

# NOTICE OF MEETING

**Meeting:** CABINET

**Date and Time:** WEDNESDAY, 4 MAY 2022, AT 10.00 AM\*

**Place:** COUNCIL CHAMBER - APPLETREE COURT, BEAULIEU ROAD, LYN DHURST, 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, 28 April 2022.

Kate Ryan  
Chief Executive

Appletree Court, Lyndhurst, Hampshire. SO43 7PA  
www.newforest.gov.uk

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

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# AGENDA

## Apologies

### 1. MINUTES

To confirm the minutes of the meeting held on 6 April 2022 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. SHAPING A VISION AND PLAN FOR THE FUTURE OF TOTTON (Pages 3 - 10)**

**5. ELECTORAL ARRANGEMENTS AND MAY 2023 ELECTIONS (Pages 11 - 16)**

**6. FINANCIAL MONITORING - 2021/22 PROVISIONAL OUTTURN (Pages 17 - 28)**

**7. COMMERCIAL PROPERTY OPPORTUNITY (Pages 29 - 38)**

**8. EXCLUSION OF THE PUBLIC AND THE PRESS**

The report at item 7 of the agenda (Appendix 1) 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:	<b>Councillors</b>	<b>Councillors</b>
	Edward Heron (Chairman)	Steve Davies
	Jill Cleary (Vice-Chairman)	Michael Harris
	Diane Andrews	Jeremy Heron
	Geoffrey Blunden	David Russell

CABINET – 4 MAY 2022

PORTFOLIO PLANNING, REGENERATION  
AND INFRASTRUCTURE

## SHAPING A VISION AND PLAN FOR THE FUTURE OF TOTTON

### 1 RECOMMENDATIONS

1.1 That the Cabinet:

- (a) endorse the approach set out in the report for the development of a Vision for Totton
- (b) endorse the principle of producing a Regeneration Plan for Totton which will replace the Totton Town Centre Urban Design Framework SPD 2003
- (c) endorse the governance arrangements outlined in the report

### 2. INTRODUCTION

2.1 The Cabinet meeting of the 5 May 2021 agreed a report The Local Plan Part two and supporting work. The report recommended that the Local Plan Part 2 be progressed to address 5 topics areas including town centre opportunities. The Cabinet also agreed to note that the Planning Service would also progress work on a range of supporting planning, policy and delivery matters essential to deliver sustainable growth, as set out in Section 6 of the Cabinet report.

2.2 The report identified other work areas which would complement work on the Local Plan, and/or support and enable the sustainable delivery of the adopted LPP1 sites and strategy. This included work on Town Centres, including:

- Fordingbridge Town Centre with a focus on access, circulation, green infrastructure and the commercial and other facilities needed for its expanding population
- Lymington with a focus on green infrastructure and access and local design and local distinctiveness
- New Milton Town Centre, subject to the outcome of the Neighbourhood Plan referendum, to support and enable the delivery of the Plan
- Ringwood Town Centre with specific focus on creating a vision for the town centre in light of the growth through the strategic sites focused on bringing forward development on sites such as the Old Cinema site
- Totton Town Centre to deliver a Regeneration Plan to reflect the ambition of the Totton and Waterside Vision document

The Totton and Waterside Vision document identifies improvements are needed to Totton town centre to better fulfil its role as a key urban centre for the Waterside and its communities.

- 2.3 The purpose of this report is to set out, at a high level, the initial work to create a community led 'Shaping a Vision for Totton Town Centre'. The report will also set out how this initial work will inform future work to produce the Totton Regeneration Plan. This Plan will shape the delivery of the vision and once adopted, will replace the Totton Town Centre Urban Design Framework, a Guide for Change and Development SPD 2003 and will be used to inform the new Local Plan and the next Economic Development Strategy.
- 2.4 The Cabinet are asked to note current work that is on going in other Towns as follows;
- Fordingbridge Town Centre Access Strategy being progressed, on going work on green infrastructure, the commercial and other facilities needed for its expanding population
  - Lymington - green infrastructure and potential pilot for local design code
  - New Milton Town Centre, support and enable the delivery of the Plan, Green Infrastructure Strategy pilot, template will be used with other towns over the coming year.
  - Ringwood Town Centre working with Neighbourhood Plan group, specific work around town centre.

### **3. BACKGROUND**

- 3.1 The way town centres are used has changed considerably in the past decade. With the increased popularity and dominance of online shopping, changing habits of customers, and the unprecedented impact of COVID 19 have meant that our town centres face significant challenges and need to adapt to these circumstances. Further communities have different aspiration for their town centres and the role they need to play as the heart of a community.
- 3.2 The vision for place has a strong relationship with and is strongly driven by the way space is used within an area. However a place vision needs to look further and consider the role that an area should play in supporting, developing, nurturing, and inspiring its community.
- 3.3 The strong role spatial planning plays in shaping town centres is reflected in the National Planning Policy Framework (NPPF) which highlights the need to support the role that town centres play at the heart of local communities. This should be reflected in taking a positive approach to their management, growth and adaptation;
- 3.4 Planning Practice Guidance (which supports the NPPF) flags the role of local planning authorities in promoting a positive vision for town centres, including bringing stakeholders together.
- 3.5 The Council is in the early stages of preparing the next Local Plan as agreed in the May 2021 Cabinet report part of this work will include how change in our town centres is directed and assisted to ensure they continue to play a vital role as centres for the community. Part of this work will be looking at opportunities for increased town centre living as some town centre uses contract. Totton town centre is seen as an area of opportunity for regeneration. Shaping a Vision for Totton will play a role in informing the next Local Plan.

