

NOTICE OF MEETING

Meeting: CABINET

Date and Time: WEDNESDAY, 1 SEPTEMBER 2021, AT 10.00 AM*

Place: COUNCIL CHAMBER - APPLETREE COURT, BEAULIEU ROAD, LYNDHURST, SO43 7PA

Enquiries to: democratic@nfdc.gov.uk
Tel: 023 8028 5072 - Matt Wisdom

PUBLIC PARTICIPATION:

Members of the public may watch this meeting live on the [Council's website](#).

*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 no later than 12.00 noon on Thursday, 26 August 2021.

Colin Read
Interim 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 7 July 2021 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. EMPTY HOMES STRATEGY (Pages 3 - 20)

5. CONSULTATION ON DRAFT PARTNERSHIP PLAN 2021-2026 (Pages 21 - 26)

6. FINANCIAL MONITORING REPORT (BASED ON PERFORMANCE APRIL TO JULY 2021 INCLUSIVE) (Pages 27 - 36)

7. MEDIUM TERM FINANCIAL PLAN 2021 ONWARDS (Pages 37 - 46)

8. MEETING DATES FOR 2022/23

To agree the following dates of meetings of the Cabinet (All Wednesdays commencing at 10.00 am)

1 June 2022	7 December 2022
6 July 2022	1 February 2023
3 August 2022	1 March 2023
7 September 2022	5 April 2023
5 October 2022	3 May 2023
2 November 2022	

9. DEVELOPMENT OF LAND AT CROW LANE, RINGWOOD (Pages 47 - 62)

10. EXCLUSION OF THE PUBLIC AND THE PRESS

The report at item 9 of the agenda (Appendix C) contains exempt information by virtue of Paragraph 3 in Part 1 of Schedule 12A of the Local Government Act 1972.

Notice is hereby given under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that this part of the meeting of the Cabinet may be held in private.

If required, the Chairman will move the following resolution:-

"That, under Section 100(A)(4) of the Local Government Act 1972, the public and the press be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act and the public interest in withholding the information outweighs the public interest in disclosing it."

Description of exempt information – Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Part II - Private Session

Members are reminded that reports and information relating to this session are not for publication and should be treated as **strictly confidential**.

To:

Councillors

Edward Heron (Chairman)
Jill Cleary (Vice-Chairman)
Diane Andrews
Steve Davies

Councillors

Michael Harris
Jeremy Heron
David Russell
Mark Steele

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EMPTY HOMES STRATEGY

1. RECOMMENDATIONS

- 1.1 That the Cabinet recommend to Council that the proposed Empty Homes Strategy be adopted.

2. INTRODUCTION

- 2.1 This report proposes a new Empty Homes Strategy which identifies 3 key priorities to assist private owners to bring empty homes back into use within the district

3. BACKGROUND

- 3.1 The proposed Empty Homes Strategy was produced in conjunction with the Private Sector Housing Strategy 2020 – 2025 which sets out 5 key priorities including tackling privately owned empty homes.

4. THE PROPOSED DRAFT EMPTY HOMES STRATEGY

- 4.1 The proposed Empty Homes Strategy is attached at Appendix 1.
- 4.2 The main aim of the strategy is to focus actions on privately owned empty homes that have been vacant for more than two years.
- 4.3 The proposed Empty Homes Strategy identifies 3 key priorities:
- 4.3.1 Pro-actively work to identify long term empty properties and target those which have a significant detrimental impact to the neighbourhood
 - 4.3.2 Provide support, advice and information to homeowners to bring empty properties back into use.
 - 4.3.3 Enforcement – Use of Legislative powers
- 4.4 The proposed Empty Homes Strategy sets out the various challenges that long-term empty properties bring within the New Forest District.
- 4.5 Council Tax records in May 2021 showed 193 properties were vacant for over two years.
- 4.6 Properties that have been empty and unfurnished for more than two years are charged a premium of 100% on top of the full Council Tax. A premium of 150% is applied to properties which have been vacant for more than 5 years. These Empty Homes Premiums are to be reviewed by a Task and Finish Group during 2021 and the proposed draft strategic actions and outcomes should feed into the group annually, as these premiums are reviewed.
- 4.7 The Strategy highlights the importance of establishing a catalogue of long-term empty properties with regular review dates, so that owners can be contacted to establish the likelihood of the property being returned back into use.
- 4.8 The Strategy also highlights the importance of engaging with the property owners to provide good quality advice and assistance to enable them to bring the property back into use.
- 4.9 The final priority of the Strategy is enforcement action which may be considered when all other interventions fail.

4.10 Progress against the key priorities will be monitored through reports to the Portfolio Holder for Housing Services, the Housing and Homelessness Overview and Scrutiny Panel and the Council Tax Task and Finish Group.

5. CONCLUSIONS

5.1 The proposed draft Empty Homes Strategy sets out how the Private Sector Housing Team will target long term empty properties to bring them back into use.

5.2 It is intended that the new Empty Homes Strategy is implemented following formal approval by Council.

6. FINANCIAL IMPLICATIONS

6.1 There are none arising immediately from this report. However, should enforcement action be taken in the future the Council is liable to incur legal costs which will be sent for appropriate consideration at that time.

7. CRIME & DISORDER IMPLICATIONS

7.1 Regular monitoring and reduction of empty homes will have a positive impact on communities.

8. ENVIRONMENTAL IMPLICATIONS

8.1 There are none arising from this report.

9. EQUALITY & DIVERSITY IMPLICATIONS

9.1 There are none arising from this report.

10. DATA PROTECTION IMPLICATIONS

10.1 There are none arising from this report.

11. HOUSING AND HOMELESSNESS OVERVIEW AND SCRUTINY PANEL'S COMMENTS

11.1 The panel were fully supportive of the proposed Strategy and requested to be updated on the progress of the Strategy at further meetings.

12. PORTFOLIO HOLDER COMMENTS

12.1 This strategy is particularly welcomed at a time where demand for housing in the district remains high, whilst at the same time there are nearly 200 properties empty for over 2 years in the district. I am keen for the work to bring empty homes back in to use to focus on support to owners, and landlords through our new and forthcoming landlord forum. I am also pleased this work will inform the Council Tax Task & Finish Group and demonstrates excellent cross departmental working to achieve corporate objectives.

For further information contact:

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Background Papers: (Bold)

Public documents

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Empty Homes Strategy

2021 - 2026

DRAFT



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Foreword

I am pleased to introduce New Forest District Council's Empty Homes Strategy 2021-2026.

This Strategy outlines our plans to bring long-term empty properties back into use as quality housing to help meet high demand for accommodation in the New Forest District.

The Council recognises that for the neighbours of empty properties they can often generate concerns regarding potential anti-social behaviour, fly tipping, vermin and the visual impact on their neighbourhood.

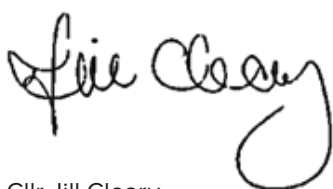
It is important that the Council works pro-actively to engage, influence and encourage owners of long-term empty properties to support them return properties back in to use.

We understand there are a variety of reasons why properties remain empty. Therefore, this strategy concentrates on properties that have been empty for two years or more, at which point the Council has agreed to take additional steps to intervene. One action already agreed is the recovery of an additional council tax premium of 100% on top of the full council tax due.

The strong focus on encouragement and advice for owners and landlords, will be to provide the necessary support structure for them in turning around empty properties for re-use.

However, we have to recognise that this approach will not work in every case, and the Council may need to consider the use of enforcement powers to ensure that empty properties do not remain empty and wasted, that private sector property standards are improved, and management standards are of a high quality.

Only when empty properties are occupied, do they become a 'home', whereby both the resident and neighbours can enjoy comfort and well-being in their community.



Cllr Jill Cleary
*Portfolio Holder for
Housing Services*



Introduction

In common with other Districts, New Forest District Council faces an increasing shortage of affordable homes for its residents. This gives rise to the increased homelessness and difficulty accessing affordable accommodation for any people.

This Empty Homes Strategy 2021 - 2026 compliments our overarching Housing Strategy 2019-2024 and Private Sector Housing Strategy 2020 - 2025 and outlines how we will identify empty homes and consider local issues in order to utilise resources effectively to reduce the number of empty properties that exist across the district.

The strategy aims to identify the causes of empty properties, why they remain empty and a clear action plan showing how we intend to reduce this number. The overarching aim of this strategy is to help alleviate the housing need within the district, to offer wider housing choice to residents and to reduce the detrimental effect empty properties can have within the community.

What is an empty property?

In this strategy the term 'empty property' is taken to be an empty domestic dwelling house.

There is no officially recognised definition of an empty property and it is not always as straightforward to identify an empty property as it may seem. There are broadly two main types of empty properties: short-term empty properties and long-term empty properties.

Short-term empty properties are generally empty up to six months, usually due to change in tenant or ownership and are part of the normal cycle of people moving to a new house, though they may be empty longer should they be subject to major renovation works.

In some instances, a property may be empty or appear empty, but is not classed as empty. A property does not have to be used all the time to be classed as occupied. For example, if it is:

- a second home or a holiday home;
- a property which is part of a wider regeneration programme and could be in the process of being developed or marked for demolition;
- a property which has pending planning permission, could be waiting refurbishment or could be waiting for new occupants to move in;
- a property where the owner is living elsewhere to provide or receive personal care.

Why do homes become empty?

There are many reasons why homes initially become empty and are allowed to remain empty for long periods of time. These include, but are not limited to:

- Inheritance/ complications with probate
- Lack of interest and neglect from owners/ landlords
- Lack of funds to repair or refurbish
- Repossession
- Abandonment
- Property is subject to a legal dispute, i.e. a divorce settlement.
- Awaiting planning consent for improvements or changes.
- Purchased as an investment and allowed to remain empty waiting for a capital gain.

Not all empty properties cause a problem and a percentage are required to allow the housing market to function. However, the council recognises that if left empty, at some point a short-term empty home can become a long-term problematic empty home.

By working closely with the Council's revenue service and by monitoring and maintaining an empty property register, we can reduce the risk of properties becoming empty in the long-term, falling into disrepair or becoming subject to vandalism and at worst, becoming detrimental to the neighbourhood.

National context

The latest statistics available from the Ministry of Housing, Communities and Local Government (MHCLG) relate to October 2019. At that time, the number of empty properties in the England was 648,114. This represents a 2.2% increase on the previous year's total. Of the 648,114, 225,845 were classed as long-term empty properties (empty for longer than six months).

The government have stated that they “want to address the issue of empty properties. It can't be right to leave a property empty when so many are desperate for a place to live”. Two years is considered sufficient time for homeowners to sell, rent or complete any major renovations that might be required, and the premium seeks to incentivise owners to bring their properties back into use.

Under the Council Tax (Empty Dwellings) Bill 2018, from April 2019 local authorities have the discretion to charge up to 100% council tax premium on properties which have been unoccupied and substantially unfurnished for more than two years, thereby doubling the council tax on a property.

The government introduced additional changes so that:

- From April 2020, local authorities can charge up to 200% council tax premium on properties which have been empty for more than five years.
- From April 2021 local authorities can charge a premium of up to 300% on properties which have been empty for more than 10 years.

There are certain exemptions in place for homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of the main property. While not an exemption, guidance states that consideration should be given for properties which are genuinely for sale or available to rent, and that owners should not be penalised in cases of hardship. These decisions are made on a case by case basis.



Local context

In January 2020 our Private Sector Housing Survey estimated the private sector stock to be 76,464 dwellings, with 94.5% occupied and the remaining 5.5% being vacant.

