, giving an overview of how capital expenditure, capital financing and treasury management come together, with an overview of current activities and the implications for future financial sustainability.
- 1.2. By producing this strategy report, the Council is following statutory guidance issued by the Government in January 2018.

2. OVERVIEW OF WHAT IS INCLUDED IN THE CAPITAL STRATEGY

- 2.1. The Capital Strategy confirms at high level what the Council is intending to spend its money on over the medium term and how it intends to finance this expenditure. Over the period covered by 2019/20 to 2012/22, total capital expenditure is forecast at over £119m.
- 2.2. As demonstrated throughout the report, the Council is intending to utilise the cash balances it has accrued to deliver the various adopted investment strategies, including Commercial Property, Residential Property and Housing to 2026, and will supplement these internal resources when necessary with external borrowing and in accordance with advice it receives from its contracted Treasury Management experts.
- 2.3. It is vitally important that the Council has regard to the relationship between the financing costs of the capital programme and the revenue General Fund, and Housing Revenue Account. This is covered within the report by the prudential indicators.
- 2.4. This Council has established a sound level of governance surrounding its capital investments and employs suitably qualified personnel in order to fulfil the objectives of the Strategy. External support and expertise is sought where necessary, and officers have the ability to communicate openly and freely with members of the Cabinet.

3. MINIMUM REVENUE PROVISION

- 3.1. Where General Fund capital spend has been financed by loan (internal borrowing), and has increased the Capital Financing Requirement (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.
- 3.2. 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 for expenditure other than that incurred

on investment property, shall be to charge revenue an amount equal to the depreciation of any asset financed by loan. The MRP policy specific to investment properties financed by loan, shall be to charge revenue an amount equivalent to the sum of borrowing utilised, over a repayment period of 50 years.”

4. ENVIRONMENTAL / CRIME AND DISORDER IMPLICATIONS

4.1. There are no implications arising from this report.

5. COMMENTS OF THE CORPORATE OVERVIEW AND SCRUTINY PANEL

5.1 The Panel support the recommendation.

6. PORTFOLIO HOLDER'S COMMENTS

6.1 I am pleased this Council has produced a Capital Strategy for 2019/20, bringing together information from a range of adopted strategies into one clear document. It signals with clear intent that this Council intends to invest in the long term financial sustainability of this organisation.

I fully support the report, including the recommendation that Council adopt the Minimum Revenue Provision statement for 2019/20.

7. RECOMMENDATIONS

7.1. That Cabinet recommend to the Council that the Capital Strategy 2019/20 with effect from 1/4/19, including the adoption of the Medium Revenue Position Statement, be approved.

For Further Information Please Contact:

Alan Bethune
Head of Finance (S151 Officer)
Telephone: (023) 8028 5588
E-mail: Alan.Bethune@nfdc.gov.uk

Background Papers:

Capital Strategy 2019/20

1.0 Introduction

This capital strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The report also includes the prudential indicators, as required by the 2017 Prudential Code.

2.0 Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

In 2019/20, the Council is planning capital expenditure of £39.919m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
General Fund services	5.941	5.829	8.504	9.550	4.625
Council housing (HRA)	15.090	19.311	19.415	19.050	20.300
Capital investments	2.204	0.000	12.000	14.000	11.800
TOTAL	23.235	25.140	39.919	42.600	36.725

The General Fund capital programme includes the cyclical replacement of Vehicles and Plant, Smarter Working at £3.5m and the New Depot Facility, also at £3.5m. The Council also plans to incur £38m of capital expenditure on investments, which are detailed later in this report in section 4.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised by, other local services. HRA capital expenditure is therefore recorded separately, and includes the building and acquisitions of new homes over the forecast period, in line with the Housing strategy.

Governance: Service managers bid annually in September to include projects in the Council's capital programme. Bids are collated by the Head of Finance and evaluated by the Executive Management Team. The Corporate Overview and Scrutiny Panel appraise the proposed programme and makes recommendations to the Cabinet. The final capital programme is then presented to Cabinet and to Council in February each year.

- Full details of the Council's capital programme are available within the Feb 2019 Cabinet papers (Medium Term Financial Plan / Annual Budget 2019/20)

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
External sources	3.775	4.473	4.758	5.290	3.365
Capital Receipts	5.811	4.370	3.600	5.450	2.800
Capital Reserves	1.261	5.790	11.410	10.455	10.815
Revenue Contributions	9.045	9.416	9.225	9.225	9.575
Debt / Loan	3.343	1.091	10.926	12.180	10.170
TOTAL	23.235	25.140	39.919	42.600	36.725

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. Internal borrowing is replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP, explained further below). Alternatively, additional (beyond those already anticipated within the financing as shown within table 2) proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and debt repayment are as follows:

Table 3: Replacement of debt finance in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Capital Expenditure Financed by Debt / Loan	3.343	1.091	10.926	12.180	10.170
Own resources - Debt Repayment	-4.100	-4.100	-4.100	-4.100	-4.100
Own resources - MRP Provision	-1.173	-1.232	-1.418	-1.682	-1.860
Movement in CFR	-1.930	-4.241	5.408	6.398	4.210

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP, debt repayments and capital receipts used to replace debt. The CFR is expected to increase by £5.4m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
General Fund services	3.719	3.612	4.000	4.252	4.254
Council housing (HRA)	140.501	136.401	132.301	128.201	124.101
Capital investments	1.680	1.646	10.766	21.012	29.320
Total CFR at Year End	145.900	141.659	147.067	153.465	157.675
Movement in CFR from one year to the next		-4.241	5.408	6.398	4.210

Minimum Revenue Provision: 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.

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 for expenditure other than that incurred on investment property, shall be to charge revenue an amount equal to the depreciation of any asset financed by loan. The MRP policy specific to investment properties financed by loan, shall be to charge revenue an amount equivalent to the

sum of borrowing utilised, over a repayment period of 50 years.”

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.

Asset management: Service Managers from across the Council manage assets in their service delivery areas. The Council’s Service Manager for Estates and Valuation has overall responsibility for the management of the Council’s property estate records, including liaising with the Council’s Accountancy department on statutory annual financial reporting. To ensure that property assets continue to be of long-term use, the Council is currently developing an Accommodation Strategy. This will be presented to the Corporate Overview Panel during 2019/20.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds (capital receipts), can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. Council dwelling sales through the Right to Buy scheme also generate capital receipts, and although some of these are currently returned the government, the majority are available to the Council to spend on new housing. The Council plans to receive £2.7m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Asset sales	3.000	5.015	2.500	2.000	2.000
Loans repaid	0.201	0.201	0.201	0.201	0.201
TOTAL	3.201	5.216	2.701	2.201	2.201

- In 2018/19, the Council received capital receipts from the sale of St Johns Street car park and a proportion of Hardly Industrial Estate.
- All other forecast asset disposals relate to Right to Buy receipts.
- In 2014, the Council arranged £2m of prudential borrowing on behalf Lymington Harbour Commissioner. This is being repaid annually.

3.0 Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but will become cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

At the last balance sheet date (31/03/18), the Council had £139.8m borrowing at an average interest rate of 3.17% (due to the HRA refinancing settlement in 2012), and held £63.2m treasury investments earning an average rate of 1.37%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt (which comprises borrowing in relation to the refinancing of the HRA in 2012/13) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Debt	139.8	135.5	131.2	126.9	122.6
Capital Financing Requirement	145.9	141.7	147.1	153.5	157.7

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £millions

	2018/19 limit	2019/20 limit	2020/21 limit	2021/22 limit
Authorised limit – total external debt	196.2	201.6	208.0	232.2
Operational boundary – total external debt	180.9	186.3	192.7	216.9

- Further details on borrowing are included within the treasury management strategy

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be

held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Near-term investments	42.0	40.2	21.7	12.3	0.4
Longer-term investments	21.2	21.2	19.0	6.0	0.0
TOTAL	63.2	61.4	40.7	18.3	0.4

- Further details on treasury investments are included within the treasury management strategy

Table 8 suggests that the majority of the Councils cash will be utilised over the period through internal borrowing to fund the needs of the Councils capital programme. It is a more accurate depiction that use of cash for capital programme financing will be supplemented through external borrowing, when required (hence the increase in debt headroom as per table 7). The Council should expect to retain a minimum level of cash, known as the **Liability Benchmark**. The General Fund balance reserve at £3m and the HRA reserve at £1m are a sound point at which to assess where the Council's basic benchmark should be set (so **£4m** in total).

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by Council. A mid-year and an outturn report on treasury management activity are presented to the audit committee. The audit committee is responsible for scrutinising treasury management decisions.

4.0 Commercial Activities

With central government financial support for local public services declining, the Council intends to invest in commercial and residential property mainly for financial gain. The Council will invest in, and will lend to its Wholly Owned Trading Company for purposes of income generation through residential property. Total commercial investments are currently valued at £4.7m with the most recent being the New Milton Health Centre providing a net return after costs of 6%.

With financial return being the main objective, the Council accepts higher risk on commercial and residential investment than with treasury investments. The principal risk exposures include vacancies and falls in capital values. These risks in relation to commercial property are managed by predominantly targeting acquisitions with existing medium-long term tenancies in place and being sensible about the purchase price in relation to the income yields achievable. In order that commercial investments remain proportionate to the size of

the authority, these are subject to an overall maximum investment limit of £30m. Residential property investments are subject to an overall investment limit of £10m.