3.6 There are a number of drivers that means that specific work on Totton needs to be moved forward simultaneously with work on a future Local Plan. These include but are not limited to:

- The Adopted Local Plan allocates over 5000 homes and 18 hectares of employment land which will be delivered across the Waterside in the next decade, bringing a need for Totton to refine itself as the centre for the Waterside supporting these growing communities
- The need for brownfield sites to play more of a role in delivering sustainable development and addressing the Climate Change and Nature Emergency
- To build on the emerging Waterside Transport Strategy with a wider place shaping response
- Consideration of the future use of public land in a comprehensive manner
- Reflection of the way public services need to be provided going forward
- Opportunity to better understand and respond to the skills agenda
- The need to better understand and deliver cultural and heritage regeneration
- To respond to the desire to better create a sense for place
- Consider how Totton can create a gateway to the Waterside
- Optimising the opportunity the Freeport brings
- Reverse the current trend of piecemeal development within the town centre
- Funding opportunities

#### **4. SHAPING A VISION FOR TOTTON**

4.1 Work now needs to progress on Shaping the Vision for Totton through a community led engagement exercise. This work will create a narrative about the evolution of Totton from the Place it now is to the Place it evolves to. Meeting the aspirations of, and create opportunities for, existing and future communities. A consultant team will lead on carrying out the work, broken down into phases, set out in the following paragraphs:

##### **Research Phase**

4.2 This phase will be a familiarisation phase bring together all work undertaken so far including the work and the results of the community engagement work of the Neighbourhood Plan team. The consultant team will make field notes and recordings using film, photography, and sketches.

4.3 This phase will provide an initial sense of place, a set of baseline data and emerging themes that will be explored in more detail in subsequent phases. A stakeholder database will be developed together with an approved communications strategy.

##### **Engagement Phase**

4.4 This phase will develop, facilitate, and deliver a series of targeted engagement activities and events developed to answer the research aims. The events will be designed to develop clear concepts and ideas and to draw out and articulate a range of perspectives. The engagement will cover a wide cross section of stakeholder groups.

##### **Translation Phase**

4.5 This phase will involve translating what has been found on site into a series of

concepts for change — these will not be options, but different possibilities based on the consensus established by this point. For example, there may be one scenario with an emphasis as Totton Town Centre as a place for leisure and play, another with emphasis on commerce, and a further scenario with emphasis on returning biodiversity to the area. At this stage it will be important that the scenarios take account of the objectives for change and opportunity within the town.

### Testing Phase

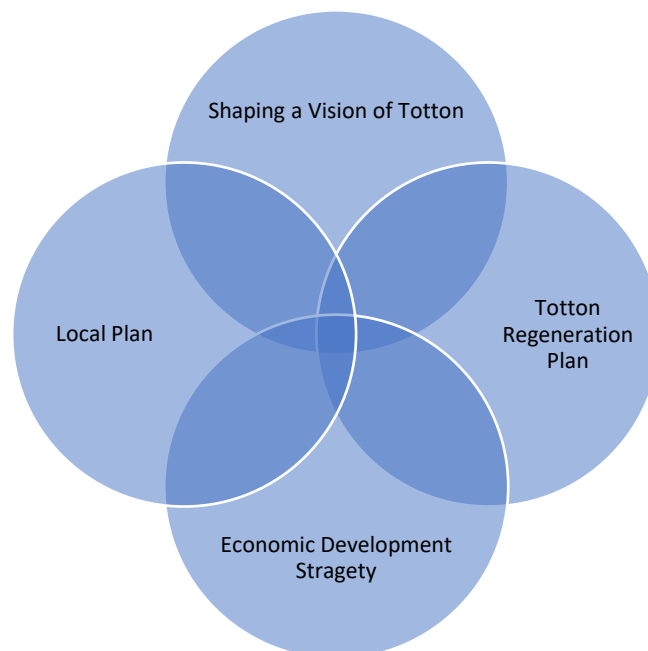
4.6 This phase will allow refinement and update of the ideas from a wider audience.

### Reporting Phase

4.7 The final phase of the work is the establishment of a series of ideas that will be embedded in the final report. The work in this phase will be informed by the outcomes of the testing phase and the preferred way forward. The final report will propose where physical improvements could happen and what community and societal issues these changes should seek to address.

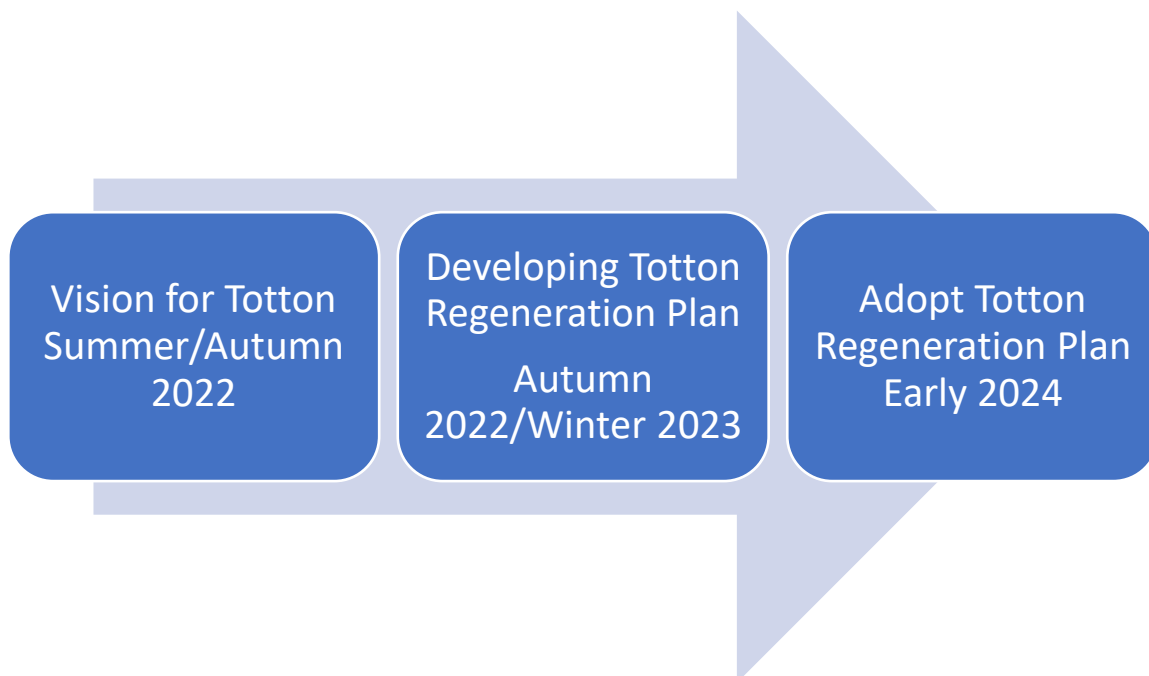
4.8 This Shaping a Vision work will be run by an experienced consultancy team focused on this type of community engagement. This work will be commissioned and take place over the summer months.