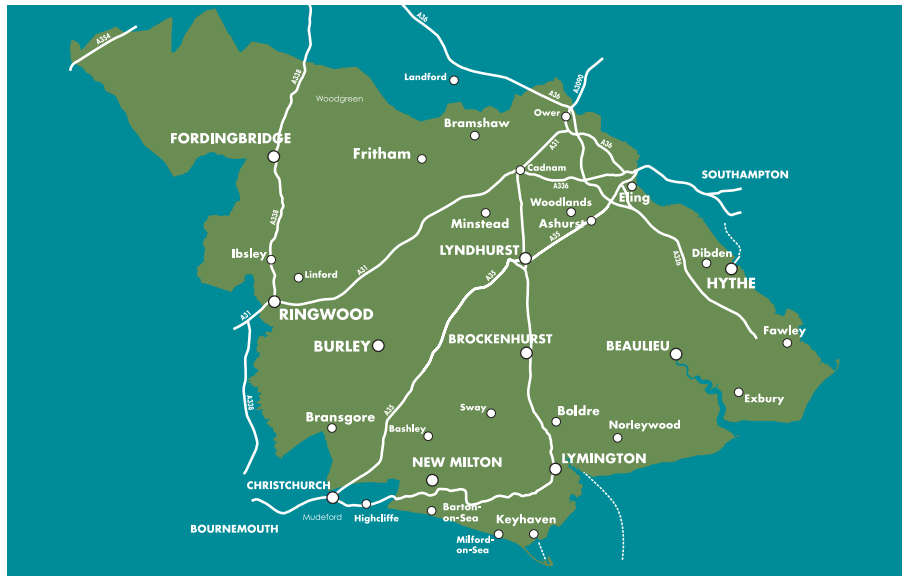
At that time the majority of vacant dwellings (2,592 dwellings – 3.4%) were vacant under six months and are expected to return to occupancy in the short-term. These will typically include dwellings for sale or rent and those currently undergoing major repairs and/or improvements.

A further 685 vacant dwellings (0.9%) were assessed as vacant for over 6 months and are typically regarded as problematic; the remaining 918 vacant dwellings (1.2%) were deemed to be either holiday lets or second homes.

Short-term vacancy rates are in line with normal housing market turnover expectations.

Council tax records in May 2021 showed 738 properties vacant for less than six months, 428 properties vacant from between six months and two years and 193 properties vacant for over two years.

More detailed information on the local context can be found in the Private Sector Housing Stock Condition Survey report.



Corporate context

We are committed to reducing the number of empty properties. The Council understands that one of its deterrent powers to reduce the number of empty homes is additional Council tax premiums.

The Council considers that it should act when a property has been vacant for two years or more.

Properties that have been empty and unfurnished for more than two years are charged a premium of 100% on top of the full Council Tax.

Where a property has been empty and unfurnished for more than five years, a premium of 150% applies on top of the full Council Tax.

There are exemptions for empty annexes or where a property is left empty by service personnel.

Where the owner is genuinely taking steps to sell or let the property, or where there are exceptional circumstances beyond the owner's control, there is discretion to apply a temporary exemption to charging an empty homes premium. The Council will consider these on a case by case basis.

On 4th November 2020 The Council's Cabinet recommended to Council that the current Empty Homes Premiums remain unchanged from 1 April 2021; and that the Empty Homes Premiums applicable from 1 April 2022, be reviewed by Task and Finish Group during 2021.

Conditions	Discretion available	Current premium applied by NFDC	Quantity
Vacant for two years or more	Up to 100%	100%	123
Vacant for five years or more	Up to 200%	150%	45
Vacant for 10 years or more	Up to 300%	150%	21

Quantities are based on figures as at June 2021.



Strategic priority 1

Pro-actively work to identify long term empty properties and target those which have a significant detrimental impact to the neighbourhood.

Actions

- Establish a catalogue of long term (empty two years or more) empty properties with regular review dates
 - Monitor a catalogue of short-term empty properties to understand trends and localised issues
 - Make contact with owners when a property is empty for 18 months to establish their situation
 - Proactively engage with all owners whose property has been empty for two years or more
- Work alongside the Council's Council Tax department to review the catalogue on a regular basis, to ensure all empty properties are reported formally and to report back findings for annual council tax premium reviews
- Follow up on resident reports of empty properties within 48 hours
- Contact owners to establish the likelihood of the property being returned to use and to offer support.
- Carry out site visits to assess property condition.
- Prioritise properties that require structural attention, to reduce the impact on the neighbourhood



Strategic priority 2

Provide support, advice and information to homeowners to bring empty properties back into use.

Actions

One of the most important measures in ensuring properties do not remain empty is through engaging with empty property owners and providing good quality advice and assistance.

- We will work with owners to offer advice and assistance by:
 - Agreeing a plan of action with owners at an early stage
 - Providing advice on how to let their property
 - Providing advice on how to sell their property
- Develop an area on the Council's Web Site with information for homeowners and landlords on options for bringing empty properties back into use.
- Offer the ability for the property to be included in the Council's Private Sector Lease (PSL) Scheme
- Utilise loan funding (Home Repair Loan) and the associated policy to support owners return their properties to use



Strategic priority 3

Enforcement – Use of Legislative powers

Actions

We will adopt a strategic and measured approach to tackling empty homes.

- Each year we will review the numbers and condition of empty homes and the reasons why they are empty to inform our Council Tax Charge Policy on empty homes.
- Following the offer of support and advice, where properties continue to remain empty and cause problems in the long term, enforcement actions may be considered when other interventions fail.

The options available include, but are not limited to:

- **Enforced Sale (Law of Property Act 1925)**
The use of enforcement actions on empty properties can result in the gradual build-up of debt if works are completed by the council (in default of the owner failing to comply with the enforcement notice). Where a reasonable charge has been registered against the property it is possible that the council could ‘force the sale’ of the property to recover that debt. This removes control of the property from the current, often neglectful owner.
- **Empty Dwelling Management Orders (EDMOs)**
The Housing Act 2004 gives local authorities power to apply to the Residential Property Tribunal for an interim management order which may lead to the compulsory leasing of the property for a fixed period of time.
- **Compulsory Purchase Order (CPO) Section 17 Housing Act 1985**
Where owners cannot be located or are unwilling to bring their property back into use, the council will consider using its compulsory purchase powers to purchase a property and then sell it on the open market, for sustainable occupation.



Strategic priority 3 (continued)

A summary of the various enforcement powers that are available to the council in respect of property aesthetics, maintenance and addressing long term empty concerns are described below:

Problem / Concern	Legislation	Statutory power
Dangerous or dilapidated buildings or structures	Building Act 1984 (s77 & s78)	To require the owner to make the property safe (section 77) or enable the Local Authority to take emergency action to make the building safe (Section 78)
	Building Act 1984 (s79)	To require the owner to repair ruinous or dilapidated buildings seriously detrimental to an area
	Housing Act 2004 (part 1)	Under the Housing health and Safety Rating system local authorities can evaluate the potential risks to health and safety arising from deficiencies within properties and take appropriate enforcement action
Unsecured properties (where it poses the risk that it may be entered or suffer vandalism, arson or similar)	Building Act 1984, s78 Local government (Miscellaneous Provisions) Act 1982, s29	To allow Local Authority to fence off the property. To require the owner to take steps to secure a property or allow the Local Authority to board it up in an emergency.
Blocked or defective drainage or private sewers	Local Government (Miscellaneous provisions) Act 1976 (s35)	To require the owner to address obstructed private sewers.
	Building Act 1984 (s59)	To require the owner to address blocked or defective drainage.
	Public health Act 1961 (s17)	To require the owner to address defective drainage or private sewers.
Vermin (where it is either present or there is a risk of attracting vermin that may detrimentally affect people's health)	Public Health Act 1961 (s34)	To require the owner to remove waste so that vermin is not attracted to the site, destroy any infestation and remove any accumulations prejudicial to health.
	Prevention of Damage by Pests Act (s4)	
	Public Health Act 1936 (s83)	
	Environmental Protection Act 1990 (s80)	
	Building Act 1984 (s76)	

Strategic priority 3 (continued)

Problem / Concern	Legislation	Statutory power
Unsightly land and property affecting the amenity of an area	Public Health Act 1961 (s34) as above	To require the owner to remove waste from the property (see above)
	Town and Country Planning Act 1990 (s215)	To require the owner to address unsightly land or the external appearance of a property
	Building Act 1984 (s79)	To require the owner to address unsightly land or the external appearance of a property
Recovery of debts against a property	Law of Property Act 1925 (s101 & s103)	To apply for an order of sale of the property to recover council tax debts or debts secured as a legal charge after work in default carried out
Properties empty for over two years and causing nuisance in the community	Housing Act 2004 (s133 – 183)	To apply for an Empty Dwelling Management Order (EDMO) to enable the local authority to take over the management of eligible empty properties, to bring them back into use
Long-term empty properties where no traceable owners, or where all efforts to return the property to use have been exhausted	Housing Act 1985 (s17)	To seek to acquire a property under a Compulsory Purchase Order (CPO)

Monitoring and review

Performance and progress against each of the actions within this strategy will be reviewed in conjunction with members and stakeholders.

A transparent annual position statement will be produced to highlight our progress and how effective these measures have been in bringing empty properties back into use.

We are keen to understand the ongoing impact on our residents and our annual review will incorporate a full statistical analysis of approaches to the service. This will enable us to be responsive in tackling any emerging issues.

New actions and targets may be agreed if further changes are made to national legislation and policy. There is likely to be further legislation implemented over the next couple of years to increase safety and enhance security of tenure in the private rented sector.

Outcomes and learning from work carried out to bring empty homes back in to use will be reported annually to the Council Tax Task and Finish Group in order to review annual premiums for empty homes.

The Portfolio Holder for Housing Services, working with the Executive Head of Governance & Housing and Service Manager – Housing Options, Rents, Support and Private Sector Housing will lead the review of the delivery plan.

In reviewing its strategy this council remains committed to embracing amended policy direction and incorporating it within updates



New Forest District Council

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2021



CONSULTATION ON DRAFT PARTNERSHIP PLAN 2021-2026

1. RECOMMENDATIONS

1.1 That the Cabinet:

- (a) Confirm support for the revised vision, objections and actions; and
- (b) Delegates authority to the Executive Head for Planning, Regeneration and the Economy to respond to the consultation on the Draft Partnership Plan 2021-2026 in consultation with the Portfolio Holder for Planning, Regeneration and Infrastructure.

2. INTRODUCTION

- 2.1 All national parks are required by statute to have a management plan or partnership plan for their area. The Plan is for the National Park as a place and not specially of the National Park Authority or any other organisation.
- 2.2 National Parks have two statutory purposes that set out the main reasons for their designation and describe the overall focus for their management. The two national park purposes as set out in primary legislation are:
 - 1. To conserve and enhance the natural beauty, wildlife and cultural heritage of the national park: and
 - 2. to promote opportunities for the understanding and enjoyment of the special qualities of the area by the public
- 2.3 National Parks also have a duty to take forward the two national park purposes to seek to foster the economic and social well being of the local communities within the National Park.
- 2.4 The relationship between the purposes is commonly known as the ‘Sandford Principle’, which states that every effort should be made to reconcile any conflicts between the purposes, but that if such efforts fail then the priority must be given to the first purpose of conservation and enhancement. The primacy of conservation is especially important in the New Forest National Park which has the highest proportion of its land (56%) covered by international nature conservation designations when compared to other local authority areas in England.
- 2.5 All public and statutory bodies must have regard to national park purposes when making decisions or carrying out activities relating to or affecting land within the national park. This legal ‘duty of regard’ acknowledges that the fulfilment of the national park purposes rests not only with those bodies directly responsible for their management but also relies on effective partnership working.
- 2.6 More recently, the Landscapes Review (2019) called for management plans to be strengthened and to set clear priorities and actions for nature recovery and the response to climate change.

3. BACKGROUND

- 3.1 The first New Forest Management Plan was published in 2010 and updated in 2015. It includes a summary of the special qualities of the New Forest and describes a vision for how the New Forest should look and function in 20 years time.
- 3.2 The Plan was updated in 2015 and has been published as the Partnership Plan for the New Forest National Park. It includes updated priority actions for the period 2015 – 2020 to help deliver the two national park purposes and duty. The Plan also gives examples of recent projects and describes new issues affecting the National Park.
- 3.3 The Partnership Plan 2015-2020 was produced jointly by all the main organisations with interests and responsibilities in the National Park, including:
- Environment Agency
 - Forestry Commission
 - Hampshire County Council
 - Natural England
 - New Forest District Council
 - New Forest National Park Authority
 - Test Valley Borough Council
 - Verderers of the New Forest
 - Wiltshire Council.
- 3.4 All the organisations agreed the text and have contributed to many of the actions. Further actions were taken forward by more than 20 other local groups and organisations. The main partners meet regularly, progress reports are published annually to show progress of the actions.
- 3.5 Over the last year or so, work has progressed to review the next iteration of the Partnership Plan. The review will be guided by a slightly revised vision and agreed set of objectives. New themes and objectives have been included the draft Plan. The New Forest National Park Authority, on behalf of the partners, has produced a draft of the Plan, the Plan is now subject to a consultation period, which ends on 3 September 2021.