Governance: Decisions on commercial investments are made by an investment panel in line with the criteria and limits approved by Council in the Commercial Property Investment strategy. Decisions on residential investments are taken by the Board of Directors of the wholly owned company, in line with the criteria and limits approved by Council in the Residential Property Strategy. Property and most other commercial investments are also capital expenditure and purchases have therefore also been pre-approved as part of the capital programme.

- Further details, including the risk management on commercial and residential investments are outlined in these respective strategy documents;
 - [Commercial Property Investment Strategy](#)
 - [Residential Property Investment Strategy](#)

5.0 Liabilities

In addition to debt of £140m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £95m), It has also set aside £3.6m in provisions, with £3.3m of this to cover risks of business rate appeals.

Governance: Decisions on incurring new discretionary liabilities are taken by the Head of Finance. The risk of liabilities crystallising and requiring payment is monitored by Accountancy and reported when necessary.

- Details on liabilities are shown within the Council's balance sheet on page 17 of the 2017/18 Annual Financial Report, further supported by notes to the accounts (<http://www.newforest.gov.uk/CHttpHandler.ashx?id=36455&p=0>)

6.0 Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs (a negative figure if income exceeds costs); this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants for the General fund, and the income receivable from rents within the HRA.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
General Fund; Financing costs (£m)	0.41	0.48	0.74	1.42	1.86
General Fund; Proportion of net revenue stream	2.5%	2.8%	4.3%	8.1%	10.6%
HRA; Financing costs (£m)	4.2	4.1	4.0	3.9	3.8

HRA; Proportion of net revenue stream	15.1%	14.8%	14.5%	14.0%	13.4%
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Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Head of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable considering that the majority of the planned expenditure is revenue earning.

7.0 Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance and the Council's two principal accountants are all qualified accountants with several years' experience between them, the Service Manager for Estates and Valuation is a qualified solicitor with many years' of experience in property law, commercial and corporate transactions and is supported by highly experienced and professionally qualified surveyors and valuers (members of the Royal Institution of Chartered Surveyors).

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and has a Service Level Agreement with Hampshire County Council's Treasury Management department for day-to-day treasury management activities. The Council instructs external surveyors, valuers, architects and quantity surveyors to provide specialist advice on a project by project basis. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

PORTFOLIO: HOUSING SERVICES

CABINET – 6 FEBRUARY 2019

HOUSING REVENUE ACCOUNT BUDGET AND HOUSING PUBLIC SECTOR CAPITAL EXPENDITURE PROGRAMME 2019/20

1 INTRODUCTION

- 1.1 This report sets out the proposed Housing Revenue Account (HRA) budget, the proposed rent levels and other charges, the maintenance programme and a proposed Housing Public Sector Capital Programme for 2019/20 – 2021/22.
- 1.2 The proposed budgets for 2019/20 have been considered by tenants at the Tenant Involvement Group Day on 18 January 2019. Their comments are set out in paragraph 10 of this report.
- 1.3 The proposed HRA budget is attached as **Appendix 1**, and the proposed Capital programme at **Appendix 3**. Cabinet is required to recommend budgets for consideration at Council on 25 February 2019.

2 KEY ISSUES

- 2.1 Members are asked to consider a number of financial issues for 2019/20.
- 2.2 **Housing Rents**
 - 2.2.1 The report identifies a proposed social rent reduction of 1%, in line with the Government's current requirement. It is the final year of the required reductions and current indications are that annual increases of CPI +1% may be applied for a 5 year period from 2020/21.
 - 2.2.2 Following the rent reduction, average weekly rents will be £97.93 for 2019/20. The actual reduction will vary by property, but will amount to an average reduction of £0.98 per week.
- 2.3 **Service Charges – Hostels & Older Persons Accommodation**
 - 2.3.1 The primary aim when reviewing and setting service charges is to ensure that relevant costs are fully recovered from those who benefit from them. As previously advised to tenants, a detailed review of expenditure budgets and charges at all sites has been carried out for 2019/20 and is the subject of a separate report on this agenda.
 - 2.3.2 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 communal facilities available.

2.4 Garage Rents

2.4.1 Garage rents have remained unchanged since April 2014 and it is therefore proposed that rents are increased by 40p per week (4%) to £10.40 per week, plus VAT where applicable.

2.5 Planned Maintenance & Improvement Works

2.5.1 The report proposes total budgetary provision of £8.095 million for planned maintenance and improvement works to houses and estates. Details of the proposed works for 2019/20 and an indication of proposals for the following four years are set out in **Appendix 2**.

3 HRA INCOME 2019/20

3.1 Estimated total income for 2019/20 is £210,000 higher than the original budget for 2018/19. The income variations from the 2018/19 approved budget are set out below:

	£000	Paragraph
Dwelling Rents	(209)	3.2
Non Dwelling Rents	(59)	3.3
Service Charges	58	3.4
Other Income	0	3.5
Total	(210)	

3.2 **Dwelling Rents (£209,000)** – The proposed budget for 2019/20 includes the benefit of £490,000 arising from the year including 53 rent debit weeks but this is partially offset by the £257,000 effect of the 1.0% rent reduction proposed in paragraph 2.2 and a £24,000 net rent reduction from increased voids and movements in stock numbers.

3.3 **Non Dwelling Rents (£59,000)** – This income is derived from garages and rents of other housing land. The increase reflects the impact of £15,000 additional income from the 53 week rent debit year, £29,000 from the proposed garage rent increase and £15,000 additional income principally from reduced garage voids arising during 18/19.

3.4 **Service Charges £58,000** – Anticipated income will reduce by £71,000 following the service charge review considered elsewhere on this agenda but the impact is offset in 2019/20 by £13,000 arising from the 53 week rent debit impact. The income loss is matched by reduced expenditure budgets within Supervision and Management Special Services (para 4.4).

3.5 **Other Income £0** – Reduced interest earnings of £18,000 following the utilisation of capital receipts and the Acquisitions and Development Reserve to part fund the capital programme during 2018/19 and 2019/20 are offset by an increase of £11,000 in the shared amenities contribution and additional income

of £7,000, principally from non-residential licence fees within older persons accommodation.

4 HRA EXPENDITURE 2019/20

- 4.1 Budgeted expenditure for 2019/20 is £210,000 higher than the approved budget for 2018/19. The major variations are set out below:

	£000	Paragraph
Cyclical Maintenance	(92)	4.2
General Management	611	4.3
Special Services/Homeless Assistance	(47)	4.4
Capital Financing Costs	(72)	4.5
Other	1	
Operating Expenditure	401	
Contribution to Capital - Supporting Housing Strategy	(191)	4.6
Total	210	

- 4.2 **Cyclical Maintenance (£92,000)** – Efficiency savings in the cyclical maintenance programme have enabled the budget to be reduced by £92,000 and funding transferred to the supervision and management budget to finance two stock condition surveyors.
- 4.3 **General Management £611,000** - Supervision and Management budgets will increase by £611,000 due to pay and prices increases of £206,000, £327,000 for investment in additional estate management, maintenance, stock condition, fire safety and housing development staffing and additional corporate cost allocations of £87,000 (principally related to the drive towards Smarter Working and the enabling of remote and flexible working), offset by savings of £9,000 in various other staffing, premises and supplies and services budgets.
- 4.4 **Special Services/Homeless Assistance (£47,000)** – A reduction in budgets of £84,000, including staff allocations, following the service charge review, are offset by increases in costs of £33,000 due to pay and prices increases and £4,000 in net other costs. The reduction in service charge related budgets is matched by reductions in service charge income (para 3.4).
- 4.5 **Capital Financing Costs (£72,000)** – Interest costs have reduced by £72,000 due to the repayment of the second £4.1 million instalment of the settlement loan in March 2019.
- 4.6 **Contribution to Capital - Supporting Housing Strategy (£191,000)** – Any operating surplus is invested into the Housing Capital Programme. For 2019/20 this contribution is estimated at £9.225 million, a reduction of £191,000 from 2018/19. The reduction contrasts all of the other budget movements detailed earlier in this report.

5 HRA RESERVE BALANCE

- 5.1 The HRA Reserve balance as at 1 April 2018 was £1 million; this is considered to be a prudent level.
- 5.2 The original 2018/19 HRA budget showed a break-even position for the year. During 2018/19 the following net budget savings totalling £1.097 million have occurred or are forecast. In accordance with current policy these will be transferred to the Acquisitions and Development Reserve.

	£000
Cyclical Maintenance (Cabinet August 2018)	(250)
Supervision and Management (Cabinet January 2019)	(32)
Contribution to Capital re Major Repairs (Cabinet January 2019)	(815)
Total	<u>(1,097)</u>

- 5.3 The proposed HRA budget for 2019/20 currently shows a break even position, resulting in no change to the reserve balance. The estimated Housing Revenue Account balance at 31 March 2019 and 31 March 2020 will therefore be £1 million.