4.9 The output from this engagement will inform the creation of a simple document 'Shaping the Vision for Totton and will be used to inform the next piece of work – Totton Regeneration Plan. The diagram below shows the interrelationship between this initial work and other workstreams



## 5. TOTTON REGENERATION PLAN

- 5.1 It is important that there is a clear vision for Totton before the Regeneration Plan work is fully scoped. This report seeks endorsement for the principle of producing a Regeneration Plan for Totton, the scope of the work will be the subject of a later Cabinet report. At this stage it is simply acknowledged that the Plan includes a Masterplan as a planning tool to help secure redevelopment, public realm improvements, mixed land uses and improved access and connectivity.
- 5.2 Whilst the Masterplan will form a critical part of the Regeneration Plan, the Plan will include matters other than spatial planning matters. Some examples of themes that could be covered through the Plan include:
- Public Art
  - Opportunities for 'Pop Up' offers
  - Opportunities for 'in between uses'
  - Temporary public realm or place intervention activity
  - Place management
  - Stewardship
- 5.3 The Diagram below sets out the envisaged timescales for developing the Totton Regeneration Plan through to adoption of the Plan.



## **6. TOTTON AND ELING NEIGHBOURHOOD PLAN**

- 6.1 Work has commenced on the preparation of a Neighbourhood Plan for Totton and Eling. At this time no timetable has been agreed between the District and Town Council for progressing to the next stage of this work, if it is to progress the Neighbourhood Plan team need to align its work to Local Plan and Regeneration Plan work to ensure that the work will meet the test of conformity with the National Planning Framework and with the adopted and emerging District Local Plan.
- 6.2 Given the complexities of running these activities simultaneously and the confusion it may cause for communities who may not understand the differences between the three pieces of work it has been suggested that the Town Council as Neighbourhood Plan team pause its plan making work and focus on working with the District Council on Shaping the Vision for Totton, Local Plan work and the Regeneration Plan. A formal response from the Town Council is awaited. The work that has been done to date on the Neighbourhood Plan, including community engagement work can be used as part of the Shaping the Vision work.

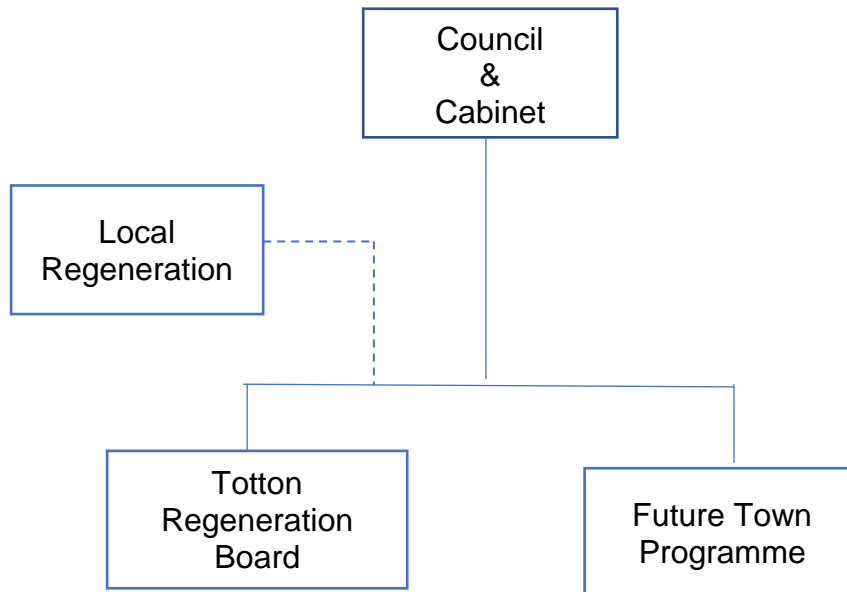
## **7. RESOURCES**

- 7.1 There is need to bring in specialist support to undertake the community engagement work to inform and develop the Vision for Totton together which will include the creation of a microsite to support the work.
- 7.2 There is budgetary provision as agreed in the Medium-Term Financial Plan and Annual Budget 2022/2023. The initial consultancy work will be funded from this source, a dedicated role is being created to support the day-to-day work to move this project forward. This role will work closely with other teams across the Council and will work within a new team responsible for regeneration across the District.

## **8. GOVERNANCE**

- 8.1 A Totton Regeneration Board will be established. It will be an advisory board to update on progress and to support engagement and communication. The Board will be made up of a range of key stakeholders including representatives from the Town Council and the County Council, other public bodies with an interest, key landowners and other stakeholders. The Portfolio holder for Planning, Regeneration and Infrastructure will Chair the Board.
- 8.2 The Council will establish a Local Regeneration & Growth Strategy Partnership Board. This Board will be an advisory Board to provide a steer on strategic issues and will have no formal decision-making powers. Hampshire County Council will be invited to nominate an Executive member to sit on the Board to reflect the County Council's new model of engagement for local regeneration and growth.
- 8.3 The diagram below sets out the proposed governance structure and indicates other Boards or themes that may feed into the Local Regeneration and Growth Strategy Partnership Board





## 9. CONCLUSION

- 9.1 Progressing the Visioning work over the summer is an important next step to inform the Totton Regeneration Plan. There remains opportunity to carry out some immediate projects to make improvements to the public realm, these projects will be progressed working in partnership with the Town Council over the coming months.
- 9.2 There will be a further report to Cabinet seeking approval to consult on the draft Vision for Totton. Initial conversation and scoping of the Totton Regeneration Plan will progress over the summer, the Cabinet report on the draft Vision will update on the next steps to prepare the Regeneration Plan.