4. The Draft Partnership Plan 2021-2026

- 4.1 The collective experience of the pandemic has re-enforced the role the natural environment plays in supporting health and wellbeing. Like all national parks, the New Forest National Park has provided a vital space for respite and recovery. In turn, this has increased focus on the importance of the natural world and ensuring that the landscape and the nature it supports is sustained for future generations.
- 4.2 There is a national focus on how we rebuild after coronavirus; how we recover the economy, society as a whole and crucially, the environment – a 'green recovery'.
- 4.3 To reflect this the draft Partnership Plan sets out a refreshed vision for the Forest's future in this context of crisis and recovery.
- 4.4 **Proposed vision**
- 4.5 The vision for the New Forest to be a national beacon for a sustainable future, where nature and people flourish. In 2050, the National Park is a unique and immediately recognisable place where:

- people live and work sustainably, having successfully adapted to the impacts of the climate emergency and supporting nature’s recovery and resilience
- tranquillity and a feeling of naturalness pervade large parts of the New Forest
- the mosaic of distinctive landscapes and habitats have been conserved and greatly enhanced, supporting wildlife to recover and flourish
- there is a strong sense, understanding of and support for the heritage and living culture of the New Forest, especially the local tradition of commoning
- facilities such as car parks, campsites, walking and cycling routes and community green spaces are in the right places to both protect rare wildlife and to provide a better, more informed experience for people
- all communities and visitors gain inspiration, health and wellbeing and enjoy the extensive areas accessible across the National Park whilst respecting the fragile nature and unique environment and culture of the New Forest
- local, regional and national organisations recognise and work to enhance the value of the National Park; there is an appreciation of its importance and role within the wider area
- everyone contributes to caring for the National Park as a special place for present and future generations.

4.6 In order to deliver the proposed vision, the Plan focuses on five theme-based ‘agendas for action’,

1. Nature Recovery – habitats are restored, expanded and maintained to enable wildlife to thrive, both within and around the National Park

Agenda for action:

- Produce a local nature recovery plan to (i) restore and expand habitats and help wildlife thrive and (ii) ensure recreation takes place in the most resilient areas
- Harness the benefits we receive from nature in the New Forest (‘natural capital’) to generate increased investment and projects
- Help landowners, farmers and commoners switch to the new Environmental Land Management Scheme (ELMS) which rewards working with nature.

2. Net Zero with Nature (NZWN) – significant cuts in land-based carbon emissions are secured through restoring natural habitats and carbon capture

Agenda for action:

- Develop a ‘net zero with nature’ programme with partners and communities to ensure the National Park is carbon neutral by 2050
- Promote and develop best practice in nature-based solutions to meet climate and nature goals
- Help communities to take action on the climate crisis.

3. Thriving Forest – a living, working Forest is sustained through support for cultural heritage, commoning, local produce, sustainable tourism, access to affordable homes and helping to attract high-value businesses and employees

Agenda for action:

- Support cultural heritage, commoning and local produce to sustain the landscape for future generations
- Invest in green skills and jobs, creating a centre of excellence for the future green economy
- Provide more affordable housing.

4. An inclusive National Park– people within reach of the New Forest, of all backgrounds, abilities and socio-economic groups, value the National Park as an important part of their lives and seek to care for it

Agenda for action:

- Create a ‘Natural Health Service’ within and beyond the National Park, through a programme of measures provided by communities and the health and environment sectors
- Help new and diverse audiences connect with nature, discover why the National Park is special and how to care for it, with a particular focus on young people
- Foster a greater pride in the New Forest, its landscape and cultural heritage.

5. Team New Forest – communities, businesses and organisations work together as a team to deliver the vision of the Partnership Plan, sharing knowledge, ideas and resources to deliver the best for the Forest

Agenda for action:

- Establish new ways of engaging with our communities and encouraging grassroots action
- Ensure the New Forest is leading the environmental agenda through our work regionally and nationally
- Develop a centre of excellence for data and evidence to underpin our collective decisions and actions and use technology to help us manage the National Park more effectively.

- 4.7 The Draft Partnership Plan sets out the shared vision, priorities and objectives for the next five years, a separate more detailed programme of work will be developed alongside the new Plan for the next two years. A revised annual work programme for years three, four and five.

5. CONCLUSIONS

- 5.1 All consultation responses will be reviewed, with the NPA producing a report summarising all the feedback and how the draft Plan has been updated. This will be published in Autumn 2021 along with the final Plan.

6. FINANCIAL IMPLICATIONS

- 6.1 No direct financial implications.

7. CRIME & DISORDER IMPLICATIONS

- 7.1 There are none.

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 Significant beneficial impact associated with the environmental actions.

9. EQUALITY & DIVERSITY IMPLICATIONS

9.1 The final Plan will need to ensure there are no equality or diversity issues arising.

10. DATA PROTECTION IMPLICATIONS

10.1 None

11. PORTFOLIO HOLDER COMMENTS – PLANNING, REGENERATION & INFRASTRUCTURE

11.1 The need for a Partnership Plan demonstrates that the New Forest is bigger than just a National Park, it represents an environment and community that has been forged over centuries.

11.2 Today's challenges may be different but they are no bigger than those that have come before and for the Forest to prosper we need to work together to address modern pressures whilst respecting the traditions that have moulded this landscape into such a rich and idyllic place.

12. PORTFOLIO HOLDER COMMENTS – PARTNERING AND WELLBEING

12.1 There is no "I" in Team. It's an age-old motto that's both grammatically correct and very much relevant in team situations in sport and business – therefore we are most effective when we work in collaboration, understanding our place in the system and bringing together 'unusual friends' with different perspectives.

12.2 I very much welcome working with Diane on the Partnership Plan Consultation Response to produce "a shared endeavour" by Partnership.

For further information contact:

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Background Papers:

<https://www.newforestnpa.gov.uk/conservation/partnership-plan/partnership-plan-2021-2026>

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CABINET – 1 SEPTEMBER 2021

PORTFOLIO: FINANCE, INVESTMENT &
CORPORATE SERVICES / ALL

FINANCIAL MONITORING REPORT (based on Performance April to July 2021 inclusive)

1. RECOMMENDATIONS

1.1 It is recommended that Cabinet;

1.1.1 notes the latest budget forecasts of the General Fund (section 4) and Capital (section 5); and

1.1.2 recommends that Council approves additional budget provision of £300,000 for Housing Void works and notes the latest budget forecast, including £180,000 shortfall in rental income within the Housing Revenue Account (section 6)

2. INTRODUCTION

2.1 Following the approval of the Original Budget for 2021/22 in February 2021, this report provides an update on the General Fund, Capital and Housing Revenue Account budgets, adjusting for any budget changes now required.

3. BACKGROUND

3.1 Financial Monitoring is an important feature in the management of the Council's finances as it gives an opportunity to reflect on variations as against the latest set budget and reflect on the impact that these variations may have over the period covered by the Council's Medium Term Financial Plan.

4. GENERAL FUND REVISED PROJECTION

4.1 A General Fund budget of **£19.291 million** for 2021/22 was agreed by Council in February 2021.

4.2 The original budget for Finance, Investment and Corporate Services included £360,000 set aside for expenditure specifically related to COVID. An initial virement of £200,000 is now being made to other Portfolios to cover predicted spend relating to Homelessness, Public Conveniences and Waste Management.

- 4.3 Provision was included within the original 2021/22 budget for pay award at the lower end of the pay scale. The main feeling at the time of setting the budget at that time was one of local government needing to share the burden when it came to recovering the national debt incurred as a result of the pandemic and so a sweeping pay award across the pay scale looked unlikely. Negotiations have since been ongoing between the trade unions and the National Joint Council, with the latest employer side offer being a pay award of 1.5% for senior pay, 1.75% for officer pay, and a 2.75% increase to be reflected on the lowest pay point. The cost of this award is c£410,000 to the General Fund, with £110,000 already budgeted, and although at the time of writing, it has not been formally accepted by the union, it represents the lowest offer that is now likely to be applied, and so it is reasonable to build the additional cost into the revised budget for 2021/22.
- 4.4 The Health and Leisure Centre budgets have been rebased to take account of the in-house financial position to the end of June and the transfer of operations to Freedom Leisure from 1 July. No adjustment has been made to the net overall position for 2021/22 as the level of Management Fee payable to Freedom until 31 March will depend on centres' performance in accordance with the transitional year open book arrangements, but, as demonstrated within the following table, gross income and expenditure budgets have been amended by £3.488 million to reflect the new arrangements:

REVISED HEALTH & LEISURE BUDGET 2021/22			
	Orig. Budget £'000's	Revised Estimate £'000's	Variation £'000's
Employees	4,760	1,760	-3,000
Premises	1,953	748	-1,205
Supplies & Services	1,002	1,718	716
Transport	1	2	1
Capital Financing	10	10	0
Support Services	364	364	0
Total Expenditure	8,090	4,602	-3,488
Income	-5,206	-1,718	3,488
Net Expenditure	2,885	2,885	0

- 4.5 Rephrasing of projects totalling £447,000 (General Fund impact of £412,000, HRA £35,000) has occurred from 2020/21, principally relating to the ICT Work Programme £170,000, Appletree Court Power Supply £100,000, Car Park Maintenance £75,000 and Community Grants £62,000.
- 4.6 Excluding the Health and Leisure Centre budget adjustments, net new expenditure requirements are £44,000 (+£300,000 pay award, less £256,000 of other favourable variations) and forecast net income shortfalls are £51,000, resulting in an updated General Fund Budget of **£19.386 million**; an increase of £95,000 from the original estimate.

- 4.7 The revised General Fund Budget 2021/22 can be seen at Appendix 1, with further details on the variations being reported included within Appendix 2.

5. CAPITAL EXPENDITURE (General Fund and Housing Revenue Account)

- 5.1 A Capital Programme budget of **£36.197 million** for 2021/22 was agreed by Council in February 2021.
- 5.2 The latest forecast confirms variations totalling £2.630 million and net rephasings into 2021/22 of £488,000. The main variations are summarised below:

Variations

- Health & Leisure Centres (£2.4 million) – provision of capital finance for the centre enhancement programme, to be funded from Freedom Leisure contract income (over and above the management fee) over 10 years from year 2 of the contract (in line with contractual position as presented to the Council in February '21).
- Coast Protection Regional Monitoring funded by Government Grant (£408,000)
- Public Conveniences (-£195,000) – Review of the Lymington Quay scheme

Rephasings

- Coast Protection Regional Monitoring Programme (£100,000)
 - Other Coast Protection Works rephased from 20/21 (£90,000)
 - Coast Protection – Westover Phase 2 scheme rephased to 22/23 (-£275,000)
 - Vehicles & Plant Replacement Programme (£573,000).
- 5.3 The changes as above result in an updated Capital Programme Budget of **£39.315 million** (Appendix 3).
- 5.4 Elsewhere on this Cabinet agenda is a report recommending the development of the employment land at Crow Lane. The decision resolution from that report will be picked in a future Financial Monitoring report and Medium Term Financial Plan.

6. HOUSING REVENUE ACCOUNT

- 6.1 A break-even HRA budget for 2021/22 was agreed in February 2021, with a Revenue Account operating surplus of £9.120 million supporting the financing of the £20.250 million HRA Capital Programme.
- 6.2 During the first lockdown, the Council ceased turning around empty properties to focus entirely on the continuation of providing essential services. This created a backlog of empty properties and, following the recommencement of works, the Council sourced a contractor to support the inhouse team in turning around empty properties again. While progress was made during 20/21 it has been necessary to continue with this arrangement in this financial year, at an estimated cost of £300,000. While efforts will be made to offset these additional costs additional budget provision of £300,000 is requested at this stage. This has been essential to bring properties back into occupation to provide homes for families and individuals on the Homeseach Register, and to minimise the loss of rental income, which is currently estimated to be £180,000 greater than the original budget provision.

- 6.3 Paragraph 4.3 identifies the latest position regarding the National Pay Award. The cost of this to the HRA would be c £90,000. This is shown in Appendix 4 within the Supervision and Management heading but will actually be spread between management and maintenance budgets.
- 6.4 Approximately £35,000 of the rephasing from 20/21 (Para 4.5) is chargeable to the Housing Revenue Account.