6 CAPITAL PROGRAMME

- 6.1 The proposed Housing Public Sector capital expenditure programme for 2019/20 totals £19.415 million. The detailed programme and anticipated funding is set out below:

	Original 2018/19 £000	Latest 2018/19 £000	Original 2019/20 £000
Proposed Expenditure			
Planned Maintenance & Improvements	5,700	4,885	6,415
Environmental Enhancements	300	300	300
Older Persons' Schemes Alterations	250	250	300
Disabled Facilities Adaptations	750	690	700
Extensions to Property	200	200	150
New Build - Compton & Sarum	1,865	2,086	0
New Build - Stocklands	2,827	1,971	890
New Build - Other	80	30	320
Open Market Acquisitions	3,700	3,700	3,800
Other Land/Property Acquisitions and Works	2,880	5,139	6,540
TOTAL	<u>18,552</u>	<u>19,251</u>	<u>19,415</u>

Funded by			
Revenue	9,416	9,416	9,225
Capital Receipts	3,000	4,110	3,000
Acquisitions and Dev. Reserve	5,786	5,125	6,510
Government Grant	350	600	680
TOTAL	18,552	19,251	19,415

6.2 The proposed capital programme for 2019/20 budgets £11.850 million to be invested in additional homes. This is expected to markedly increase over the period post 2019/20 through to 2025/26, in line with the Council's new Housing Strategy, as covered in more detail in paragraph 6.3. **Appendix 3** shows the proposed capital programme to 2021/22.

6.3 The Council's new Housing Strategy targets the delivery of 600 new affordable homes covering the period 2018 - 2026. The delivery of the Housing Strategy to 2026 will seek to ensure ring-fenced Housing Revenue Account (HRA) resources are maximised to their full potential. The recent removal of the borrowing cap gives Local Authorities enhanced flexibilities in terms of playing a key part in the delivery of new affordable homes across the Country. Whilst modelling suggests that limited borrowing may be required to achieve the objectives set out within the strategy, it will be necessary to monitor progress over time. The Council should be prepared to consider any opportunities that arise, and the potential should be there to fund the delivery of new homes through borrowing as long as a sound financial viability appraisal confirms it is suitable to do so. The Council has a sound financial platform to build upon and the delivery of the Housing Strategy to 2026 will seek to further enhance the financial performance of the existing HRA. By venturing into new tenures, the financial performance of the HRA will improve, as additional rental income is made available for the essential maintenance and management of the Council's overall Portfolio and to fund more new affordable homes.

7 ENVIRONMENTAL IMPLICATIONS

7.1 All products used in the repair, maintenance and improvement of Council homes are selected to ensure the minimum impact upon the environment and at the same time balance the need to improve the energy efficiency of tenants' homes in order to meet the requirement for thermal efficiency under the Decent Homes Standard.

8 CRIME AND DISORDER IMPLICATIONS

8.1 Many aspects of work identified in this report will improve the security of tenants' homes.

9 EQUALITY AND DIVERSITY IMPLICATIONS

9.1 All equality and diversity implications will be considered at every stage of the process of commissioning and carrying out planned maintenance, improvement and cyclical maintenance works. In addition any contractor used for works will

have been assessed, as part of the process in becoming an approved NFDC contractor, in respect of their adherence to equality and diversity principles.

10 TENANTS VIEWS

10.1 We agree this is a financially well-managed budget and it is clear the focus is on making improvements for all tenants. The investment in staff shows a level of commitment towards making positive improvements for tenants and to the housing stock the council owns.

11 HOUSING OVERVIEW AND SCRUTINY PANEL'S COMMENTS

11.1 The Panel fully supported the HRA budget proposals and the proposed planned maintenance and improvement works for 2019/20-2023/24.

12 PORTFOLIO HOLDER COMMENTS

12.1 I am pleased to be able to present this report, which sets out the proposed Housing Revenue Account budget for 2019/20, planned maintenance programme to March 2024 and capital programme covering the period through to March 2022.

2019/20 will be the final year of the required 1% reduction in the weekly rent level. Our tenants will now pay, on average, £97.93 per week to occupy their Council-owned home.

Through this budget, this Council has not only made a commitment to invest in the upkeep of its current stock, with maintenance spend in 2019/20 budgeted at just short of £11m in total, but the Council is also committing to providing new additional homes, with anticipated spending of over £37m forecast in the three years to March 2022.

It is no surprise to me that the Housing Panel commented favourably on the contents, as have the Tenant Involvement Group.

The Council is investing in its ability to deliver good quality homes within our district to those in greatest need, and I'm incredibly proud to play a part in it.

I fully support the recommendations as laid out in the report at section 13.

13 RECOMMENDATIONS

13.1 That the Cabinet be asked to approve the proposed planned maintenance and improvement works programme for 2019/20 – 2023/24, as set out in **Appendix 2**.

- 13.2 That the Cabinet be asked to recommend to the Council that;
- i) the HRA budget as set out in Appendix 1, of this report be agreed;
 - ii) from 01 April 2019, a reduction in rents of 1% from the 2018/19 weekly rent level, in accordance with Government requirements, be agreed;
 - iii) from 01 April 2019, an increase of 40p per week (plus VAT where applicable) in garage rents be agreed; and
 - iv) a Housing Capital Programme to 2021/22, as set out in Appendix 3, be agreed.

For Further Information Please Contact:

Grainne O'Rourke
Executive Head of Governance and Regulation
023 8028 5588
Email: grainne.orourke@nfdc.gov.uk

Alan Bethune
Head of Finance
023 8028 5588
Email: alan.bethune@nfdc.gov.uk

Background Papers:

Published documents as referred to within this report.

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HOUSING REVENUE ACCOUNT BUDGET

	2018/19 £'000	2019/20 £'000	Variation £'000	Para
INCOME				
Dwelling Rents	-25,754	-25,963	-209	3.2
Non Dwelling Rents	-749	-808	-59	3.3
Charges for Services & Facilities	-742	-684	58	3.4
Contributions towards Expenditure	-57	-64	-7	3.5
Interest Receivable	-127	-109	18	3.5
Sales Administration Recharge	-32	-32	0	3.5
Shared Amenities Contribution	-205	-216	-11	3.5
TOTAL INCOME	-27,666	-27,876	-210	
EXPENDITURE				
Repairs & Maintenance				
Cyclical Maintenance	1,472	1,380	-92	4.2
Reactive Maintenance	2,672	2,672	0	
Supervision & Management				
General Management	4,099	4,710	611	4.3
Special Services	1,230	1,183	-47	4.4
Homeless Assistance	61	61	0	4.4
Rents, Rates, Taxes and Other Charges	38	39	1	
Provision for Bad Debt	150	150	0	
Capital Financing Costs	8,528	8,456	-72	4.5
TOTAL EXPENDITURE	18,250	18,651	401	
HRA OPERATING SURPLUS(-)	-9,416	-9,225	191	
Contribution to Capital - supporting Housing Strategy	9,416	9,225	-191	4.6
Transfer to Acquisitions/Development reserve	0	0	0	

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5 YEAR HOUSING PLANNED MAINTENANCE AND IMPROVEMENT PROGRAMME 2019 TO 2024

1. INTRODUCTION

- 1.1 This programme has been compiled taking into account the 10 year Housing Planned Maintenance and Improvements programme.
- 1.2 All works identified in this report are based upon stock condition surveys, and feedback from Housing Maintenance Officers. This is followed by an inspection regime prior to work being specified to ensure only expenditure required is actually committed.
- 1.3 The programme for 2019 to 2024 has been devised to continue to meet the requirements of the “Decent Homes Standard”.

2. PROGRESS REPORTING OF THE PROGRAMME

- 2.1 The progress of each scheme during the financial year will be reported in the Councils Monthly Information Bulletin, together with tender results and budget information. Overall budgetary and programme control is exercised by regular review meetings and detailed monthly information being provided to Senior Managers and the Housing Accountant.
- 2.2 As in previous years, expenditure on the Planned Maintenance Programme will be controlled through the year in response to tenders received by adjusting workloads, specifications and work programmes. Priority works will be identified and carried out to ensure that the maximum expenditure is achieved within the overall budget.

3. BUDGET PROVISIONS

- 3.1 The budgets for 2019/20 are £6,415,000 for planned maintenance projects, £300,000 for environmental improvements, and £1,380,000 for cyclical maintenance. These budgets will substantially contribute to achieving the Decent Homes Standard.
- 3.2 The £6,415,000 Planned maintenance budget comprises of the original budget provision of £5,600,000 and an additional £815,000 re-phasing from 2018/19.
- 3.3 Schedule 1 is a summary of the various headings of expenditure comprising the total budget provision, and includes estimates for future years.

4. PROPOSALS

- 4.1 Within the Planned Maintenance programme, the work proposed is broadly in line with that of previous years. The prime purpose of this expenditure is to maintain the fabric of Council homes, to ensure services such as electrical and heating systems are in a safe condition and importantly to ensure that all our homes continue to meet the Decent

Homes Standard. Current predictions indicate that the Council will continue to achieve this target.