## 10. FINANCIAL IMPLICATIONS

- 10.1 The Council's approved Budget for 2022/23 has set aside additional funding to be aligned to Corporate Plan priority activities. The additional financial resources will enable the Council to deliver on more Regeneration across the District, with a focus on the Waterside and town centres (initially Totton).
- 10.2 Current budget to support strategic planning will be used to fund the specialist work that will be commissioned to produce the Vision for Totton and Regeneration Plan.
- 10.3 There maybe other financial implications resulting from the adoption of the Regeneration Plan, however at this stage these longer term implications are unknown.

## 11. ENVIRONMENTAL IMPLICATIONS

- 11.1 The Vision for Totton will identify the role different parts of the environment play in creating the place, the Regeneration Plan will identify what changes are needed to improve the environment.

**12. CRIME AND DISORDER IMPLICATIONS**

12.1 None arising directly from this report.

**13. EQUALITY AND DIVERSITY IMPLICATIONS**

13.1 It is important that the initial community engagement work to inform the Vision is inclusive and seeks the views from all. A key strand of developing the Vision and Regeneration Plan is a full assessment of the potential impacts on the whole community.

**14. PORTFOLIO HOLDER COMMENTS**

14.1 This is an exciting first step to shape the future of Totton Town Centre, I support the recommendations.

For further information contact:

Background Papers:

Claire Upton-Brown

Executive Head for Planning, Regeneration, and the Economy

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CABINET – 4 MAY 2022

PORTFOLIO: LEADER / FINANCE,  
INVESTMENT & CORPORATE SERVICES

## **MAY 2023 ELECTIONS, ELECTORAL AND NEW COUNCIL ARRANGEMENTS**

### **1. RECOMMENDATIONS**

1.1 That the Cabinet agree and recommend to Full Council to:-

- a) Note the preparation of the significant programme of work underway to deliver the changes arising from the Electoral Review, the introduction of new election legislation and the 2023 Elections and supporting governance arrangements.
- b) Note that the Section 151 Officer has exercised his authority to set aside financial regulations and establish a supplementary project budget, up to £177,000, to support urgent additional temporary resources necessary to deliver this extensive programme over the next two years.

### **2. INTRODUCTION AND PURPOSE**

- 2.1 The changes arising from the Electoral Review of the New Forest District come into effect for the May 2023 elections and significant work is necessary to implement these changes and ensure the new Council can move forward from 2023 with appropriate governance arrangements.
- 2.2 The Election Bill is likely to receive Royal Assent in May 2022 and will introduce changes to the way in which elections are administered, most significantly the introduction of voter identification in Polling Stations. Some of these changes will require implementation ahead of elections held in May 2023.
- 2.3 With the endorsement of the Council's Returning Officer (the Chief Executive), who has statutory responsibility for ensuring the correct running of the elections and that proper resources are in place to deliver them, this report outlines the extensive work being undertaken to prepare for the May 2023 elections and new Council arrangements.
- 2.4 The report also deals with the necessary resources to support Electoral Services, Democratic Services and the wider organisation to deliver these changes and ensuring the necessary preparations for the May 2023 elections and beyond.

### **3. ELECTORAL REVIEW**

- 3.1 The Local Government Boundary Commission for England (LGBCE) undertook an Electoral Review of the New Forest, commencing in 2019, to deliver electoral equality for voters across the district. The final recommendations, now enacted, concluded that New Forest District Council should have 48 councillors, 12 fewer than there are now,

with 26 wards, a decrease of eight. The boundaries of all existing wards change as a result with the 48 councillors representing two three-councillor wards, 18 two-councillor wards, and six single-councillor wards.

3.2 As a result of LGBCEs final recommendations on new warding patters, changes were also made to the parish electoral arrangements for the six town/parish councils of:

- Fawley
- Hythe & Dibden
- Lymington & Pennington
- New Milton
- Ringwood
- Totton & Eling

3.3 It is now necessary to redraw all 26 ward boundaries to support the District Council's new electoral arrangements as well as the parish ward boundaries of the town and parish councils identified.

3.4 New ward arrangements for NFDC will come into force at the local elections in May 2023 and significant work is underway to redraw boundaries and identify properties therein to create the new electoral register for these elections. Polling districts, the geographic subdivision of wards, will also need to be reviewed to ensure they are coterminous with the new ward boundaries and that polling stations continue to be accessible and appropriately situated.

3.5 Statutory reviews of polling districts, polling places and polling stations are governed by legislative requirements and this formal review process will be followed to ensure the necessary criteria is met.

3.6 A significant programme of work is underway in preparation for these necessary reviews, supported by Electoral Services, Democratic Services, Communications and ICT.

#### **4. ELECTIONS LEGISLATION**

4.1 The Elections Bill 2021-22, introduced to the House of Commons in July 2021, makes changes to election law, intended to protect the integrity of the UK's democracy. The Bill is currently at committee stage in the House of Lords and is expected to receive Royal Assent in May 2022.