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

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

8. PORTFOLIO HOLDER COMMENTS

- 8.1 There is always the risk that the Portfolio Holder comments can simply repeat the statements made within the report. To avoid this I will simply say that at this point, one third of the way through the financial year, we have not surprisingly made a few relatively minor adjustments to address changes in circumstances however the Council remains in a strong financial position.

For Further Information Please Contact:

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FINANCIAL MONITORING 2021/22

REVISED GENERAL FUND BUDGET 2021/22

	Feb 21 2021/22 £'000's Original Budget	Sept'21				2021/22 £'000's Updated Budget
		2021/22	2021/22	2021/22	2021/22	
		£'000's	£'000's	£'000's	£'000's	
		COVID Adjustment	New Variations Expend.	New Variations Income	New Variations Rephasings	
PORTFOLIO REQUIREMENTS						
Business, Tourism and High Streets	296		0	0	0	296
Environment and Coastal Services	3,588	20	-38	0	83	3,653
Finance, Investment and Corporate Services	2,722	-200	195	-49	270	2,938
Housing and Homelessness Services	1,791	120	0	0	7	1,918
Leader	435		0	0	0	435
Partnering and Wellbeing	5,045		-3,488	3,588	16	5,161
People and Places	3,573	60	-142	0	71	3,562
Planning, Regeneration and Infrastructure	2,512		29	0	0	2,541
	19,962	0	-3,444	3,539	447	20,504
Reversal of Depreciation	-1,526					-1,526
Contribution (from) / to Earmarked Revenue Reserves	-815				-447	-1,262
Contribution to Revenue Reserves	1,250					1,250
NET PORTFOLIO REQUIREMENTS	18,871	0	-3,444	3,539	0	18,966
Minimum Revenue Provision	1,265					1,265
Interest Earnings (Net)	-569					-569
New Homes Bonus	-276					-276
GENERAL FUND NET BUDGET REQUIREMENTS	19,291	0	-3,444	3,539	0	19,386
COUNCIL TAX CALCULATION						
Budget Requirement	19,291	0	-3,444	3,539	0	19,386
Less:						0
Settlement Funding Assessment						0
Lower Tier Service Grant	-170					-170
Council Tax Reduction Support Grant	-209					-209
Business Rates Baseline	-3,997					-3,997
	-4,376	0	0	0	0	-4,376
Locally Retained Business Rates	-2,134					-2,134
Use of (-) Budget Equalisation & Variation Reserves	-138			-95		-233
Estimated Collection Fund (Surplus)/Deficit Business Rates	424					424
Estimated Collection Fund (Surplus)/Deficit Council Tax	94					94
Irrecoverable Tax Loss Grant	-44					-44
Use of General Budget Reserve	0					0
COUNCIL TAX	13,117	0	-3,444	3,444	0	13,117
TAX BASE NUMBER OF PROPERTIES	71,538.70					71,538.70
COUNCIL TAX PER BAND D PROPERTY	183.36					183.36
GENERAL FUND BALANCE 31 MARCH	3,000					3,000

FINANCIAL MONITORING 2021/22
 VARIATION ANALYSIS GENERAL FUND 2021/22

PORTFOLIO ADJUSTMENTS

Business, Tourism and High Streets

Environment and Coastal Services

Keyhaven - Chain maintenance works done in 20/21
 Parking - Maintenance budget re Lymington Quay scheme
 Parking - Enforcement - Structure Review
 Recycling - Rephasing re 20/21 Textiles income
 Refuse and Recycling - Virement for Driver pay review
 Refuse and Recycling - Allocation of COVID expenditure budget

Finance, Investment and Corporate Services

Refuse/Recycling and Street Scene - Virement for Driver pay review
 ATC Power Supply
 ICT Work Programme
 21/2 Pay Award @1.75%
 Allocation of COVID related expenditure budget
 Test and Trace Support New Burdens Admin Grant

Housing and Homelessness Services

Stillwater Park - Maintenance
 Homelessness - Allocation of COVID expenditure budget

Leader

	2021/22 £'000's	2021/22 £'000's	Sept'21 2021/22 £'000's	2021/22 £'000's	2021/22 £'000's
	COVID Adjustment	New Variations Expend.	New Variations Income	New Variations Rephasings	Updated Budget
	0	0	0	0	0
		-15			
		-50		75	
		-37			
				8	
		64			
	20				
	20	-38	0	83	65
		-70			
				100	
		-35		170	
		300			
	-200				
			-49		
	-200	195	-49	270	216
				7	
	120				
	120	0	0	7	127
	0	0	0	0	0

FINANCIAL MONITORING 2021/22

VARIATION ANALYSIS GENERAL FUND 2021/22

PORTFOLIO ADJUSTMENTS

Partnering and Wellbeing

Pest Control - Fees and Charges income shortfall

Community Alarms - Lifeline rental income shortfall

Air Pollution Grant

Health & Leisure Centres

People and Places

Cemeteries - Rephasing from 20/21 re vehicle purchase

Public Conveniences - Remove Asset Maintenance demolition budgets

Public Conveniences - Business Rates

Public Conveniences - Allocation of COVID expenditure budget

Street Scene - Virement for Driver pay review

Community Grants - Rephasing

Planning, Regeneration and Infrastructure

Planning Appeal costs

TOTAL PORTFOLIO ADJUSTMENTS

NON-PORTFOLIO ADJUSTMENTS

Contribution to/from(-) Earmarked Reserves - Rephased Projects

TOTAL NON-PORTFOLIO ADJUSTMENTS

GRAND TOTAL ADJUSTMENTS (Credited to (-) / Debited from (+) Budget Reserves)

	2021/22	2021/22	Sept'21	2021/22	2021/22
	£'000's	£'000's	2021/22	£'000's	£'000's
	COVID	New	New	New	Updated
	Adjustment	Variations	Variations	Variations	Budget
		Expend.	Income	Rephasings	
			50		
			50		
				16	
		-3488	3488		
	0	-3488	3588	16	116
				9	
		-60			
		-88			
	60				
		6			
				62	
	60	-142	0	71	-71
		29			
	0	29	0	0	29
TOTAL PORTFOLIO ADJUSTMENTS	0	-3444	3539	447	482
				-447	
TOTAL NON-PORTFOLIO ADJUSTMENTS	0	0	0	-447	-447
GRAND TOTAL ADJUSTMENTS (Credited to (-) / Debited from (+) Budget Reserves)	0	-3444	3539	0	95

FINANCIAL MONITORING 2021/22					
REVISED CAPITAL PROGRAMME 2021/22					
		Feb 21 2021/22 £'000 Original Budget	2021/22 £'000's New Variations Expend.	Sept 21 2021/22 £'000's New Variations Rephasing	2021/22 £'000 Updated Budget
	Portfolio				
Disabled Facilities Grants	HSG (GF)	1,200,000			1,200,000
South East Regional Coastal Monitoring Prog (22-27)	ENV & COAST	2,300,000	-182,000		2,118,000
South East Regional Coastal Monitoring Prog (18-21)	ENV & COAST		299,000	100,000	399,000
South East Regional Coastal Monitoring Prog (12-17)	ENV & COAST		291,000		291,000
Barton Drainage Test (19-21)	ENV & COAST	125,000		75,000	200,000
Westover Phase 2 Scheme Development	ENV & COAST	275,000		-275,000	
Emergency Works - Milford Sea Wall	ENV & COAST			15,000	15,000
Public Convenience Modernisation Programme	PEOPLE & PL	300,000	-270,000		30,000
Public Convenience Additional Enhancements	PEOPLE & PL	75,000	-75,000		
Public Convenience Refurbishment Scheme - Lym Quay	PEOPLE & PL		150,000		150,000
Health & Leisure Centres	PART & WELL		2,400,000		2,400,000
New Depot Site: Hardley	F, I & CS	2,000,000			2,000,000
New Depot Site: West	F, I & CS	100,000			100,000
V&P; Replacement Programme	F, I & CS	3,462,000	17,000	573,000	4,052,000
Smarter Working; Future Delivery	F, I & CS	250,000			250,000
Economic Sustainability & Regeneration Projects - Crow Lane Ringwood (provisional sum)	F, I & CS	5,000,000			5,000,000
Open Space Schemes	P, R & I	265,000			265,000
Transport Schemes	P, R & I				
Mitigation Schemes	P, R & I	595,000			595,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		15,947,000	2,630,000	488,000	19,065,000
HRA - Major Repairs	HRA	6,050,000			6,050,000
Estate Improvements	HRA	200,000			200,000
Development Strategy	HRA	13,000,000			13,000,000
Disabled Facilities Grants	HRA	1,000,000			1,000,000
TOTAL HRA CAPITAL PROGRAMME		20,250,000			20,250,000
GRAND TOTAL CAPITAL PROGRAMME		36,197,000	2,630,000	488,000	39,315,000

FINANCIAL MONITORING 2021/22

REVISED HOUSING REVENUE ACCOUNT BUDGET
2021/22

	Feb 21	Sept 21	
	2021/22	2021/22	2021/22
	£'000	£'000	£'000
	Original	New	Updated
	Budget	Variations	Budget
INCOME			
Dwelling Rents	-27,276	180	-27,096
Non Dwelling Rents	-713		-713
Charges for Services & Facilities	-730		-730
Contributions towards Expenditure	-64		-64
Interest Receivable	-15		-15
Sales Administration Recharge	-33		-33
Shared Amenities Contribution	-242		-242
TOTAL INCOME	-29,073	180	-28,893
EXPENDITURE			
Repairs & Maintenance			
Cyclical Maintenance	1,346		1,346
Reactive Maintenance	3,418	300	3,718
Supervision & Management			
General Management	5,546	125	5,671
Special Services	1,290		1,290
Homeless Assistance	76		76
Rents, Rates, Taxes and Other Charges	77		77
Provision for Bad Debt	150		150
Capital Financing Costs - Settlement Adjustment	8,400		8,400
Capital Financing Costs - Internal Borrowing			
TOTAL EXPENDITURE	20,303	425	20,728
HRA OPERATING SURPLUS(-)	-8,770	605	-8,165
Contribution to Capital - supporting Housing Strategy	9,120		9,120
HRA Total Annual Surplus(-) / Deficit	350	605	955
Use of HRA Reserve for Major Projects	-350		-350
HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT	0	605	605

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MEDIUM TERM FINANCIAL PLAN 2021 ONWARDS

1. Recommendations

Cabinet are asked to recommend to Council;

- a) That the revised MTFP, as outlined within the report and appendices be adopted; and
- b) That the reporting timeline as set out in section 8 be agreed

2. Purpose of Report

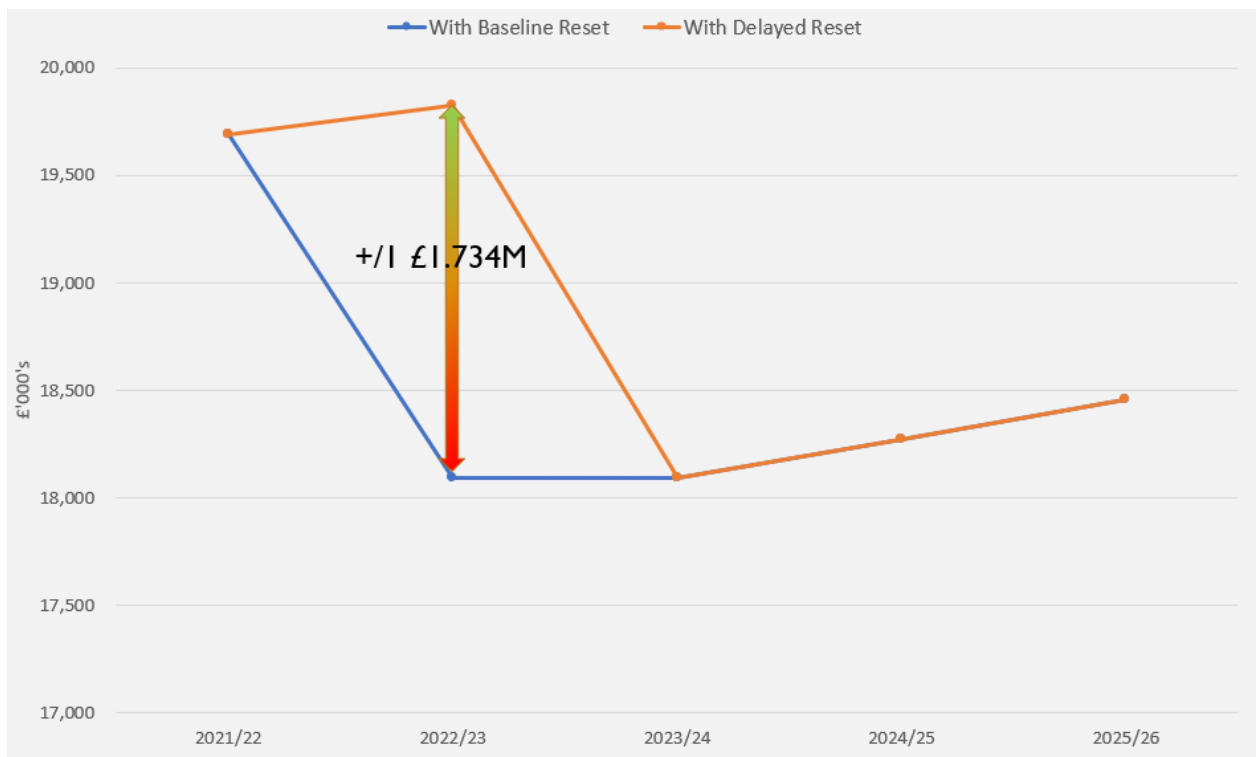
- 2.1 To consider the initial development of the Medium Term Financial Plan 2021 onwards and consider the factors that will influence its delivery and that of the annual budget strategy 2022/23.