4.2 The Decent Homes Standard requires properties to meet several criteria ranging from general fitness to having modern facilities. Guidance issued advises that for a home to be decent it must meet the following four criteria:-

- It contains no serious hazards under this Housing Health and Safety Rating System;
- It is in a reasonable state of repair;
- It has reasonably modern facilities and services;
- It provides a reasonable degree of thermal comfort.

4.3 A property will fail the requirement for reasonably modern facilities and services if it lacks three or more of the following aspects:-

- A reasonably modern kitchen (20 years old or less);
- A kitchen with adequate space and layout;
- A reasonably modern bathroom (30 years old or less);
- An appropriately located bathroom and WC;
- Adequate insulation against external noise (where external noise is a problem);
- Adequate size and layout of common areas for blocks of flats.

4.4 An explanation of some of the items included within Schedule 1 is given below:

- An allowance of £1,000,000 has been made for replacing kitchens in 2019/20. This will allow for the renewal of all the kitchens over 30 years old (excluding where the tenant has previously refused the works). This kitchen refurbishment contract will be tendered to commence in 2019;
- An allowance of £1,400,000 has been made for renewing bathrooms in 2019/20 and this will allow for the replacement of all the bathrooms over 40 years old (excluding where the tenant has previously refused the works);
- An allowance of £550,000 has been made for upgrading heating installations in 2019/20 with modern energy efficient boilers and controls, and this will allow for the renewal of all the boilers over 15 years old (excluding where the tenant has previously refused the works). Also an allowance of £95,000 has been made to upgrade oil and electric heating systems;
- An allowance of £10,000 for insulation works in 2019/20 will allow for the upgrading of loft insulation in some of the 5% of properties which are below the

current Building Regulations (this is above the requirements for Decent Homes in terms of thermal comfort);

- An allowance of £635,000 has been made for re-roofing in 2019/20;
- An allowance of £830,000 has been made for renewing windows in 2019/20;
- An allowance of £500,000 has been made for renewing Front entrance doors these works will include upgrading fire doors in line with recommendations from Fire Risk Assessments;
- Works to other communal areas of flats and minor works/alterations to older person accommodation include renewing fire doors, upgrading lighting, heating improvements;
- Included within miscellaneous works are items identified from fire risk assessments, legionella risk assessments and larger works identified from Reactive Maintenance repairs;
- Included in future years is an allowance for unidentified/Decent Homes catch up works, which allows for unforeseen works (e.g. major structural issues) and decent homes works where a previous tenant has refused works.

4.5 The allowance of £300,000 for environmental improvements is for the normal provision of hardstandings within the curtilage of properties and estate improvements. The money for hardstandings will be targeted at tenants who have asked for this improvement and have been on a waiting list. Those who have been on the waiting list longest will be tackled first (currently the wait is approximately 2½ - 3 years). It is anticipated that these works will continue at the same rate for future years.

5. HOUSING MAINTENANCE IN-HOUSE DIRECT LABOUR

5.1 The Council's Housing Maintenance in-house direct labour is allocated areas of planned and cyclical maintenance (as outlined further in paragraph 5.3) as well as reactive maintenance, based on the suitability and capacity to deliver. The in-house direct labour budgets are set in line with the tasks allocated, and for 2019/20 are summarised in table 1:

Table 1	£
Employee Costs	3,783,120
Transport Related Costs	599,980
Supplies and Services	96,680
Capital Financing	3,630
TOTAL DIRECT COSTS	4,183,410
Recovery of Direct Costs through recharges	4,183,410
Contribution @ 7.65%	320,040
Income	4,503,450
NET CONTRIBUTION	320,040
Fixed Overheads (Support Services)	282,900
Residual Profit	37,140

5.2 The Council's Housing Maintenance in-house direct labour delivery is monitored on ability to meet fixed prices for kitchen, bathroom and new boiler installations. The charges for other cyclical and reactive works are compared to the National Schedule of Rates to inform measures on productivity and efficiency.

5.3 Cyclical maintenance

- This programme of works covers the servicing contracts and any other shorter term reoccurring works. A majority of these works cover our Health and Safety responsibilities;
- Housing Maintenance completes approximately 90% of this programme using in-house direct labour. This includes the gas, oil and solid fuel inspections and breakdown attendance and the internal and external decorating programme;
- External Contractors provide the fire alarm, lift and automatic doors servicing as well legionella checks and window cleaning. These are managed through Council Corporate Contracts.

5.4 Any deficit or surplus generated on the in-house direct labour budget accounts is apportioned out through recharges at the end of the financial year, on a prorata basis.

6. TENANT INVOLVEMENT

6.1 With planned maintenance and improvement works it is intended to continue with the current practice of involving tenants and residents in aspects of the work that affects their homes. Consultation will ensure that any inconvenience and disruption is kept to a minimum.

6.2 Where choice can be given without compromising the effectiveness or the necessity of the work, this will be given. Choice could mean the tenant electing not to have the work done, or in selecting finishes and colour schemes if and when improvements are carried

out. Generally no choice will be given where works, such as re-roofing, involve essential maintenance work.

2019/20 MAINTENANCE BUDGETS

PLANNED MAINTENANCE AND IMPROVEMENTS BUDGET					
	2019/20	2020/21	2021/22	2022/23	2023/24
Kitchen Modernisations	1,000,000	750,000	750,000	750,000	1,000,000
Bathroom Modernisations	1,400,000	1,200,000	1,200,000	1,200,000	700,000
Heating – boiler replacements gas	550,000	600,000	600,000	600,000	800,000
Heating – boiler replacements oil	20,000	0	0	0	20,000
Heating – electric	75,000	0	75,000	75,000	100,000
Electrical Works	185,000	200,000	200,000	200,000	220,000
Insulation Works	10,000	20,000	10,000	10,000	10,000
Roofing	635,000	500,000	500,000	500,000	500,000
Structural Repairs	50,000	75,000	75,000	75,000	75,000
External doors and windows	1,330,000	400,000	400,000	400,000	400,000
Asbestos Removal and Low Maintenance Eaves	180,000	300,000	300,000	300,000	300,000
Bin Stores	50,000	50,000	50,000	50,000	50,000
Minor works to communal blocks & older persons accommodation	35,000	60,000	85,000	85,000	60,000
Improvements to communal areas	175,000	200,000	200,000	200,000	200,000
Balcony improvements to handrails	75,000	0	0	0	0
Lighting upgrades	100,000	100,000	100,000	100,000	100,000
Miscellaneous works, including fire audit work, etc.	545,000	345,000	255,000	255,000	365,000
Unidentified/decent homes catch up works	0	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL PLANNED MAINTENANCE & IMPROVEMENT BUDGET	£6,415,000	£5,800,000	£5,800,000	£5,800,000	£5,900,000

CYCLICAL MAINTENANCE					
	2019/20	2020/21	2021/22	2022/23	2023/24
Appliance servicing (including gas, solid fuel, oil, smoke detectors & CO Servicing)	758,000	900,000	900,000	900,000	900,000
Fire alarm servicing/upgrading	55,000	60,000	60,000	60,000	60,000
Lift servicing/upgrading	54,000	60,000	60,000	60,000	60,000
Portable appliance testing	4,000	4,200	4,200	4,200	4,200
Legionella checks	10,000	11,000	11,000	11,000	11,000
External redecoration, include internal communal areas of flats	360,000	380,000	380,000	380,000	380,000
Gutter cleaning	50,000	50,000	50,000	50,000	50,000

Internal decorations to sheltered schemes	40,000	42,000	42,000	42,000	42,000
Elderly persons internal redecoration	25,000	26,000	26,000	26,000	26,000
Servicing automatic doors	3,000	3,200	3,200	3,200	3,200
Window Cleaning	16,000	17,000	17,000	17,000	17,000
Servicing air source heat pumps	500	700	700	700	700
Miscellaneous	4,500	4,900	4,900	4,900	4,900
TOTAL CYCLICAL MAINTENANCE	£1,380,000	£1,559,000	£1,559,000	£1,559,000	£1,559,000

ENVIRONMENTAL IMPROVEMENTS					
	2019/20	2020/21	2021/22	2022/23	2023/24
Provision of Hardstandings, estate works and paving	300,000	300,000	300,000	300,000	300,000
TOTAL ENVIRONMENTAL IMPROVEMENTS	£300,000	£300,000	£300,000	£300,000	£300,000

TOTAL EXPENDITURE					
	2019/20	2020/21	2021/22	2022/23	2023/24
TOTAL EXPENDITURE	£8,095,000	£7,659,000	£7,659,000	£7,659,000	£7,759,000

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CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

Portfolio	PROJECT REQUIREMENTS £			2019/20 PROJECT FINANCING £				
	2019/20	2020/21	2021/22	Grants & Conts.	Cap Receipts / DC's	HRA	HRA Reserves	
HRA - Major Repairs *	HRA	6,415,000	5,800,000	5,800,000			6,415,000	
Extension to Property - 1 off extension	HRA	150,000	150,000	150,000			150,000	
Older Persons Schemes Allocations	HRA	300,000	300,000	300,000			300,000	
Env Enhancements	HRA	300,000	300,000	300,000			300,000	
Council Dwellings - Acquisitions	HRA	3,800,000	3,800,000	3,800,000		1,140,000	1,360,000	1,300,000
Council Dwellings - Strategy Delivery	HRA	7,750,000	8,000,000	9,250,000	680,000	1,860,000		5,210,000
Disabled Facilities Grants	HRA	700,000	700,000	700,000			700,000	
TOTAL PUBLIC SECTOR CAPITAL PROGRAMME		19,415,000	19,050,000	20,300,000	680,000	3,000,000	9,225,000	6,510,000
								19,415,000

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CABINET– 6 FEBRUARY 2019

PORTFOLIO: FINANCE, CORPORATE
SERVICES & IMPROVEMENT / ALL

MEDIUM TERM FINANCIAL PLAN / ANNUAL BUDGET 2019/20

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 2019/20 and set the level of Band D Council Tax.