4.2 In summary the Bill seeks to:

- Require voters to show photo identification at polling stations before a ballot paper is issued
- Require Electoral Registration Officers, based in local authorities, to issue free voter identification documents to those without a valid form of photo identification
- Require postal voters to reapply for a postal vote every three years, replacing current rules of refreshing their signature every five years
- Restrict the handling of postal votes, including limiting the number of postal votes an individual can hand in at a polling station
- Further limit the number of people someone may act as proxy for

- Extend accessibility to elections including requiring Returning Officers to take all reasonable steps to provide support for those with a disability in polling stations
  - Simplify and clarify the offence of undue influence
  - Change the voting and candidacy arrangements for EU voters
  - Allow all British Citizens living overseas to vote in UK Parliamentary elections, regardless of when they left the UK
- 4.3 The Department for Levelling Up, Housing and Communities (DLUHC) are still developing the policy, primary and secondary legislation and more detail will be shared with local authorities in due course. The preliminary timetable makes provision for voter ID and accessibility requirements to be implemented for May 2023 polls, with electors being able to apply to their local authority for a voter ID card from December 2022.
- 4.4 The majority of the changes will result in a new financial burden being placed on the Council and it is anticipated that these costs will be initially covered in line with new burdens principles. Resources are needed to respond to these new requirements and fulfil the statutory duties of the Returning Officer in delivering national and local elections.
- 4.5 In addition to the Elections Bill, the Fixed Term Parliament Act has now been repealed which means that a parliamentary election can be called at any time. Unscheduled parliamentary or local by-elections divert resources from project and day-day service delivery, and further test the limited resources of the core team. A flexible budget is required to respond to such events at short notice.

## **5. MAY 2023 ELECTIONS**

- 5.1 The District and Parish quadrennial elections will take place on 4 May 2023 and will reflect the new electoral arrangements and legislative changes required. These elections are complex and resource intensive, electing councillors to the 26 district wards and administering up to 37 parish elections. This could involve electing up to 398 councillors in total, subject to the number of contested seats.
- 5.2 Arrangements to support the administration of these elections will be extensive and an all-council approach will be adopted to ensure that the appropriate skills and disciplines from within organisation are used to support their successful delivery. This need will increase as we move towards the 2023 calendar year and, in addition to the budgetary requirement set out in this report, further staff resources from within the existing Council, will be necessary to support the work.
- 5.3 A new form of poll card will be necessary to align with the introduction of voter ID in polling stations. This is likely to take the form of an enveloped letter to accommodate the list of acceptable forms of identification and will need to be effectively communicated to electors, along with the other changes they should expect to see at the elections.

## **6. NEW COUNCIL 2023**

- 6.1 As the Electoral Review is implemented and the Council reduces to 48 councillors, a number of governance related projects are planned to ensure the new Council can operate effectively from 2023 onwards. These include but are not limited to: -
- Council Constitution
  - Scheme of Delegation
  - Arrangements for dealing with complaints made against councillors
  - Members' Allowances
  - Council Chamber AV
  - Councillor use of ICT for 2023 onwards
  - Councillor Training and Induction for 2023 onwards
- 6.2 The delivery of these projects is being led by the Council's three Statutory Officers; the Chief Executive, Monitoring Officer and Section 151 Officer, supported by the Democratic Services Manager. There will be a need for additional resources to deliver this necessary work, as outlined in section 7 of the report.

## **7. RESOURCES REQUIREMENTS**

- 7.1 A project governance structure has been set up to support the delivery of this extensive programme of work, with a Project Board consisting of the Chief Executive, Monitoring Officer, Section 151 Officer, Elections and Business Improvement Manager and Democratic Services Manager, overseeing the delivery of the core 2023 Elections. The Council's Statutory Officers Group is monitoring the implementation of the wider governance programme of work. It is recognised that additional resources will be necessary to deliver the actions in the given timescale.
- 7.2 Existing resources in the core elections and democratic services teams do not allow for this significant increased workload whilst maintaining normal services which includes rolling electoral registration, the annual electoral canvass, postal vote refresh, annual overseas registration and administering scheduled, unplanned elections and supporting the Council's decision-making functions and day to day governance arrangements. The need for two additional temporary posts has been identified initially, and approved by EMT, to deliver the projects identified, including:
- Changes to local electoral arrangements and ward boundaries, including a Polling District Review
  - Introduction of new legislation arising from the Elections Bill, including voter ID in polling stations
  - May 2023 election support, including support for the communication of changes
  - Increasing electoral engagement
  - Resilience to the core Electoral Services and Democratic Services teams to ensure delivery of day-to-day business
- 7.3 Communications will be critical to ensuring electors are engaged and understand the multiple changes ahead of the polls. A communications plan is in the process of being drafted which will include multiple channels to ensure wide and regular coverage of the key messages, including hard to reach groups. This will form a significant element of the Communications team's work programme for 2022/23 and 2023/24.

- 7.4 ICT has already been involved in the importing of mapping data from the LGBCE and will be instrumental in supporting the implementation of digital solutions in response to the Elections Bill, including the local provision of voter ID cards. Again, this will form part of the ICT work programme as clarity over solutions emerge.
- 7.5 Customer Services will assist in the response to resident enquiries, freeing up the core team to focus on the delivery of the elections. It is anticipated that enquiries will arise out of the changes to ward names and boundaries, as well as the new legislative requirements and this will need to be prioritised as the polls approach. This will require additional resources and training to effectively respond at the first point of contact.
- 7.6 The establishment of a project budget is recommended up to the value of £177,000 to support these additional temporary resources and will also allow flexibility to bring in other external support, as required, to assist in the delivery of the May 2023 elections. The Elections Project Support Officer and Principal Democratic Services Officer roles are required as a priority, to support the internal expertise in order to build the necessary enhanced capacity and ensuring value for money. Many councils bring in temporary external support to specifically deal with the peak in delivery around major elections.
- 7.7 The proposal to increase resources and secure a project budget has the support of the Chief Executive in her statutory roles of Returning Officer and Electoral Registration Officer.