3. Background

- 3.1 The Council's financial strategy has been one of cost reduction and the crystallisation of efficiencies from all services, supported with the targeting of new and additional income generation. Financial stability over the medium-to-long term has underpinned the Council's financial strategy, with due consideration being given to the potential implications that the Fair Funding Review and Business Rate Reset will have on this Council. The Council has understood the need to consider its overall organisational business model in order to ensure the future protection of its services and aligns the financial plan to ensure its delivery of key priorities as outlined in the Corporate Plan.
- 3.2 Actions need to commence on the development of future years' budgets. To support this work it is necessary that an assessment is made of the likely financial scenario based upon latest available information. To help support the important work of Portfolio Holders and officers in developing future plans, the future outlook and the current uncertainties are set out within this report and a prudent forecast set out at appendix 1.
- 3.3 The announcement of yet another 1-year funding settlement for 2021/22 did not come as a surprise considering pressures faced by the Government during 2020/21. There is still significant doubt as to whether the long-awaited Fair Funding Review will come into effect from 2022/23, or whether another intermediary 1-year settlement for 2022/23 is more likely. The Business Rate Retention Scheme is still under review within the context of the Fair Funding Review. The latest expectation is based on a hard reset with partial redistribution of the national surplus, and a revised retention scheme (currently a 50% retention scheme, with the District Council retaining 40% of Business Rate growth).
- 3.4 The Medium Term Financial Plan has been populated using the most up to date information currently available covering the period to 2025/26. The effect of the Fair Funding Review and final design of the Business Rate Retention Scheme as outlined in 3.3, including the timing of the initial reset, and frequency thereafter of partial or full resets, and the ultimate proportion of rates to be retained by the District Council, has the potential to significantly amend the funding figures currently forecast.

4. Funding Assumptions over the Medium Term

- 4.1 Ongoing annual funding support from Central Government, other than the Business Rate Retention scheme, is now limited to the receipt of New Homes Bonus (NHB). The Council is assuming that NHB as a funding source will also be phased out, and so only legacy payments are included in the MTFP forecast (i.e. payments received in relation to previous years' are received for 4 years) rather than new bonus being received annually. The final NHB value included within the MTFP is £182,000 for 2022/23.
- 4.2 The assumptions on Business Rate funding will require updating as the ongoing work taking place at the MHCLG on the revisions to the Business Rate Retention Scheme continues. At present, the base scenario has been prepared on the basis that a hard baseline reset will take place in 2022/23 with a redistribution of £400,000 to this Council. In planning for this hard reset, the Council established a Budget Equalisation Reserve and has utilised this reserve in addressing budget fluctuations since 2017/18. Although changes to the business rate system could be implemented in isolation of the spending review, this is considered unlikely. The reset may therefore be delayed completely, meaning the Council will potentially retain all growth for another fiscal period (2022/23). Under this variant scenario, the funding assumptions for 2022/23 currently included within the outlook at appendix 1 would improve by £1.734 million (1 year only).
- 4.3 Prudent financial planning means that the Financial Strategy 2022/23 is assuming a Baseline Reset takes effect (removal of the growth to date, and redistribution of £400,000). More will be known following Autumn '21.
- 4.4 The following graph demonstrates the base and variant funding scenarios:



- 4.5 The Council's base budget for 2021/22 also includes Flexible Homelessness Support Grant, and specific other homelessness prevention grants. For the time being, the base scenario assumes the flexible grant will be static over the period, and the removal of a specific grant (£125,000) that was received in 2021/22.

5. Budget Requirements over the Medium Term

5.1 Pay & Price Increases

- 5.1.1 Increases in costs were expected to total £3.140 million over the next 4 year period, based on in-house service delivery. The decision to award a Leisure Contract to a third party operator has transferred the pay award and incremental progression risk to the new Leisure Centre Operator, and so has reduced the cumulative increase by £400,000, to £2.740 million.

The assumptions include the following areas of pay and price increases;

- Headline Pay Award of 1.75% for 2021/22 (not fully budgeted within the base budget for 2021/22)
- Annual Pay Award of 2% per annum
- Incremental progression
- Fuel and Energy Cost Increases

- 5.1.2 During 2019 the Pension Fund actuary conducted their 3 yearly review, the result of which has determined the primary and secondary employer contribution rates for this Council for 2020/21 – 2022/23. The Council has retained a budget of £1.25 million within its General Fund on the assumption that a secondary rate might be re-introduced by the actuary and approved by the scheme administrator when the 2022 triennial review is completed. Future MTFP updates will report on the implications of this 2022 valuation once known.

5.2 Budget Adjustments Relating to one-off Items

- 5.2.1 There are a few items included within the MTFP that are short-term / one-off items. Shown within appendix 1, these result in an increase in budget requirement of £37,000 to 2022/23.

5.3 Ongoing Savings

- 5.3.1 The plan also includes assumptions as a result of decisions and reviews that have commenced in prior years, where work is currently underway or is scheduled to commence. These adjustments contribute £488,000 to the achievement of a balanced budget for 2022/23, with a further £180,000 attributable to the Leisure Contract position and electoral boundary review, with these further savings coming into effect post 2022/23. The savings can be populated as follows:

- Delivery Model Review
- Efficiency Programme
- Strategy Investment
- Payback
- Windfall

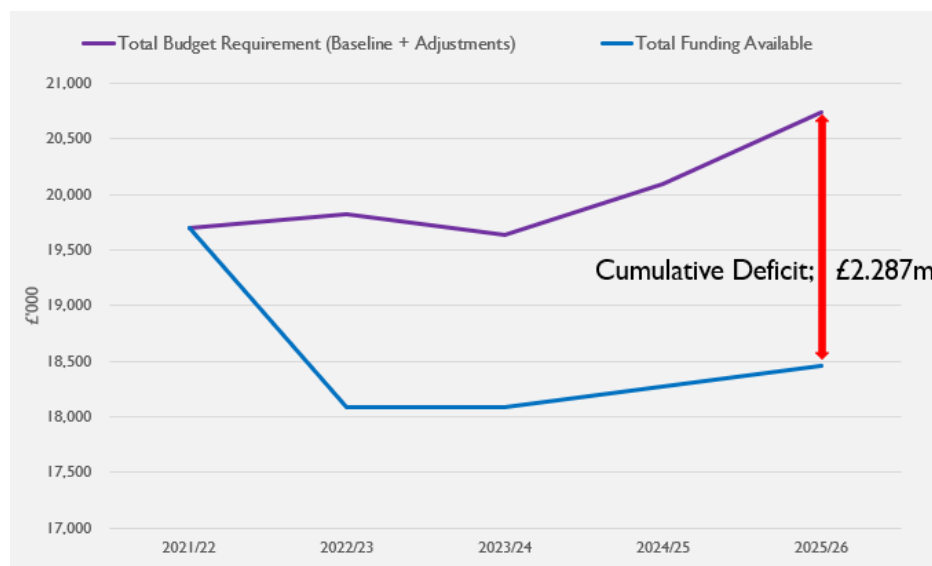
5.4 New Budget Requirements

- 5.4.1 As has been previously reported, the likely implication to the proposed changes from the County Council will see this Council's recycling income reduce and waste disposal charges increase by £400,000 for 2022/23, and every year hence. The Council are working with the County Council and the other waste collection authorities on this issue and updated forecasts will be presented within future MTFP updates.
- 5.4.2 Additional upfront costs are likely to be incurred in the roll up to the delivery of the new Waste Strategy. An additional £100,000 has been included within the MTFP, with the assumption these costs would be removed once the new strategy is fully bedded down and operational.
- 5.4.3 The continued roll out of the Digital Services for Residents facet of the ICT Strategy 18-22 will likely result in additional revenue costs due to the nature of the investment required and the favoured cloud hosting model, hence including an additional £100,000 in the MTFP, reducing to £50,000 per annum after 1 year. Investment in any system that results in increased revenue costs will be subject to Business Case approval by the Cabinet.

5.5 COVID-19 Recovery

- 5.5.1 Income losses, new expenditure pressures and government support grants were built into the base budget for 2021/22. The MTFP assumes the removal of the grants in 2022/23 and the full recovery of income across services, including services delivered via contract, over a 2 year period.
- 5.5.2 The Financial Monitoring Report, elsewhere on this Cabinet agenda, provides commentary on where the forecast additional COVID-19 expenditure is likely to be incurred in 2021/22.

- 5.6 **The overall forecast deficit taking into the account the funding assumptions and necessary budget movements totals £2.287 million by 2025/26.** It is vitally important that the Council continues to pro-actively address this funding deficit which will undoubtedly include difficult decisions on service delivery over the period.



6. Financial Strategy and Options Identified to Address the Budget Deficit

6.1 In order to address the forecast deficit to 2025/26, 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,
- The identification and delivery of service reviews ensuring a commitment towards efficient and effective delivery of Council Services, placing less reliance on government support and funding from the taxpayer,
- 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) as necessary,
- The utilisation of reserve balances (and when necessary external borrowing) to invest in assets and assist in supporting a vibrant and robust New Forest Economy, whilst targeting valuable additional income,
- Ensuring strategies developed through the corporate framework appropriately feed into the Council's financial strategy; and
- Invest in a Cleaner Greener approach to financial planning and spending.

6.2 The options identified, as shown within Appendix 3 include:

- The Generation of additional net income through the delivery of the Property Strategies. As well as having significant economic and social benefits, the Commercial and Residential Property Strategies are also targeted to generate additional net income of £1 million by 2025/26. Currently £395,000 of this overall target is included within the base budget because of acquisitions made to date.
- An efficiency programme, targeted at £1 million over the MTFP period, with £138,000 included within the base budget assumption for 2022/23.
- The continuation of Council Tax increases over the period has the potential to generate an additional annual income of £1.458 million by 2025/26.
- The Budget Equalisation Reserve balance of £2.837 million is available to plug short term budget gaps, such as the £903,000 currently shown for 2022/23. Use of this reserve is only a short term fix however, as reserves can only be used once, they do not represent a long term fix to the deficit over the period.

6.3 **The sum of the options identified total £2.925 million.** The headroom created allows for the Council to make choices on which options to progress with fully, and ultimately allows choices on where it may decide to further invest in prioritised service delivery.

7. Other Key Factors Relevant to the Council's Medium Term Financial Plan

7.1 County Deals

7.1.1 In July '21 the Secretary of State for Housing Communities and Local Government set out a new approach to devolution;

“Counties, towns and villages are an essential part of the nation and should neither be excluded from the devolution enjoyed by many cities and suburbs, nor forced to wear a model which can seem ill-fitting.”

In advance of the Levelling Up White Paper, County Deals are intended to give

places the tools they need to pilot new ideas, create jobs, drive growth and improve public services.