2. Background

- 2.1 On 1 August 2018 and 7 November 2018 the Cabinet considered a number of issues through the established Medium Term Financial Plan reporting, that would affect the annual budget for 2019/20. The figures as included in the reports were based on latest information available at that time, before the provisional local government finance settlement had been released. **The financial assumptions in this paper are based on the provisional finance settlement as details of the final finance 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 2019/20
 - A level of Council Tax for 2019/20
 - The Medium Term Financial Plan
 - The General Fund Capital Programme for 2019/20

3. Financial Strategy

- 3.1 The Council's financial strategy for 2019/20 is to:
- Review the budgets across all Services and make adjustments based on past financial performance;
 - Deliver efficiencies and savings which protect the delivery of front line services provided in the Community;
 - Support investment in services through the use of its reserves;
 - Utilise short term funding gains to address funding issues over the medium term through the transfer in and out of 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.

- 3.2 The Council's financial strategy over the medium term period extends to:
- The alignment of the budget to the Council's Corporate Plan and essential services;
 - Continuation of partnering and collaboration with others to transform service delivery;
 - The release of accrued short-term reserve balances to assist in the damping of the Fair Funding Review (and impact this has specifically to retained business

rates)

- The utilisation of reserve balances (and when necessary external borrowing) to invest in assets and target valuable additional income;
- A commitment towards transforming the delivery of Council Services across the organisation; and
- Ensuring strategies developed through the corporate framework appropriately feed into the Council's financial strategy

4. Medium Term Financial Plan – General Fund Budget 2019/20

4.1 Details of the provisional available resources and General Fund spending requirements were set out in the appendices to the November Cabinet report. Subsequent to that report the provisional finance settlement has been released, business rate retention forecasts updated and the full detailed budget preparation process has taken place, including the allocation of central corporate costs to the Portfolios. The updated resource summary and budget requirements are now provided as appendix 1 and 2.

4.2 The provisional settlement for 2019/20 released during December, being the last year of the 4 deal, was largely good news for the Council, as is the latest forecast on business rate retention for 2019/20;

- The issue of negative RSG, which was due to impact this Council by £612k in 2019/20 has been absorbed by central government.
- The New Homes Bonus deadweight factor has been left at 0.4% for 2019/20, and the growth in property numbers across the District results in bonus payments receivable of £183k per annum, for each of the next 4 years.
- There is a balance on the government's business rates levy account, which is to be redistributed to Councils. This will result in £60k coming back to NFDC.
- The business rates multiplier for 2019/20 will result in additional baseline income of £11k to 2019/20.
- The forecast business rates to be collected and retained by the Council above the baseline in 2019/20 total an estimated £1.6m.

4.3 Other material changes that have been made within the budgets since November include;

Adverse

- Increased pay costs to 2019/20 have exceeded the initial estimate by £73k.
- The Councils Flexible Homelessness Support Grant is due to reduce by £79k in 2019/20. Contra expenditure reductions have been identified, reducing the overall variation to £49k. The grant is also expected to reduce over the medium term period.
- The Council has made an allowance in the budget to increase the resource dealing with Private Sector Housing standards.
- To support members in the better use of available ICT, an expert will be resourced. This is anticipated to cost around £40k per annum. This resource will be part of Democratic Services and will provide ongoing support and training for Members in liaison with ICT (Nov Cabinet ICT Investment Update report)

Favourable

- Additional annual net income to the value of £300k to be retained from Health &

Leisure Centres as a result of the Council electing to implement the Sporting Services VAT exemption

- Additional savings arising from the Health & Leisure Centre operational review total £67k to 2019/20 (some expenditure to be incurred in 2018/19 and new posts costed at the top of band in the estimates to represent the worst case scenario, so short term, costs are less)
- Additional Savings to 2019/20 of £49k have arisen from the Community Grants process as a result of 2 SLA's being brought into the scope of the panel for 2019/20
- Savings are forecast as a result of a review to be undertaken in the business Improvement Service area, anticipated to save £45k per annum, commencing 1/4/19.

4.4 As a result of the Council pro-actively planning its finances on a prudent basis, the positive settlement for 2019/20, the retained business rates position and the net favourable impact of the variations as outlined above will enable the Council to finance the investment in its ICT strategy delivery directly from the General Fund in 2019/20 (£350k Yr 3 Protect and Maintain, and £600k Yr 1 ICT Strategy 2018-2022, with a total of £789k apportionable to the General Fund), and still make a contribution towards the budget equalisation reserve. The use of a budget equalisation reserve enables a transfer from this reserve over the medium term to help soften the impact of the business rates baseline reset, due to take place in 2020/21. The strong financial position in 2019/20 will also enable a balanced budget over the entire medium term period covered by this report (as demonstrated by appendix 3).

4.5 Announcements were made as part of the provisional finance settlement on the successful 75% Business Rate Retention pilots for 2019/20. In total 35 applications were received by the MHCLG and 15 selected to move forward. Unfortunately the Hampshire-wide bid was unsuccessful.

4.6 As explained further in section 8 of this report, the Community Overview and Scrutiny Panel are recommending one-off 'Construction Grant' awards totalling £61,000 for 2019/20. These awards will be covered from within the general fund for 2019/20 (not from reserves, as has been the case for the last few years).

4.7 The November report showed a deficit budget for 2019/20 of £109,000. The revisions as outlined above have resulted in a balanced budget position.

4.8 **Planned use of and contributions to Reserves**

4.8.1 Appendix 5d outlines all movements in reserves actioned in the 2019/20 General Fund revenue budget setting. In summary, in 2018/19 net transfers from reserves were made totalling £50,870. In 2019/20, transfers to reserves total £401,080. Supporting narrative to explain the new transfers is provided below;

4.8.2 The Council makes annual contributions through its revenue budget to the quadrennial election fund so the cost of holding a district election is levelled out across a 4 year term. As all out district elections are taking place in May 2019, the balance in the reserve will be released to the 2019/20 revenue budget to cover the cost of the election.

4.8.3 Since 2009/10, the Council and Priestlands School have been paying

proportionate contributions (60% / 40% respectively) into a Synthetic Turf Pitch (STP) fund to cover the annual maintenance of the STP and to accrue a balance to enable a full replacement in line with the anticipated useful life expectation. In 2019/20, the pitch will be specified and tendered for replacement utilising this fund (and any other sources of income identified, for example Hockey England).

- 4.8.4 ICT replacement budgets have been brought forward from future years to enable the transition towards 'Smarter Working' across the Council. Of the £150k budget allowed for ICT equipment in 2019/20, £90,000 is then being transferred to reserves to compensate the use of reserves in achieving the accelerated programme since 2017/18.
- 4.8.5 The works undertaken by the Council to achieve a balanced budget based on information before the positive provisional settlement was achieved put the Council's budget planning in good shape when reported in November. As outlined above, the positive impact of the 2019/20 settlement coupled with latest business rate forecasts and other updates since November, will now enable a transfer to the budget equalisation reserve.
- 4.8.6 The Council maintains a suitable level of other useable reserves, over the period covered by this MTFP.

4.9 Summary of Proposals and Council Tax for 2019/20

- 4.9.1 The General Fund net budget requirement for 2019/20 will be £17.493m (appendix 5a & 5b), an increase of £250k on the 2018/19 budget requirement.
- 4.9.2 Savings and improved income generation totalling £2.288m have been used to absorb pay and price increases across the Portfolios totalling some £1.009m and contribute towards new requirements of £1.359m. The savings identified to the budgets, and the Council's ability to invest in key service areas will make an important contribution towards ensuring the Council's financial stability over the medium term.
- 4.9.3 The proposed central support service business unit budgets have been provided at appendix 5c. Due to their nature, these costs end up across several Portfolio's and so warrant separate inclusion as part of this budget setting report.
- 4.9.4 Band D Council Tax will be £173.36, an increase of £5 (2.97%) from 2018/19 and the cost to be met by council taxpayers will be £12,321,458.

5. The Medium Term Position

- 5.1 The 2019/20 budget is the last of the 4 year settlement deal accepted by this Council (along with 97% of other Council's across the Country). There is still uncertainty over the medium term on the potential impact that the ongoing Fair Funding Review and the final design of the 75% business rate retention scheme will have on individual local authorities. Both have the ability to have a significant weighting on the availability of resources to fund Council services.