## 8 FINANCIAL IMPLICATIONS

- 8.1 The fixed term project support post will cost c£97,000 over the two-year period and will be partially offset by £50,000 of savings arising from the changes to the annual electoral canvass and new burdens funding.
- 8.2 The fixed term Principal Democratic Services Officer post will cost c£80,000 over an 18-month period.
- 8.3 Additional resources are also likely to be needed to support effective communications, the ICT response, and Customer Services, along with any necessary specialist skills that will need to be brought in to support the delivery of the elections themselves. The remaining budget will allow for further external resources to be brought in, if considered necessary by the Chief Executive, who will need to be able to react quickly if the need arises;

<b>Description</b>	<b>Estimated Financial Impact</b>
Fixed Term Project Support	£97,000
Fixed Term Principal Democratic Services Officer	£80,000
Offsetting Savings and New Burdens Funding	(£50,000)
Pool Budget for Additional Resource	£50,000
<b>TOTAL NET PROJECT BUDGET</b>	<b>£177,000</b>

- 8.4 The estimated annual savings as a result of the Boundary Review amount to £80,000 per annum. These savings are included within the Council's Medium Term Financial Plan.
- 8.5 To expediate the securing of additional resources the Section 151 officer, in agreement with both the Chief Executive (also the Returning Officer) and the Council's Monitoring Officer, has used his delegated authority (Section 1.3 Financial Regulations) to suspend Financial Regulations and approve this supplementary budget requirement. This will be reported to Council, as required, by virtue of this report.

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

- 9.1 None arising directly from this report, although electoral engagement will be included in the role of the project support officer to promote and provide opportunities for people to register to vote. Accessibility requirements arising from the Elections Bill will also support voters with disabilities to cast their vote more easily.

## 10 DATA PROTECTION IMPLICATIONS

- 10.1 The accuracy of data will be instrumental to the successful delivery of these projects and appropriate arrangements will be in place to process this data, at all times.

## 11 PORTFOLIO HOLDER COMMENTS

- 11.1 The Leader and Portfolio Holder for Finance, Investment and Corporate Services are supportive of the recommendations for the reasons outlined throughout the report.

<p><b>For further information contact:</b></p> <p>Rebecca Drummond Service Manager – Elections and Business Improvement 023 8028 5080 <a href="mailto:Rebecca.drummond@nfdc.gov.uk">Rebecca.drummond@nfdc.gov.uk</a></p> <p>Matt Wisdom Democratic Services Manager 023 8028 5072 <a href="mailto:Matt.wisdom@nfdc.gov.uk">Matt.wisdom@nfdc.gov.uk</a></p>	<p><b>Background Information:</b></p> <p><a href="#">Officer Decision – S151 Officer</a></p>
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CABINET – 4 MAY 2022

PORTFOLIO: FINANCE, INVESTMENT &  
CORPORATE SERVICES / ALL

## FINANCIAL MONITORING REPORT (2021/22 PROVISIONAL OUTTURN)

### 1. RECOMMENDATIONS

1.1 It is recommended that Cabinet;

1.1.1 notes the provisional outturn figures for the General Fund (section 4), Capital (section 5) and HRA (section 6).

### 2. INTRODUCTION

2.1 Financial monitoring reports for 2021/22 were considered by Cabinet in September 2021, November 2021 and February 2022. While significant workload is still to be carried out on the closedown process, this report provides an early update on the anticipated outturn position with a focus on variations within Portfolios.

### 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 **£19.291m** for 2021/22 was agreed by Council in February 2021. Previous financial monitoring reports presented to Cabinet during the year reduced the anticipated net budget requirement by £161,000 to **£19.130m**. The changes now identified in this report reduce the anticipated year end requirement to **£17.580m**; a reduction of £1.550m from the latest approved budget, after allowing for a net transfer of £645,000 to Earmarked Reserves.

4.2 The updated positions with regards to Business Rate Retention, Council Tax collection, Interest Earnings, Housing Benefits Subsidy and Sundry Debtors bad debt provisions will not be known until after more detailed year-end work has taken place. This report therefore focuses on current identified variations within Portfolios.

4.3 Ultimately, a surplus for the year, taking all further outstanding matters into account, will be placed in the Council's Capital Programme reserve and will be used to support the delivery of the Medium-Term Financial Plan and specifically finance the delivery of the Council's large Capital Programme.

4.4 The provisional outturn figures for 2021/22 can be seen at Appendix 1. Variation items of highest value are set out by Portfolio in paragraphs 4.5 - 4.12 below. Full details of all variations are set out in Appendix 2.

#### 4.5 **Business, Tourism and High Streets**

Net savings £45,000

A staff vacancy for part of the year and supplies and services savings resulted in an underspend of £45,000 in Economic Development.

#### 4.6 **Environment and Coastal Services**

Net variations £0

Additional income of £50,000 and savings of £25,000 in maintenance costs resulted in a net saving of £75,000 in Car Parking. These savings were matched by additional net operating costs of £25,000 at Keyhaven River and £50,000 on Refuse and Recycling.

#### 4.7 **Finance, Investment and Corporate Services**

Net savings £949,000 & Rephasings to 22/23 £220,000

Budget provision of £300,000 was approved during the year for the costs of the agreed pay award but not allocated to specific Portfolios. Actual costs have been absorbed within the figures reported under each Portfolio and therefore the central budget allocated to this Portfolio now shows as a saving. Similarly, £160,000 of the £360,000 budget provision for potential COVID related expenditure held within this Portfolio was not required.

Savings of £248,000 resulted in the General Fund ICT Licenses and Telecommunications budgets and COVID related New Burdens grant funding exceeded spending requirements by £120,000. In addition, the Council received a £54,000 refund of overpaid bank charges and additional Government Grants of £27,000 for Housing Benefits Administration and £22,000 towards audit costs.

General Fund ICT Work Programme budget provision of £182,000 has been rephased into 2022/23 together with £38,000 of the Appletree Court Emergency Power Supply project.

#### 4.8 **Housing and Homelessness Services**

Net additional costs £62,000 & Rephasings to 22/23 £66,000

Maintenance costs on Private Sector Leasing properties, principally on properties being handed back to landlords, exceeded the budget by £163,000 and there was an income shortfall of £20,000 within Housing Improvements, due to a VAT refund to HMRC.

These additional costs were largely offset by additional sales commission income of £53,000 and savings of £21,000 in operating costs at Stillwater Park and vacancy/supplies and services savings of £47,000 in the Housing Development Team.

Planned maintenance works at Stillwater Park of £66,000 have been rephased into 2022/23.

#### 4.9 **Leader**

Net savings £22,000

Net savings of £22,000, principally on staffing and supplies and services costs, resulted within Elections services.