- 7.1.2 As outlined in section 6 of this report, this Council is committed to the effective and efficient delivery of services, and is keen to identify and explore options for partnering and collaboration with others where it is to the benefit of the New Forest residents and Tax Payers.

7.2 Local Plan Delivery

- 7.2.1 The Council continues to be measured at a national level against our Housing delivery targets. There are a number of challenges associated with housing delivery in the district and Planning will need to explore a range of initiatives to increase the rate of housing delivery, some initiatives could need some forward funding (nitrate mitigation for example). Whilst each of these matters would need to be the subject of a separate detailed decision report, at this point it is appropriate to highlight the potential budgetary implications.

The Local Plan Part 1 2016-2036 sets out ABP intention, as set out in the Draft Port of Southampton Master Plan 2016, to seek consent for port expansion on to Dibden Bay. Given the scale of development the project would qualify as a Nationally Significant Infrastructure Project (NSIP). This would fall to the Planning Inspectorate to consider, however it would require significant input from the Council working to a fixed NSIP timetable. Whilst there would be discussion with ABP around project resource nevertheless there will be a need for significant resources focused on this project and so there will be budgetary implications which will need to be considered when this NSIP project is launched.

7.3 Solent Freeport

- 7.3.1 In July, the Solent Freeport bid passed another key milestone as the Outline Business Case was submitted to the Chancellor of the Exchequer and Secretary of State for Housing Communities and Local Government. As outlined in the recent Council Report (July '21), this Council recognises the significant employment and economic benefits that the Solent Freeport will bring to the area, and will be working with the private and public sector partner organisations in the development of the Full Business Case.

8. Reporting Timeline

- 8.1 It is important that the Medium Term Financial Plan supports the ambition of the Council and remains driven by the objectives to be set out in the up to date Corporate Plan. The organisation must be able to support both and must remain vigilant and susceptible to change. A timeline is set out below for Cabinet which supports the development of the MTFP, through to the final setting of the 2022/23 budget:

	Cabinet Meeting	Report
1.	December	Medium Term Financial Plan to 2025
2.	December	Setting the Council Tax Base
3.	February	MTFP to 2025 and setting of 2022/23 budget

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

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

10. Portfolio Holder Comments

10.1 I am pleased that we continue to be in a sound financial position although rising cost and revenue pressures, such as the potential baseline reset in business rates, requires good and prudent management if this state is to be maintained.

10.2 As always my thanks to everyone at NFDC as such results are only delivered, in these challenging times, through working as a team.

For Further Information Please Contact:

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MEDIUM TERM FINANCIAL PLAN 2021 - 2025

SUMMARY OF RESOURCES

FUNDING

	2021/22	2022/23	2023/24	2024/25	2025/26
Original					
Budget	Forecast	Forecast	Forecast	Forecast	Forecast
£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Business Rates Baseline	3,997	4,077	4,158	4,242	4,326
- Business Rates Tariff Adjustment					
- Business Rates Retained Surplus	2,134				
- Business Rates Collection Fund Deficit(-) / Surplus	-424				
Transition Grant / Business Rate Redistribution		400	400	400	400
New Homes Bonus	276	182			
Local Council Tax Reduction Grant	209				
Lower Tier Services Grant	170				
Additional Homelessness Grant	125				
Irrecoverable Tax Loss Compensation	44				
Contribution to (-) Budget Equilisation Reserve	138				
Total Government Determined Resources	6,669	4,659	4,558	4,642	4,726
Council Tax					
Base from Previous Year	12,969	13,023	13,433	13,532	13,632
- Council Tax Collection Fund Deficit(-) / Surplus	-312	312			
Tax Base Adjustment (Additional Properties)	8	98	99	100	100
Agreed Increase	358				
Total Council Tax	13,023	13,433	13,532	13,632	13,732
TOTAL FUNDING	19,692	18,092	18,090	18,274	18,458
Cumulative Change from Original 2021/22		1,600	1,602	1,418	1,234
%age change		8%	8%	7%	6%

MEDIUM TERM FINANCIAL PLAN 2021 - 2025

SUMMARY OF BUDGET REQUIREMENT

	2022/23	2023/24	2024/25	2024/25
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
Baseline Funding 2021/22	19,692	19,692	19,692	19,692
Budget Requirement 2022/23 - 2024/25				
Pay & Price Increases				
Pay Award (2021/22 assumed 1.75%)	300			
Pay Award (assumed 2%)	460	460	460	460
Increments	200	200	200	200
Reduced Pay Award and Increments - Leisure Delivery Review	-100	-100	-100	-100
Prices (Insurance, Utilities, Fuel & Maint.)	50	50	50	50
Pay & Price Increases	910	610	610	610
Cumulative Pay & Price Increases	910	1,520	2,130	2,740
Budget adjustments relating to one-off items				
Reversal of Vacancy Management		100		
Milford Beach Shingle Recharge (3 yr budget top-up from 21/22)			-87	
Taxi Licence 5 yr cyclical income	37			
Planning: Strategic Sites		-80	40	40
	37	20	-47	40
Ongoing Savings				
Delivery Model Review - HLC Operating Position	-29	-100		
Delivery Model Review - HLC Support Services	-171			
Delivery Model Review - Electoral Review of the District		-80		
Efficiency Programme - Executive Management Team	-100			
Efficiency Programme - Enforcement Team	-38			
Strategy Investment - Commercial	-45			
Strategy Investment - Residential				
Payback - Keyhaven Moorings Improvements	-53			
Payback - Solar PV investment	-7			
Windfall - Removal of NNDR on Public Conveniences	-45			
	-488	-180	0	0
Cumulative effect of Adjustments and Savings	-451	-611	-658	-618
New Budget Requirements				
HCC T19; Waste Collection	400			
Waste Strategy Costs	100		-100	
Digital Services for Residents	100	-50		
	600	-50	-100	0
COVID-19 Recovery				
Health & Leisure Centre Income Recovery	-1,500	-500		
Planning Income Recovery	-25			
Parking Income Recovery	-80	-40		
Interest Earnings	-50	-50		
Additional Expenditure as a result of Covid-19	-360			
COVID Support Grant 2021/22	786			
Sales, Fees and Charges Scheme Q1 2021/22	300			
	-929	-590	0	0
Cumulative effect of New Requirements and COVID Recovery	-329	-969	-1,069	-1,069
Total Budget Requirement (Baseline + Adjustments)	19,822	19,632	20,095	20,745
Total Funding Available (as above)	18,092	18,090	18,274	18,458
Estimated Cumulative Surplus / Shortfall (-)	-1,730	-1,542	-1,821	-2,287

MEDIUM TERM FINANCIAL PLAN 2021 - 2025

OPTIONS IDENTIFIED TO CLOSE BUDGET SHORTFALL

Commercial / Residential Property Investment 2021/22
 Commercial / Residential Property Investment 2022/23
 Commercial / Residential Property Investment 2023/24
Cumulative Property Investment Income

Targeted Efficiency Programme

£5 Council Tax Increase 2022/23
 £5 Council Tax Increase 2023/24
 £5 Council Tax Increase 2024/25
 £5 Council Tax Increase 2025/26
Cumulative Council Tax Increase

MTFP 24/25 Potential Impacts....

Potential: Business Rate Changes
 Potential: Fair Funding Review
 Potential: Waste Strategy
 Potential: Triennial Pension Valuation 2022
 Potential: Asset Review

Total of the Options Identified

Temporary Use of Equalisation Reserves (-) / Budget Surplus Headroom +

2022/23	2023/24	2024/25	2025/26
Forecast	Forecast	Forecast	Forecast
£'000's	£'000's	£'000's	£'000's
135	135	135	135
220	220	220	220
	250	250	250
355	605	605	605
112	362	612	862
360	360	360	360
	363	363	363
		366	366
			369
360	723	1,089	1,458
+/- ?	+/- ?	+/- ?	+/- ?
+/- ?	+/- ?	+/- ?	+/- ?
+/- ?	+/- ?	+/- ?	+/- ?
	+/- ?	+/- ?	+/- ?
+/- ?	+/- ?	+/- ?	+/- ?
827	1,690	2,306	2,925
-903	148	485	638

Reserves Supporting the MTFP

General Fund Balance
 Budget Equalisation Reserve

3,000	3,000	3,000	3,000	3,000
2,837	1,934	1,934	1,934	1,934

CABINET – 1 SEPTEMBER 2021

PORTFOLIO: FINANCE, INVESTMENT
& CORPORATE SERVICES

DEVELOPMENT OF EMPLOYMENT LAND AT CROW LANE RINGWOOD

1. RECOMMENDATION

- 1.1. It is proposed that the Cabinet, having considered the recommendations of the Commercial Property Investment Panel recommends to Council:
 - i. The allocation of **£8,445,000** in funding to complete the project, this figure being inclusive of construction costs, supervision and marketing of the development as well as contingency.
 - ii. To appoint the contractor identified in Confidential Appendix C as the preferred bidder to design and build the industrial and office units on land at Crow Lane, Ringwood.
 - iii. Commencement of marketing and letting of the units to potential tenants at the earliest opportunity.

2. INTRODUCTION

- 2.1. NFDC is seeking to develop the employment land at Crow Lane, Ringwood. The proposed scheme shall comprise of 5no. single-storey industrial units and 2no. two-storey office units, as well as associated external works and parking areas. This development shall be in accordance with the current planning permission and will have a total estimated floor area of approximately 4,558m² (49,458 sq. ft).
- 2.2. The proposed development is pursuant to implementation of the Council's Asset Investment Strategy in that it seeks to aid in the economic development of the district whilst also providing an income producing asset.

3. BACKGROUND

- 3.1. On 26 June 2019 the Commercial Property Investment Panel approved the purchase of the freehold interest in a development site off Crow Lane, Ringwood. The site extends to approximately 1.45 hectares (3.59 acres).
- 3.2. The site forms part of a larger mixed-use development: The residential part of the development to the east has been developed by Linden Homes, and the area immediately to the south of the site is designated for development of a care home by others.

- 3.3. Upon purchase the site was a greenfield and almost level site and as part of the sale agreement, Linden Homes has constructed the spine road and associated services.
- 3.4. Outline planning permission was granted in October 2014 (Planning Ref No:13/11450) for a mixed-use development of 175 dwellings together with the care home site and the employment land. Planning permission for reserved matters was granted in October 2017 under Planning Ref No: 17/11358. See appendix A for the master location plan that was approved as part of the reserved matters application.
- 3.5. The permitted light industrial units will have an estimated net internal floor area of 3401m² (36606 sq. ft) and offices will have an estimated net internal floor area of 1157m² (12852 sq. ft). Appendix B shows the proposed layout of the employment land.
- 3.6. Since purchasing the site, and following consultation with a commercial letting agent, the project team has submitted a non-material amendment to the planning application proposing minor changes to the office buildings to make them more suitable for letting, rather than purchase by an owner-occupier. This amendment was approved by NFDC Planning under delegated powers on 6 May 2021.
- 3.7. Due to current demand for small local distribution centres, the project team has also submitted a change of use application for buildings B, C, D and E to extend their use classes to include Class B8 (storage and distribution) and Class E (Commercial, Business and Service). The change of use application will improve the letting potential of the units, but ultimately does not affect the design and build timetable.

4. PROCUREMENT PROCESS

- 4.1. On 4 May 2021 an open tender was advertised on the South East Business Portal in line with NFDC standing orders and in accordance with public sector procurement rules. Four contractors returned bids which were then evaluated and scored on a 60/40 (quality/cost) basis.
- 4.2. Evaluation was supported by a team of design discipline experts who reviewed technical proposals and quantity surveyors who provided detailed analysis of the cost response. This team was responsible for reviewing the submissions to provide technical feedback and points of clarification to the evaluation team.
- 4.3. Following tender evaluation, which also included interviews, a contractor has been identified as the preferred bidder as specified in confidential appendix C. Confidential appendix C also contains a summary of the tender evaluation scoring.