- 5.2 The Medium Term summaries set out over appendices 1, 2 and 3 provide an outlook of the future years' budgets and are set out on a prudent basis using the latest known information. The proactive forward planning undertaken by this Council enables a balanced budget to be shown for each year to 2022/23. The Council will continue to work towards the financial strategy as set out in section 3 of this report to ensure the longer term financial stability of the Council.
- 5.3 The current Medium Term Financial plan deficit will be closed (appendix 3) dependant on the;
- Council's ability to maximise its revenues through local taxation,
 - successful implementation of the commercial and residential property strategies to bring valuable new sources of additional income into the Council,
 - achievement of savings through an alternative delivery model for the Council's Health & Leisure Centres; and
 - prudent use of budget equalisation reserves.

6. Pay & Reward

- 6.1 During 2018/19, the National Trade Unions accepted a 2 year pay offer consisting of above inflation pay increases at the bottom end of the pay scale (up to 15.7% across the 2 years) and 2% per annum for other scale points for each of 2018/19 and 2019/20 (4.04% across the 2 years).
- 6.2 This Council had already taken steps, prior to the national pay offer being made, to implement enhanced pay awards to employees at the lower end of the pay scale (bands 1 – 4) covering this same period. For 2019/20, the minimum pay point that will be paid by NFDC will be in line with the NJC rate, at £9.00 per hour.
- 6.3 The restriction on pay award increases that was implemented across local government during the period 2010 – 2018 means that the Council is still suffering now in some areas of service delivery in the recruitment and retention of staff. The Councils review of the lowest paid, covering bands 1 – 4, including the consistency of increment values at over 3% (in comparison to the NJC's 2%), has been effective, but now more needs to be done on pay above band 4.
- 6.4 For a Council that employs such a diverse range of workers, it is becoming apparent that the confines of a single pay structure isn't conducive to the Council's needs in terms of recruitment and retention, particularly in certain areas where the market demands higher rates of pay than the Council's current evaluation and banding structure allows.
- 6.5 During 2019/20 a series of pay reviews will take place which will be developed further by the Council's Human Resources department, working closely with Officer Working Groups and Employee Side Representatives, including;
- the potential for individual pay structures for employees categorised across distinct groups, for example;
 - Operational
 - Housing Maintenance
 - Leisure
 - Office Based
 - a review of the Council's annual appraisal and reward system
 - a potential attendance reward system for areas which suffer from historically

- high levels of short term sickness
 - a review of the Senior Management pay structure
- 6.6 At present, an allowance is included in the MTFP for the estimated cost of 2% annual pay award over the 4 year period, and for the cost of annual increments. In line with prudent financial planning, an expectation has been added to the financial assumptions that the reviews as outlined above will increase the Council's overall pay bill (£100k allowed for in 2019/20 and a further £50k in 2020/21).

7. General Fund Capital Programme and Financing

- 7.1 The Council's proposed General Fund Capital Programme for 2019/20 totals £8.504m. The detail at project level and the proposed financing for the 2019/20 programme is detailed in appendix 6.
- 7.2 The Capital programme includes Smarter Working and the New Depot project, both initially included within the 2018/19 budget with a caveat that design and feasibility could proceed, but delivery would require further approval from Cabinet. An update is provided below;
- Smarter Working

A 'Smarter Working - the case for change' report was produced and presented to the Corporate Overview Panel and Cabinet during 2018/19. This resulted in £750k being released from the Smarter Working budget for investment in Office 365, and an initial £500k to enable the first wave of accommodation transformations during 2018/19. In order to maintain momentum and deliver the advantages as outlined in the case for change report, a further £500k for accommodation transformation is now being requested.
 - Development of Council owned land at Hardley Industrial Estate into a new Depot

Following initial feasibility works undertaken during 2018/19, the Council has now appointed design consultants. The resultant design information will be used to inform a cost estimate, which will be submitted to Cabinet for their approval before any works commence. The capital programme allows for works to commence in 2019/20 and continue into 2020/21.
- 7.3 A range of Prudential Indicators need to be approved prior to the start of each financial year. The Councils Capital Strategy, elsewhere on this agenda includes the key capital Indicators. The Treasury Management function and Investment Strategy for 2019/20 to 2021/22 were considered by the Audit Committee on 25 January 2019 and have been recommended to the Council for approval.

8. Committee and Overview Panel Comments / Recommendations

- 8.1 The Corporate Overview and Scrutiny Panel (COSP) met on 22 November 2018 and have adopted the Budget Task and Finish Group recommendations that:
- i. the Council consider automatic number plate recognition technology and consider modest regular increases in parking fees, rather than occasional step increases.
 - ii. an annual report be sent to Cabinet on the use of Community Infrastructure Levy.

- iii. efforts be made to increase the number of households using the garden collection service in view of the significant potential income generation that could result.
 - iv. the Community Affairs Portfolio Holder investigate ways and means to improve income and reduce costs within Community Alarms, CCTV and Customer Services.
 - v. consideration be given to additional support for property investment, including the option to use external expertise.
 - vi. the Council consider a modest expansion of the geographical area taken into account when looking at property investment, so long as there was still a local economic benefit applicable to the New Forest.
 - vii. consideration be given to creating a centralised accommodation strategy within the Local Economy, Property & Innovation Portfolio, which, whilst allowing each service to manage operational land or buildings, the future use and income potential could be brought together to allow a strategic view of the Council's property holdings.
 - viii. the Portfolio Holder for Local Economic Development, Property & Innovation keep a watching brief on LEPS grant funding and explore opportunities wherever possible.
 - ix. a report be submitted confirming progress on the ICT Protect and Maintain fund as well as the implications of the new ICT Strategy going forward.
 - x. a more pro-active approach be given to partnering/collaboration with other organisations.
 - xi. a re-evaluation of the current arrangements in terms of the District Council's contribution towards the Eling Experience be undertaken.
- 8.2 The Community Overview and Scrutiny Panel met on 15 January 2019 and makes the following recommendations (as per report 4 on this Cabinet agenda):
- a) Revenue grant awards totalling £131,500 be made, along with £61,000 of one-off construction grants.

9. Stillwater Park

- 9.1 Annually, the Cabinet recommends to Council the proposed Fees and Charges increase for the licence fees and service charges at Stillwater Park.
- 9.2 In line with previous years, the level of increase being proposed is in line with September RPI inflation, equivalent to 3.3%.

10. Risk Management

- 10.1 The budget for 2019/20 is based upon best estimates, but there still remains some

uncertainty, particularly surrounding the on-coming Business Rate retention scheme (in replacement of all other central funding) and the continuing uncertain economic climate (particularly surrounding Brexit). The budget statement delivered in October 2018 made several references to the era of austerity coming to an end, and suggested departmental budgets would see an annual inflationary increase in the near future, as opposed to the reductions that has been the norm since 2009. It is vitally important that the Council continues with its prudent financial planning and continues to deliver the required savings/new income over the medium term period.

- 10.2 The Council provides regular financial monitoring reports, providing valuable updates on the latest forecasts as against original expectations and has £3m in the General Fund Reserve, available to support service delivery budgets. The Council also has a Budget Equalisation Reserve, which exists to smooth out annual fluctuations in Council funding. Within this context, the budget as now presented to Cabinet is considered to be robust and deliverable.

11. Crime and Disorder / Equality and Diversity / Environmental Implications

- 11.1 No direct forecast implications arise as a result of the make-up of the 2019/20 budget. Over the Medium term, as the Council continually strives to provide services with less resources, any potential implications will be covered as and when key decisions are made.

12. Portfolio Holder Comments

- 12.1 I am extremely pleased to have delivered on our financial strategy and have not merely set a balanced revenue budget for 2019/20, but have set a balanced budget that enables necessary and significant investment in key service areas, such as ICT and planning. The report also confirms our plans for the future and demonstrates that our pro-active approach to financial management and willingness to adapt and change as an organisation will secure the future of the important services we deliver to our residents right through to 2023.

The improvements that have been made over the past 12 months have been significant and I fully endorse and support the continued future development and delivery of the Smarter Working programme.

- 12.2 Cabinet response to Budget Task & Finish Group recommendations;
- i. The Cabinet recently agreed to terminate the on street Parking Agency agreement with the County Council with effect from April 2020. Work will start shortly looking at how we will enforce in the most efficient way in our own off street car parks now that we will no longer have on street parking to manage. One of the options that will need to be considered is a more efficient way of administering a clock type virtual permit scheme which will rely on number plate recognition. The Environment Overview and Scrutiny panel will be presented with an update during 2019/20.
 - ii. An annual report covering the amount of contributions received, both CIL and S106 and the amount spent in the previous year (including the amount of CIL

passed to parishes) and a programme of works to be funded by contributions during the coming year will be provided to Members.