#### 4.10 **Partnering and Wellbeing**

Net savings £526,000 & Rephasings to 22/23 £9,000

The health and leisure centres asset maintenance programme was underspent by £304,000 and savings in costs following the transfer of operations to Freedom Leisure were £131,000. The Council's new Facilities Manager has already started to work closely with the Contract Monitoring Officer and relevant parties from Freedom Leisure to ensure the delivery of the full Landlord maintenance programme for 2022/23.

Net savings in various Environmental Health Services were £49,000 and £33,000 Community Safety grant was received from the Government late in the year, which will be transferred into reserves and utilised in 2022/23.

#### 4.11 **People and Places**

Net savings £240,000 & Rephasings to 22/23 £77,000

COVID grants and other contributions for Clinically Extremely Vulnerable, the Contain Outbreak Management Fund, Household Support and Community Testing exceeded expenditure incurred in the year by £173,000 and there was an underspend of £62,000 on the Open Spaces Trees budget. Unspent COVID funding will be transferred to earmarked reserves for spending in 2022/23.

Four Community Grants totalling £77,000 are being rephased to 22/23.

#### 4.12 **Planning, Regeneration and Infrastructure**

Net savings £87,000 & Rephasings to 22/23 £16,000

Additional income of £37,000 and expenditure savings of £13,000 occurred within Building Control. Salary and other business unit savings in Planning Policy were £37,000 and £10,000 Government grant for Biodiversity was received late in the year. These savings were offset by £10,000 additional legal costs on planning appeals. The net savings in Building Control will be transferred to the Building Control Surplus Reserve and the Biodiversity grant transferred to reserve to be utilised in 22/23.

#### 4.13 **Reserves - £645,000**

Proposed transfers to/from (-) reserves in relation to budget variations identified in paragraphs 4.4-4.12 above are as follows:

	£
Contain Outbreak Management Fund	160,000
Household Support Fund	41,000
Community Safety	33,000
Building Control	50,000
Air Pollution	9,000
Community Grants	77,000
Stillwater Park Maintenance	66,000
Appletree Court Emergency Power	38,000
Planning Policy	26,000
ICT Work Programme	182,000
Council Tax Hardship Payments	-37,000
	<b>645,000</b>

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

- 5.1 A Capital Programme budget of **£36.197m** for 2021/22 was agreed by Council in February 2021.
- 5.2 Variations reported to Cabinet during the year reduced the programme by £4.369m to **£31.828m**. Further reductions of £4.239m and rephasings of expenditure of £2.103m to 2022/23 are detailed in this report leading to a provisional outturn figure of **£25.486m**.
- 5.3 Although project delivery totalling over £25m is positive, it is short of the overall sum allowed for within the Council's Capital Programme. The recently established officer Capital and Change Delivery Board will closely monitor the delivery of the Capital programme looking forward.
- 5.4 The main variations now being reported are set out below with all variations being included in Appendix 3:

### Variations

- Private Sector Disabled Facilities Grants (-£370,000) – outturn spend is £830,000, £370,000 less than the last approved budget
- Coast Protection – Barton Drainage Test (-£200,000) – Reallocation of staffing resources to other projects has resulted in this project being rephased into 2022/23 but it is identified as a saving as it will be incorporated into a project with budget already allocated.
- Residential Property Acquisitions (+£129,000) – The Council acquired a fifth property late in March, resulting in £129,000 additional property equity than previously reported.
- HRA Major Repairs (-£1.030m) – An underspend of £1.030m, principally relating to external door replacements, structural repairs, external refurbishment and miscellaneous works resulted, largely due to the switching of staff resources to work on the Fire Assessment works projects.
- HRA Fire Risk Assessment Works (+£135,000) – A £3m budget for a major programme of essential works is included in 2022/23. Expenditure of £135,000 has been brought forward and has been incurred in 2021/22
- HRA Estate Improvements (-£151,000) – works totalling £49,000 were carried out during the year against the budget of £200,000.
- HRA Strategy to Deliver more Council Owned Homes (-£2.930m) – A number of development schemes have taken longer to proceed than anticipated, resulting in total spend for the year of £6.570m.
- HRA Disabled Facilities Grants (£-111,000) – outturn spend is £789,000, £111,000 less than the last approved budget.

### Rephasings

- Coast Protection Regional Monitoring (-£1.020m) – Delays in awarding contracts arose during the year.
- New Depot Facilities (-£184,000) – minimal spend was incurred in 2021/22 whilst work was carried out on a wider strategic review of depot facilities and alignment of these facilities to the impending updated waste strategy
- Vehicle and Plant Replacement Programme (-£96,000) – expenditure totalled £3.084M for the year, with vehicles totalling £96,000 being rephased to 22/23
- Crow Lane Ringwood Industrial Site (-£672,000) – The scheme remains on track to be completed according to the original timeline, despite some

expenditure now being rephased into 22/23 due to an additional period where the contractor finalised design works and carried out procurement activities ahead of starting on site in January 2022.

- Lymington Quay Public Conveniences (-£142,000) - Delays in the programme necessitate £142,000 to be rephased to 2022/23.