5. AIMS, OBJECTIVES AND ACTIONS

- 5.1. The development looks to contribute to the Council's vision as stated in its adopted 2020 Corporate Plan *"to secure a vibrant and prosperous New Forest"* by seeking to *"maintain a vibrant local economy that brings opportunities to the area"*.
- 5.2. The Council's adopted Corporate Plan includes the key provision of helping local business grow. This is underpinned by the Council values to be: Ambitious in our desire to work for and with our local communities; Financially responsible for public funds; and Innovative and open in our approach. This project clearly targets these objectives.
- 5.3. It is estimated that this development could sustain around 150-200 new jobs once fully let as well as supporting several more during the twelve-month construction period.
- 5.4. In addition to providing employment for local people, it is predicted that this development will achieve an investment yield over just over 5%. As noted in the Asset Investment Strategy, it is considered that a meaningful contribution towards ensuring continued delivery of the Council's key services can be achieved through investment in good quality income producing commercial property, such as this development.

6. NEXT STEPS & GOVERNANCE ARRANGEMENTS

- 6.1. Following Council approval to proceed, the construction contract will be entered into and the contractor will be notified that they may commence project mobilisation.
- 6.2. After a period of additional survey work and detailed design it is expected that the contractor shall mobilise to site by the end of November 2021.
- 6.3. Making an allowance for unforeseen delays, it anticipated that construction of the development shall be complete by the end of October 2022.
- 6.4. The Property Investment Panel will act as the Project Board for this scheme and regular progress reporting shall continue via the issuing of monthly reports and through Panel meetings, held at approximately six weekly intervals.

7. FINANCIAL IMPLICATIONS

7.1. Project Cost

- 7.1.1. Table 1 identifies previously approved and committed costs as well as costs required to complete the development of the site. As can be seen in row 3, a further £8.32M is being sought to complete the project. This value includes the construction, supervision and marketing of the development as well as contingency. As discussed at 8.5.2, it is also recommended that an additional budget of £125k is approved to support the installation of additional PV (photovoltaic) panels (row 4). The resultant total project value is shown in row

5 and is estimated to be £10,886,054.42. A further breakdown of project completion costs is provided in confidential Appendix C.

		Committed to Date	Cost to Complete	Total
1	Acquisition of Land (inc. fees and duty)	£ 2,169,009.58	-	£ 2,169,009.58
2	Consultant Fees	£ 272,044.84	Included in row 3	£ 272,044.84
3	Projection Completion Costs	-	£ 8,320,000	£ 8,320,000.00
4	PV Panel Enhancement	-	£ 125,000.00	£ 125,000.00
5	TOTAL	£ 2,441,054.42	£ 8,445,000.00	£ 10,886,054.42

Table 1: Project Cost Summary

7.2. Rental Income

7.2.1. The estimated annual rental income for a fully let development is calculated as £551,643 which equates to an investment yield of 5.07%.

7.2.2. Advice from the Commercial Letting Agent suggests that 25-50% of the scheme will be let within twelve months of completion and the remainder between 12-24 months.

7.3. Asset Value and Useful Life

7.3.1. Advice from the Commercial Letting Agent suggests that asset value should be based upon a yield range of 4.5% to 5.5% for industrial units and 6% for the office units (fully let). This equates to an estimated value of the completed asset between £9.8M and £11.3M. Being held as an investment Property, the asset will be revalued annually, with upward revaluations or downward impairments credited or debited through the Council's Income and Expenditure statement.

7.3.2. It is anticipated the units will have an economic useful life of 60 years.

7.4. Cashflow Forecast

7.4.1. Upper and lower bound net income estimates are provided at 7.4.2 and 7.4.3. In both cases it is expected that units shall be fully let and achieving the full potential income of £552k by the commencement of the 2026/27 financial year.

7.4.2. The figures presented in Table 2 outline the lower bound estimate of 25% of units being let after 12 months and the remaining 75% being let after a further 12 months.

	Item	Financial Year					
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1	Cost to complete	£ 3,200,000	£ 4,995,000	£ 250,000	-	-	
2	Expenditure	-	-	-	£ 15,000	£ 60,000	£ 60,000
3	Rental income	-	-	-	(£ 69,000)	(£ 345,000)	(£ 552,000)
4	Estate service charge income	-	-	-	(£ 15,000)	(£ 60,000)	(£ 60,000)
5	Annual net expenditure / (income)	£ 3,200,000	£ 4,995,000	£ 250,000	(£ 69,000)	(£ 345,000)	(£ 552,000)

Notes: Based on 25% of Units let after 12 months and remaining 75% let after a further 12 months.

Table 2: Annual net income - lower bound estimate.

7.4.3. The figures presented in Table 3 outline the upper bound estimate of 50% of units being let after 12 months and the remaining 50% being let after a further 12 months.

	Item	Financial Year					
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1	Cost to complete	£ 3,200,000	£ 4,995,000	£ 250,000	-	-	
2	Expenditure	-	-	-	£ 30,000	£ 60,000	£ 60,000
3	Rental income	-	-	-	(£ 207,000)	(£ 483,000)	(£ 552,000)
4	Estate service charge income	-	-	-	(£ 30,000)	(£ 60,000)	(£ 60,000)
5	Annual net expenditure / (income)	£ 3,200,000	£ 4,995,000	£ 250,000	(£ 207,000)	(£ 483,000)	(£ 552,000)

Notes: Based on 50% of Units let after 12 months and remaining 50% let after a further 12 months.

Table 3: Annual net income - upper bound estimate.

7.5. Financing

7.5.1. Costs incurred to 31/3/21 have been funded using cash balances, with fees written off through the income and expenditure statement and the value of the land being held on the

Council's Balance Sheet as an Investment Property. Minimum Revenue Provision (MRP) is being applied through the General Fund in line with the Council's adopted MRP policy.

7.5.2. The Council's Capital Strategy, adopted by the Council in February 2021 outlined the Capital Financing Requirement to 2023/24, which includes an assumption of expenditure on the delivery of the Council's Commercial Investment Strategy. In making assumptions of financing, the capital programme as a whole is taken into consideration, and potential for external borrowing is not directly attributed to an individual project or scheme.

7.5.3. Treasury Management balances totalled £49.9 million at the year-end 31/3/21, and so internally held cash will be used in the first instance to finance expenditure on this scheme and MRP applied in line with the Council's adopted policy. As outlined in the Capital Strategy, external borrowing may be required during 2022/23 or 2023/24 if all capital programme aspirations are fulfilled.

8. RISKS & OPPORTUNITIES

8.1. Any construction project will be subject to the risk of unforeseen costs, time delays and reduction in the quality of delivery. From inception, the project team has taken a proactive approach to risk management and has taken the time to understand and mitigate key risks whilst seeking to maximise opportunity where possible.

8.2. Risks to the quality of delivery have been mitigated by the development of a detailed performance specification, selection of a contractor who adheres to quality management standards and through the appointment of a technical advisor who shall monitor quality during construction.

8.3. By taking a proactive approach, the project team has set realistic parameters in terms of potential changes to time and budget meaning that the costs and completion date presented within this report are risk adjusted. Key risks and opportunities are presented at 8.4 and 8.5.

8.4. Key Risks

8.4.1. Materials Cost Inflation (cost)

The construction industry is currently experiencing unprecedented inflation in the cost of materials. Prior to confirmation of the preferred bidder, shortlisted contractors were asked to confirm their fixed price bid and that it shall remain valid until the point of tender award. Although this risk has been transferred to the contractor, the project team will work collaboratively with them to explore alternative materials and methodologies to lessen the impact of any future inflation.

8.4.2. Standard of Existing Works (time/cost)

An element of highway and utilities works were constructed by the seller as part of the land purchase agreement. Any issues associated with incorrectly placed services or poor workmanship have potential to cause project delays and increased costs associated with remedial works. This was in part mitigated by independent supervision of the highway construction and will be further mitigated by additional surveys during the contractor design phase.

8.4.3. Rental Market (income)

The rate of financial recovery following the lifting of Covid-19 restrictions places a degree of uncertainty on the demand for rented units, particularly office space. The project team has regularly engaged with a commercial letting agent to verify income predictions and whilst they have stated that the outlook remains uncertain, they maintain the view that the regional market has proved resilient and there should be sufficient demand for these units. In an effort to secure tenants early, the letting agent shall commence marketing upon Council approval to proceed with the project

8.4.4. Contractor Insolvency (time/cost/quality)

This would cause a potentially significant impact to project delivery time and cost but is mitigated by undertaking financial checks during the tender phase and payments being made based on monthly valuations of work by the consultant Quantity Surveyor. It is noted that the risk of sub-contractor insolvency is held by the main contractor.

8.5. Key Opportunities

8.5.1. Phased/early handover (time)

Although the programmed delivery date is the end of October 2022, the site layout and form of construction lends itself to the potential for the early handover of some of the industrial units. The preferred bidder has indicated that early handover is achievable and upon appointment an agreed programme shall be produced which targets early completion of some industrial units.

8.5.2. Enhanced sustainability (quality)

To achieve a BREEAM Very Good rating for the development (see section 10), PV (photovoltaic) units will be installed to the roofs of Units A&G. To further improve the green credentials of the development it is proposed that further PV units are installed. As a further enhancement to BREEAM requirements, additional ducting for Electric Vehicle charging shall be provided (see 10.4).

9. CRIME AND DISORDER IMPLICATIONS

9.1. None anticipated.

10. ENVIRONMENTAL IMPLICATIONS

10.1. The project is seeking to provide a development which meets the requirements of BREEAM Very Good. BREEAM is an abbreviation of 'Building Research Establishment Environmental Assessment Method' and is a sustainability assessment method that is used to masterplan projects and buildings. A 'Very Good' rating represents a sustainability performance in the top 25% of UK new non-domestic buildings.

10.2. A BREEAM rating is achieved by gaining a target amount of mandatory and optional credits. Targets fall under a variety of categories such as management, transport, waste, energy and water efficiency, thermal performance and health and wellbeing. The following sections outline a small number of the targeted credits which relate specifically to the green credentials of this project.

10.3. The assessment has found that a minimum of 100m² PV panels is required and these have been specified as being installed to the roof of units A&G. Design loadings have also made allowance for potential future provision of PV panelling to all roofs.

10.4. The BREEAM assessment states that EV (electric vehicle) charging stations shall be provided for at least 10% of the total car parking capacity of the development. In addition to this requirement, the project team has specified that ducting for all remaining office parking spaces and 20% of industrial unit parking spaces shall be installed to allow for ease of future provision.

10.5. The contractor shall ensure that at least 90% of all construction waste is diverted from landfill and recycled.

11. EQUALITY & DIVERSITY IMPLICATIONS

11.1. None anticipated.

12. COMMERCIAL INVESTMENT PANEL COMMENTS

12.1. This project represents the first commercial investment which the Council has developed from the ground up. Not only does it provide an opportunity to invest in an income producing asset but, critically, it brings good quality employment provision to the district in an area where there is a high level of demand.

12.2. The panel is excited at the prospect of providing an economically and environmentally sustainable development that truly brings value to the area and has the potential to

sustain 150-200 jobs. The added green value of enhanced PV provision along with the commitment to meet BREEAM sustainability targets sets an example and demonstrates NFDC's commitment to tackling climate change.

- 12.3. Following a highly competitive tender period, we are delighted to have identified a preferred bidder that shares our values of collaboration, best value, and sustainability. The contractor identified in confidential appendix C as the preferred bidder has committed to utilise local supply chain partners wherever possible with an ambitious target to engage at least 85% of SMEs within 25 miles of the development. As a contractor with a strong local presence, they are also committed to social value and shall actively engage with the local community throughout the build.
- 12.4. Finally, it is noted that although there will be reduced balances earning less interest through Treasury Management activities, the direct return from this investment will be significantly greater than the average investment yield achieved over the past few years. Furthermore, the value of the development is expected to increase over time.

13. CONCLUSIONS

- 13.1. The development proposal is in line with the Council's asset investment strategy in that it enhances the potential for employment and economic growth within the district whilst also adding to NFDC's portfolio of good quality income producing property.
- 13.2. A forecast yield of just over 5% makes this project a viable long-term investment and it is recommended that the full development of the site is progressed.
- 13.3. The well-established Property Investment Panel will provide governance on the scheme and will receive regular updates from the Project Delivery Team.

14. PORTFOLIO HOLDER COMMENTS

- 14.1 I support the proposal to complete the development at Crow Lane and I endorse the comments made by the Commercial Investment Panel set out in section 12 above.