- iii. The recent National Waste Strategy which has been released by Central Government in December 2018 for consultation has identified a potential requirement for all Councils to provide Free Garden Waste Collections. Therefore until the consultation is concluded and the strategy agreed which will be in the middle of 2019 we will continue to increase our numbers. Whilst income is important it is also essential that we stick to the Waste Hierarchy and ahead of promoting Garden Waste Collections we should promote home composting, which we are currently doing.
- iv. The relocation of Community Alarms, CTV and Customer services to one location, will give opportunities to reduce cost through new ways of working. The Customer Services Task and Finish Group are now progressing the replacement of the Councils website, which will reduce cost and increase opportunities to improve income. The funding was agreed at Cabinet in December.
- v. The Council engages with several regional and national commercial property agents and surveyors as well as its own contacts to seek opportunities. The Council is on all agent requirements/mailling lists for suitable investments. Also the Council sends out periodic refresher notifications of its investment requirements most recently January 2019 and offers the incentive of introduction fees for off market and on market investments which we are not already aware of. It is considered that the appointment of an external agent would not necessarily improve the efficiency of the current search activities.
- vi. Estates and Valuation considers there is merit in a modest extension of the commercial investment search area to include the Poole, Bournemouth and Southampton conurbations. Such an extension should improve the likelihood of securing good quality, income generating assets to support the Council's investment strategy and also provide socioeconomic benefits to the District, for example employment and economic activity which cross district boundaries.
- vii. Creating a centralised accommodation strategy that looks at the councils priorities from the short to medium term will be a priority for 2019/20 and progress will be reported through the Corporate Overview and Scrutiny Panel.
- viii. This Council will continue to engage and communicate with the LEP servicing the District at every possible opportunity to maximise the local economic benefit that this can bring to the area. The Cabinet will be kept updated on funding bids, whether they are successful, or not.
- ix. Corporate Overview Panel in November and Cabinet in December received a report on ICT Investment which detailed current and future priorities.
- x. As an example of where the Councils is looking at opportunities; the Cabinet agreed in December to move forward with a full procurement exercise for the delivery of the Health and Leisure service. This process will take approximately 12 months, with regular updates from Task and Finish Group to Community and Leisure Panel.

- xi. The Council has looked at the business plan for Eling Tide Mill for 2019-20. It has been agreed that the council will continue to contribute towards the Tide Mills running costs at the same level as 2018-19 but already the District Council has indicated that there needs to be a reduction in this contribution for 2020-21. 2019-20 operations performance will be key to this as it will be the full year of operating this facility following its refurbishment. The Community Overview and Scrutiny panel will be presented with an update during 2019/20.

13. RECOMMENDED:

- 13.1 Cabinet is asked to recommend to Council that:
 - 13.1.1 there is a General Fund Net Budget Requirement in 2019/20 of £17,492,790 as set out in appendix 5 to this report, including the transfers to and from reserves, as outlined in appendix 5d;
 - 13.1.2 the Band D Council Tax for 2018/19 shall be £173.36; and
 - 13.1.3 the General Fund Capital Programme for 2019/20 of £8.504m, as set out in appendix 6 to this report be approved.
 - 13.1.4 the site licence fees and service charges at Stillwater Park be increased by 3.3% in line with RPI inflation;
- 13.2 Cabinet is asked to approve a second £500k release from the Smarter Working budget to enable further transformation of accommodation conducive to the Smarter Working standard.

For Further Information Please Contact:

Alan Bethune
Head of Finance (S151 Officer)
Telephone: (023) 8028 5588
E-mail: Alan.Bethune@nfdc.gov.uk

Background Papers:

MTFP – August 2018
MTFP – November 2018
Smarter Working – The Case for
Change October 2018

MEDIUM TERM FINANCIAL PLAN 2018-2023

FUNDING	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's
Business Rates Baseline	3,846	3,933	4,012	4,092	4,174
- Business Rates Retained Surplus	1,352	1,600			
- Business Rates Collection Fund Deficit(-) / Surplus	668	166			
Revenue Support Grant	92				
New Homes Bonus	695	526	253	249	182
Total Government Determined Resources	6,653	6,225	4,265	4,341	4,356
Contribution to (-) Budget Equalisation Reserve	-841	-748			
Total Resources Utilised	5,812	5,477	4,265	4,341	4,356
Council Tax					
Base from Previous Year		12,126	12,185	12,260	12,335
Collection Fund Surplus		-16			
Base Line Adjustment		75	75	75	75
Total Council Tax	12,126	12,185	12,260	12,335	12,410
TOTAL FUNDING	17,938	17,662	16,525	16,676	16,766
Year-on-Year Reduction(-) / Growth		-276	-1,137	151	90

MEDIUM TERM FINANCIAL PLAN 2018-2023

SUMMARY OF BUDGET MOVEMENTS

	2019/20 £'000's	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's
Funding	17,938	17,938	17,938	17,938
Budget Requirements				
Pay & Price Increases				
Pay Award (2%)	420	420	400	400
Increments	193	160	140	140
Pension Contributions	240	240	100	100
Pay & Reward Review - £9 min and mid-range band review	100	50		
Prices (Utilities, Fuel & Maint.)	56	50	50	50
Pay & Price Increases	1,009	920	690	690
Cumulative Pay & Price Increases	1,009	1,929	2,619	3,309
Ongoing Savings Analysis				
Ongoing Savings from 2017/18 Outturn	-710			
Health & Leisure Centre Operational Review	-567	-118		
Health & Leisure Centre VAT Exemption	-300			
Health & Leisure Centre Business Rates Exemption		-150		
Asset / Equipment Resources	-265			
Property (accommodation / Commercial)	-100			
Reduction in community revenue grants / SLA's	-91	-20	-11	
NNDR Reduction in Car Parks	-70	34		
Pest Control Review	-45	-52		
Review Conducted within Business Improvement	-45			
Commercial Property (NMHC)	-40			
Income from Development projects	-30	-30		
Tourism Review	-25	-25		
	-2,288	-361	-11	0
Cumulative Savings	-2,288	-2,649	-2,660	-2,660
New Budget Requirements				
Investment as outlined in ICT Strategy	789	-789		
Investment in Office 365	150	-75	-75	
Investment in Planning & Open Space Resources	100			
Investment in Private Sector Housing Standards	44			
Investment in Members ICT Resource	40			
Investment in an Electoral Review of the District		15		-15
Land Charges Income Reduction	84			
Reduction in Flexible Homelessness Support Grant	49	100	100	100
Increase to Shared Amenities Contribution	11			
Cemeteries Income Reduction	8			
One-off Community 'Construction Grants'	61	-61		
Revenue Contribution towards Capital Outlay	50	-50		
Other Adjustments	-27			
	1,359	-860	25	85
Cumulative Requirements	1,359	499	524	609
TOTAL BUDGET REQUIREMENT	18,018	17,717	18,421	19,196
Total Funding Available (as above)	17,662	16,525	16,676	16,766
Estimated Cumulative Surplus / Shortfall (-)	-356	-1,192	-1,745	-2,430

MEDIUM TERM FINANCIAL PLAN 2018-2023

OPTIONS IDENTIFIED TO CLOSE BUDGET SHORTFALL

£5 Council Tax Increase 2019/20
 £5 Council Tax Increase 2020/21
 £5 Council Tax Increase 2021/22
 £5 Council Tax Increase 2022/23

Cumulative Council Tax Increase

Commercial / Residential Property Investment 2020/21
 Commercial / Residential Property Investment 2021/22
 Commercial / Residential Property Investment 2022/23

Cumulative Property Investment Income**Leisure Delivery Review****Use of Budget Equalisation Reserves****TOTAL OF OPTIONS IDENTIFIED TO CLOSE BUDGET****Estimated Cumulative Surplus / Shortfall (-)**

	2019/20 £'000's	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's
	356	356	356	356
		360	360	360
			364	364
				369
Cumulative Council Tax Increase	356	716	1,080	1,449
		250	250	250
			250	250
				250
Cumulative Property Investment Income	0	250	500	750
Leisure Delivery Review	0	0	0	250
Use of Budget Equalisation Reserves	0	226	165	-19
TOTAL OF OPTIONS IDENTIFIED TO CLOSE BUDGET	356	1,192	1,745	2,430
Estimated Cumulative Surplus / Shortfall (-)	0	0	0	0

Reserves Supporting the MTFP

General Fund Balance
 Budget Equalisation Reserve

3,000	3,000	3,000	3,000
1,702	1,476	1,311	1,329

MEDIUM TERM FINANCIAL PLAN 2018-2023

ASSET MAINTENANCE & REPLACEMENT PROGRAMME

	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's
Asset Maintenance					
Health & Leisure Centres	491	360			
Dibden Golf Centre		30			
Eling Experience		25			
Offices, Depots & Outlying Buildings	240	105			
Public Convenience Refurbishment Programme	300				
	1,031	520	-	-	-
Asset Replacement					
ICT Replacement Programme	250	200			
Health & Leisure Equipment Replacement	49				
	299	200	-	-	-
V&P; Deferred Expenditure (Depreciation / MRP)	1,156	1,192			
Non-Core Project Fund	201	-			
Rephased Budget from previous year	- 200				
Less: Proportion allocated to HRA	- 136	- 215			
Third Party Contribution					
Total Revenue Programme	2,351	1,697	-	-	-
Budget Available	2,351	1,700	1,700	1,700	1,700
BUSINESS DEVELOPMENT AND THIRD PARTY GRANTS					
ICT Maintain & Protect	750	350			
ICT Strategy (including 'Customer') 2018-2022		600	450	350	
Less: Proportion allocated to HRA	- 127	- 161	- 76	- 59	-
	623	789	374	291	-
Community Grants - 'One-off Construction'	81	61	100	100	100
Total Business Development and Third Party Programme	704	850	474	391	100

MEDIUM TERM FINANCIAL PLAN 2018-2023

SUMMARY OF NET BUDGET REQUIREMENTS WITH FINANCE

	2018/19 £'000's Budget	2019/20 £'000's Gross Expenditure	2019/20 £'000's Income	2019/20 £'000's Budget
PORTFOLIO REQUIREMENTS				
Community Affairs	1,540	2,194	-490	1,704
Environment and Regulatory Services	9,476	12,096	-3,275	8,821
Finance, Corporate Services and Improvement	4,860	44,145	-38,958	5,187
Housing Services	1,605	4,027	-2,357	1,670
Leader and Corporate Affairs	42	42	0	42
Leisure and Wellbeing	2,074	8,475	-7,489	986
Local Economic Development, Property and Innovation	96	818	-879	-61
Planning and Infrastructure	705	6,749	-5,841	908
	20,398	78,546	-59,289	19,257
Asset Rental Income	-2,037	0	-1,736	-1,736
Contribution to/(from) Earmarked Revenue Reserves	-891	90	-437	-347
NET PORTFOLIO REQUIREMENTS	17,470	78,636	-61,462	17,174
Minimum Revenue Provision	1,198	1,225	0	1,225
RCCO	0	350	0	350
Interest Earnings (Net)	-730	0	-730	-730
New Homes Bonus	-695	0	-526	-526
Other Grants	0	0	0	0
GENERAL FUND NET BUDGET REQUIREMENTS	17,243	80,211	-62,718	17,493
COUNCIL TAX CALCULATION				
Budget Requirement	17,243	80,211	-62,718	17,493
Less:				
Settlement Funding Assessment				
Revenue Support Grant	-92	0	0	0
Business Rates Funding Target	-3,846	23,952	-27,885	-3,933
	-3,938	23,952	-27,885	-3,933
Locally Retained Business Rates	-1,352	0	-1,600	-1,600
Budget Equalisation Reserve	841	748	0	748
Estimated Collection Fund (Surplus)/Deficit Business Rates	-668	0	-166	-166
Estimated Collection Fund (Surplus)/Deficit Council Tax	-236	0	-220	-220
COUNCIL TAX	11,890	104,911	-92,589	12,322
TAX BASE NUMBER OF PROPERTIES	70,621.00			71,074.40
COUNCIL TAX PER BAND D PROPERTY	168.36			173.36
GENERAL FUND BALANCE 31 MARCH	£3M			£3M

MEDIUM TERM FINANCIAL PLAN 2018-2023

ANALYSIS OF GROSS PORTFOLIO REQUIREMENTS

	Employees	Premises	Transport	Supplies and Services	Support Services	Capital Charge	Gross Expenditure	Income	Budget
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
2019/20									
Community Affairs	993	11	3	992	195	0	2,194	-490	1,704
Environment and Regulatory Services	7,212	860	2,191	768	647	418	12,096	-3,275	8,821
Finance, Corporate Services and Improvement	5,400	85	21	38,289	350	0	44,145	-38,958	5,187
Housing Services	1,433	152	0	2,180	262	0	4,027	-2,357	1,670
Leader and Corporate Affairs	14	0	0	25	3	0	42	0	42
Leisure and Wellbeing	5,087	2,173	1	769	427	18	8,475	-7,489	986
Local Economic Development, Property and Innovation	446	157	0	130	84	1	818	-879	-61
Planning and Infrastructure	4,177	1,139	0	676	732	25	6,749	-5,841	908
	24,762	4,577	2,216	43,829	2,700	462	78,546	-59,289	19,257
2018/19									
Community Affairs	994	132	3	744	187	0	2,060	-520	1,540
Environment and Regulatory Services	6,973	1,286	2,201	914	608	716	12,698	-3,222	9,476
Finance, Corporate Services and Improvement	5,189	57	21	45,389	343	0	50,999	-46,139	4,860
Housing Services	1,204	168	1	2,298	226	0	3,897	-2,292	1,605
Leader and Corporate Affairs	15	0	0	25	2	0	42	0	42
Leisure and Wellbeing	5,372	2,026	1	765	461	31	8,656	-6,582	2,074
Local Economic Development, Property and Innovation	358	42	0	190	68	1	659	-563	96
Planning and Infrastructure	3,737	1,225	0	736	643	26	6,367	-5,662	705
	23,842	4,936	2,227	51,061	2,538	774	85,378	-64,980	20,398

MEDIUM TERM FINANCIAL PLAN 2018-2023

CENTRAL SUPPORT SERVICE BUSINESS UNITS

	Employees	Premises	Transport	Supplies and Services	Support Services	Capital Charge	Gross Expenditure	External Income	Budget
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
2019/20									
SA710 Democratic Services (728)	161	4	1	3	53	0	222	0	222
SA711 Electoral Services (730)	195	4	2	7	43	0	251	-4	247
SA720 Secretarial Services (724)	115	8	0	19	16	0	158	0	158
SA800 ICT (736)	1,137	41	10	39	140	0	1,367	-65	1,302
SA801 ICT Maint./Licences/Phones (738)	0	0	0	1,441	0	0	1,441	0	1,441
SA802 ICT Communications (740)	0	0	0	249	44	0	293	-24	269
SA811 The Design Room (734)	78	3	0	22	15	0	118	-6	112
SA820 Customer Services (732)	306	16	1	11	77	0	411	0	411
SA821 Courier (722)	28	0	11	0	3	0	42	0	42
SA830 Information Offices (731)	327	56	2	83	16	0	484	-8	476
SD874 Support Services (762)	123	7	0	10	32	0	172	0	172
SD876 Sundry Debtors (766)	76	4		17	8	0	105	-2	103
SD950 Accountancy (780)	422	13	3	12	66	0	516	-25	491
SE411 Internal Health and Safety (822)	128	4	3	23	9	0	167	0	167
SG610 Building Works - Office (956)	852	62	45	29	89	0	1,077	0	1,077
SG649 Site Officers (960)	96	8	0	1	21	0	126	0	126
SG670 Central Procurement (964)	137	4	1	14	46	0	202	-1	201
SG710 Valuers (970)	233	7	3	20	37	0	300	0	300
SG731 Building Cleaning - Offices	66	0	0	2	19	0	87	0	87
	4,480	241	82	2,002	734	0	7,539	-135	7,404

MEDIUM TERM FINANCIAL PLAN 2018-2023

GENERAL FUND REVENUE BUDGET -
MOVEMENT IN RESERVES

	Contribution From(-) / To Reserves in 2018/19	Reserve Transfers not required in 2019/10	Contribution From(-) / To Reserves for 2019/20	Use of (-) / Contributions to reserves in 2019/20
	£'000's	£'000's	£'000's	£'000's
Contribution from Reserves				
ICT Strategy £750,000 @ 83%	-623	623		0
AMR Project Rephasing	-200	200		0
AG000 Capital Grants	-81	81		0
Community Housing Fund Local Plan	-43	9		-34
Open space Maintenance	-28	28		0
Elections	-3		-53	-56
Lymington STP			-175	-175
			-172	-172
	-978	941	-400	-437
Contribution to Reserves				
Elections	44	-44		0
Lymington STP	17	-17		0
Stock condition survey	13	-13		0
Housing Needs Survey	12	-12		0
ICT Equipment			90	90
	86	-86	90	90
Budget Stabilisation	841	-93		748
Total Contribution from (-) / to reserves	-51	762	-310	401

MEDIUM TERM FINANCIAL PLAN 2018-2023

CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

	Portfolio	PROJECT REQUIREMENTS			2019/20 PROJECT FINANCING			
		2019/20	2020/21	2021/22	Capital Resources / Loan	Better Care Fund	Grant	DC / CIL
		£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Private Sector Renewal / Home Repairs	HSG	100	100	100	100			
Disabled Facilities Grants	HSG	910	1,030	1,050		910		
Strategic Regional Coastal Monitoring	ENV	1,589	1,495				1,589	
Barton Drainage Test	ENV	125	50				125	
Public Convenience Modernisation Programme	ENV	350	300	300	350			
HARDLEY; New Depot Site	F,CS&I	500	3,000		500			
HARDLEY; Resurfacing	F,CS&I	540			540			
V&P; Replacement Programme	F,CS&I	1,586	1,500	1,250	1,586			
Smarter Working; Committed	Leaders	600	150		600			
Smarter Working; Budgeted	Leaders	750	750	750	750			
Open Space Schemes	P&I	506	500	500				506
Transport Schemes	P&I	264	175	175				264
Mitigation Schemes	P&I	684	500	500				684
TOTAL GENERAL FUND CAPITAL PROGRAMME		8,504	9,550	4,625	4,426	910	1,714	1,454
								8,504
PRE-APPROVED OTHER (INDICATIVE TIMING)								
Commercial Property Investment		10,000	10,000	7,800	10,000			
Residential Property Investment		2,000	4,000	4,000	2,000			
TOTAL PRE-APPROVED OTHER		12,000	14,000	11,800	12,000			
GRAND TOTAL GENERAL FUND CAPITAL PROGRAMME		20,504	23,550	16,425	16,426	910	1,714	1,454
								20,504

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