For further information contact:

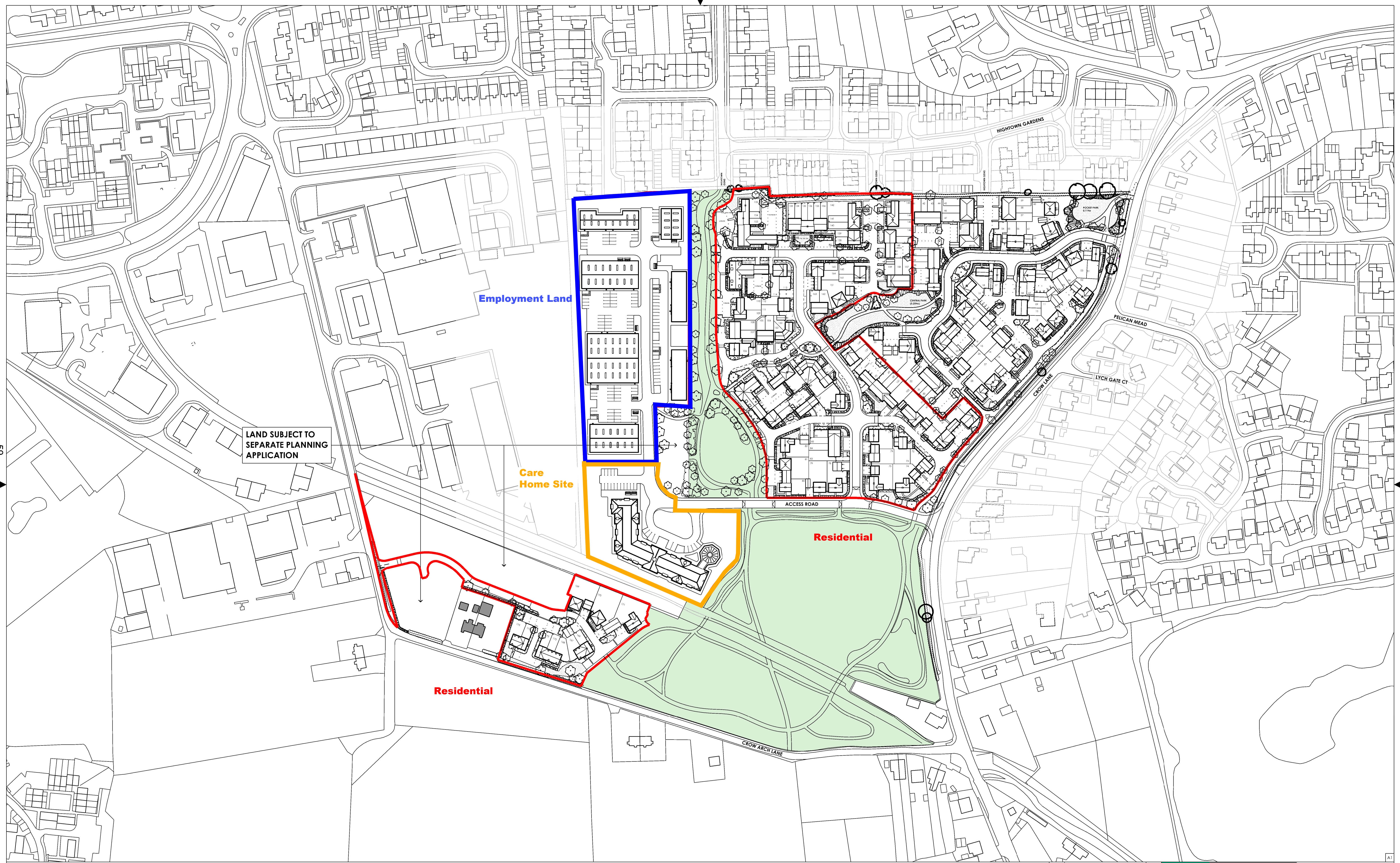
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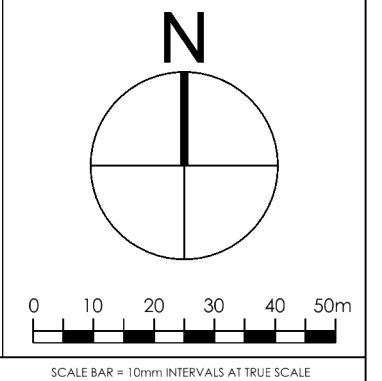
Background Papers & Appendices:

1. Appendix A – Crow Lane Development Masterplan.
2. Appendix B – Employment Land Site Plan.
3. Appendix C – Summary table of tender scoring, the preferred bidder and breakdown of costs to complete [CONFIDENTIAL].

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Alan.Bethune@NFDC.gov.uk



**INFORMAL OPEN SPACE
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UNIT 15, VICARAGE FARM BUSINESS PARK, WINCHESTER ROAD, FAIR OAK, HAMPSHIRE SO50 7HD T: +44 (0)23 8533228 E: info@popepriestley.co.uk			
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CROW LANE RINGWOOD	FINAL PHASE LOCATION PLAN & MASTER PLAN	SCALE 8 x A1 1:1250	DATE JUNE 2018
AUTHOR AC	CHECK DP	DRAWING NO. PP1180/300-00	REVISION P1

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Notes

Drawing based on Topographical Survey information 401.10703.0001_09_0_CROW LANE_0420 provided by others.

Site boundary is shown indicatively only, and is subject to verification.

Layouts, including levels, are shown indicatively only and are subject to detailed engineer's design and all statutory approvals including planning and building regulations.

Building layouts are subject to clarification of any easements, covenants, rights of way, services / drainage routes or other restrictions which may exist on or adjacent to the site.

All external surfaces and areas of landscaping are shown indicatively only and are subject to further detailed design.

All areas indicated are approximate and subject to final detailed design.

External items to be removed are shown indicatively only and do not constitute a comprehensive schedule. Main contractor to review site and allow for removal of all fixtures, fittings etc that are not required to be retained in the completed works.

Allow to remove all redundant draw pits etc where not required to be retained and fill in accordance with engineer's specification.

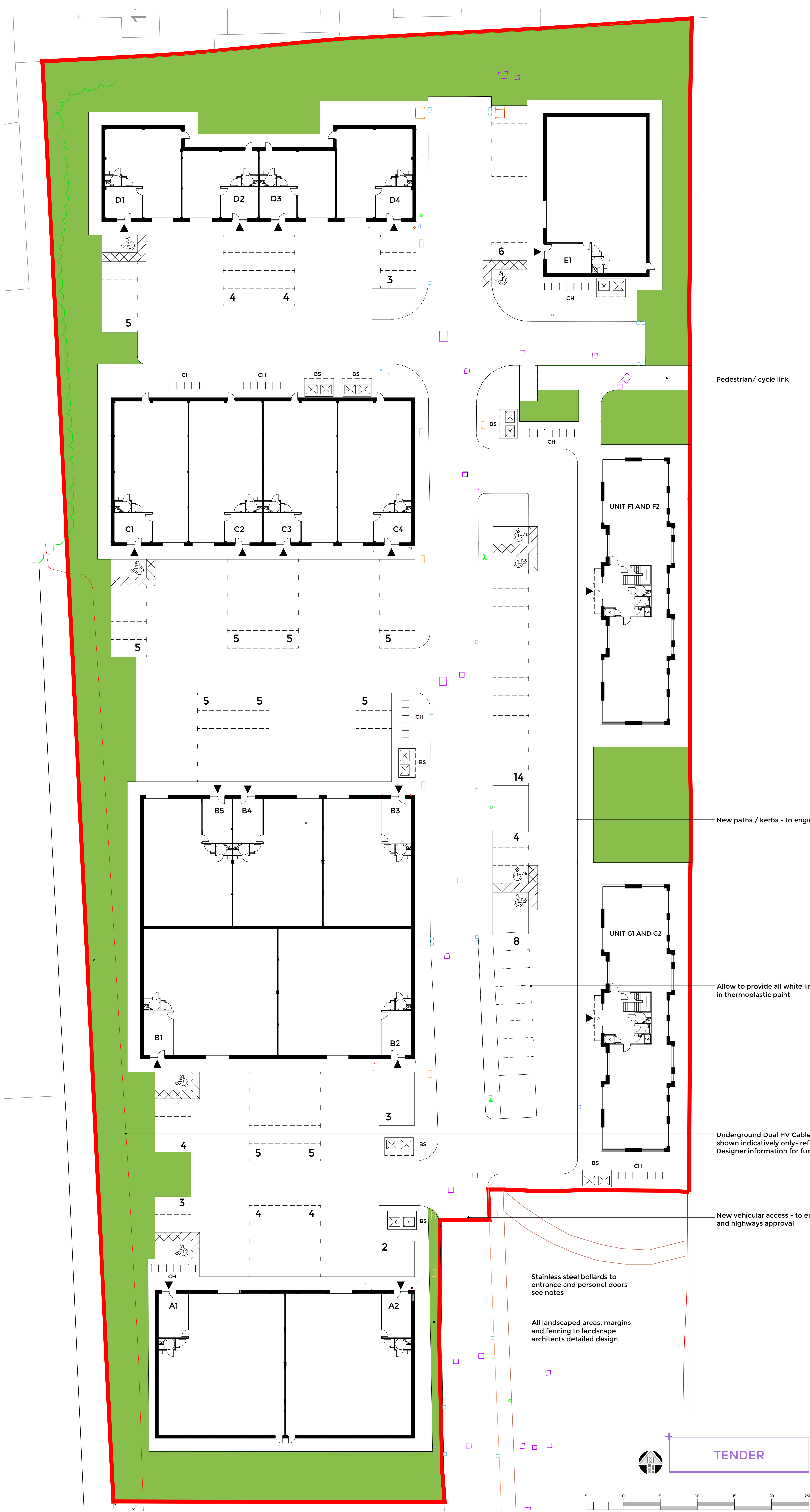
Allow to clear out debris from all landscaping margins and provide suitable top soil etc.

Allow to provide all white lining as indicated on the plan in white thermoplastic paint.

All external lighting (building mounted / lighting columns) to specialist's design / details.

STREET FURNITURE LEGEND

- BP Capped steel bollards, 140mm (dia) / 1200mm (h), black painted finish with yellow band
 - SS CIS 1400SS-st stainless steel bollards or similar approved, 114mm (dia) / 1000mm (h) with 45° splay to top edge
 - CH Cycle hoops, galvanised finish
 - DK Dropped kerb to engineer's details
 - BS Provide Falco 'Falcozan-180', or similar approved, bin shelter with galvanised steel frame and cladding to rear and sides in corrugated sheets. Provide polyester powder coated finish, colour goosewing grey
- * Shelters and hoops to be bolted to surface
 * For bollard locations refer to floor plan drawings



Pedestrian/ cycle link

New paths / kerbs - to engineer's details

Allow to provide all white lining as indicated in thermoplastic paint

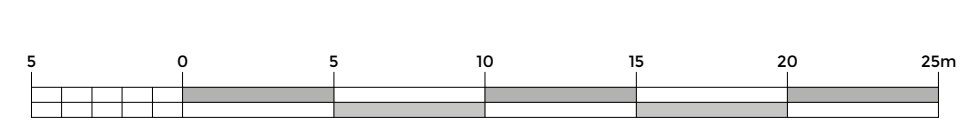
Underground Dual HV Cable Easement - shown indicatively only - refer to M&E Designer information for further details

New vehicular access - to engineer's details and highways approval

Stainless steel bollards to entrance and personnel doors - see notes

All landscaped areas, margins and fencing to landscape architects detailed design

TENDER



Rev	Date	Description	Drawn	Checked
B	29-04-21	Pedestrian/ cycle access added to North of Unit F	DH	CH
A	08-04-21	Site access road adjusted to suit as-built topo survey	DH	CH

BOYLE + SUMMERS
 ARCHITECTURE AND MASTERPLANNING
 Canute Chambers
 Canute Road
 Southampton
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 SO14 3AB

Client	NEW FOREST DISTRICT COUNCIL
Project	Crow Arch Lane, Ringwood
Title	Site Plan

Project	Originator	Volume	Level	Type	Role	Series	Number	Suitability	Revision
CAL - BSL - ZZ - XX - DR - A									2001 - TE - B

B+S Ref.	Date	Scale @ A1	Drawn	Checked
20006	April 2020	1:250	DH	

Tel: 023 8063 1432 www.boyleandsummers.co.uk

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