## 6. HOUSING REVENUE ACCOUNT

- 6.1 A HRA budget with an estimated operating deficit of £350,000, to be funded from reserves, was agreed by Council in February 2021. Reports presented to Cabinet during the year identified net additional costs of £830,000, with a corresponding reduction in the proposed revenue contribution to fund the Capital Programme.
- 6.2 Detailed work is still required on the closedown process, particularly with regard to optimising resources to fund the capital programme, that will affect capital financing and interest figures, so updates in this report concentrate on estimated outturn figures on operational budgets.
- 6.3 Appendix 4 to this report details various budget variations resulting in an increase in net expenditure of £175,000, after allowing for transfers from earmarked reserves. The main variations are listed below:
- Contributions to Expenditure (-£44,000) – Additional income was largely due to receipts from two insurance claims.
  - Reactive Maintenance (+£344,000) – Largely due to storms, increases in materials costs and the need to employ external contractors to cover staff absences, reactive maintenance costs have exceeded budget by a further £344,000.
  - General Management - Stock Condition Surveys (-£129,000) – Due to delays in letting the contract, expenditure on stock condition surveys was £129,000 less than budget. A proportion of the remaining budget is likely to be rephased to 2022/23.
  - General Management - Housing ICT System replacement – (-£153,000) Budget of £200,000 was approved for 21/22 but only £47,000 was incurred in the year. A proportion of the remaining budget is likely to be rephased to 2022/23.
  - General Management – ICT (-£102,000) – The HRA will benefit by £102,000 from underspends and rephasings within the ICT Work Programme, Telecommunications and Corporate licences budgets.
  - Special Services (-£61,000) – Savings in various supplies and services and premises costs budgets, largely within older persons accommodation are currently showing as £61,000, but this may be reduced by accruals for utility bill costs.
  - Rents, Rates, Taxes and Other charges – (+£53,000) – Additional costs relate to Council Tax liabilities on void properties.
  - Reserves (+£282,000) – The savings identified above on stock condition surveys and the ICT System replacement will be matched by a reduction in the contribution from the earmarked reserves.

## **7. CRIME AND DISORDER / EQUALITY AND DIVERSITY**

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

## **8. ENVIRONMENTAL IMPLICATIONS**

- 8.1 The underspend as noted within the Trees budget is predominantly in relation to lower expenditure on dealing with Ash Die-back, as opposed to material lower spend on tree maintenance or replanting.
- 8.2 No variations as included within this provisional outturn report are thought to have a direct impact on the environment.

## **9. PORTFOLIO HOLDER COMMENTS**

- 9.1 The report on the provisional outturn for 2021/22 shows the Council to be in a strong financial position as we move forward into the post COVID era.
- 9.2 It is almost inevitable that the disruptions of the past two years have had an impact on the delivery of our capital projects however as we move forward we must tighten up on this area and ensure that any issues are identified early and incorporated within budget reviews.

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

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FINANCIAL MONITORING 2021/22							
REVISED GENERAL FUND BUDGET 2021/22							
	Feb-21	Feb-22	May-22				
	2021/22 £'000's Original Budget	2021/22 £'000's Updated Budget	2021/22 £'000's New Variations Expend.	2021/22 £'000's New Variations Income	2021/22 £'000's New Variations Rephasings	2021/22 £'000's Provisional Outturn	
<b>PORTFOLIO REQUIREMENTS</b>							
Business, Tourism and High Streets	296	331	-45	0	0	286	
Environment and Coastal Services	3,588	3,698	125	-125	0	3,698	
Finance, Investment and Corporate Services	2,722	2,191	-734	-215	-220	1,022	
Housing and Homelessness Services	1,791	2,085	95	-33	-66	2,081	
Leader	435	435	-22	0	0	413	
Partnering and Wellbeing	5,345	6,158	-476	-50	-9	5,623	
People and Places	3,573	3,531	166	-406	-77	3,214	
Planning, Regeneration and Infrastructure	2,512	2,379	-86	-1	-16	2,276	
	20,262	20,808	-977	-830	-388	18,613	
Reversal of Depreciation	-1,526	-1,426				-1,426	
Contribution (from) / to Earmarked Revenue Reserves	-815	-942	-116	373	388	-297	
Contribution to Revenue Reserves	1,250	1,250				1,250	
<b>NET PORTFOLIO REQUIREMENTS</b>	<b>19,171</b>	<b>19,690</b>	<b>-1,093</b>	<b>-457</b>	<b>0</b>	<b>18,140</b>	
Minimum Revenue Provision	1,265	1,165				1,165	
Interest Earnings (Net)	-569	-600				-600	
Sales/Fees and Charges Grant Reimbursement	-300	-849				-849	
New Homes Bonus	-276	-276				-276	
<b>GENERAL FUND NET BUDGET REQUIREMENTS</b>	<b>19,291</b>	<b>19,130</b>	<b>-1,093</b>	<b>-457</b>	<b>0</b>	<b>17,580</b>	
<b>COUNCIL TAX CALCULATION</b>							
Budget Requirement	19,291	19,130	-1,093	-457	0	17,580	
Less:							
Settlement Funding Assessment							
Lower Tier Service Grant	-170	-170				-170	
Council Tax Reduction Support Grant	-209	-209				-209	
Business Rates Baseline	-3,997	-3,997				-3,997	
	-4,376	-4,376	0	0	0	-4,376	
Locally Retained Business Rates	-2,134	-2,134				-2,134	
Use of (-) Budget Equalisation & Variation Reserves	-138	23	1,093	457		1,573	
Estimated Collection Fund (Surplus)/Deficit Business Rates	424	424				424	
Estimated Collection Fund (Surplus)/Deficit Council Tax	94	94				94	
Irrecoverable Tax Loss Grant	-44	-44				-44	
<b>COUNCIL TAX</b>	<b>13,117</b>	<b>13,117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,117</b>	
<b>TAX BASE NUMBER OF PROPERTIES</b>	<b>71,538.70</b>	<b>71,538.70</b>				<b>71,538.70</b>	
<b>COUNCIL TAX PER BAND D PROPERTY</b>	<b>183.36</b>	<b>183.36</b>				<b>183.36</b>	
<b>GENERAL FUND BALANCE 31 MARCH</b>	<b>3,000</b>	<b>3,000</b>				<b>3,000</b>	

## FINANCIAL MONITORING 2021/22

## VARIATION ANALYSIS GENERAL FUND 2021/22

## PORTFOLIO ADJUSTMENTS

**Business, Tourism and High Streets**

Economic Development - salary savings/S&amp;S underspends

2021/22 £'000's New Variations Expend.	2021/22 £'000's New Variations Income	2021/22 £'000's New Variations Rephasings	2021/22 £'000's New Variations Total
-45			
-45	0	0	-45

**Environment and Coastal Services**

Car Parks - Maintenance savings re Lymington Quay - see Capital

-25

Car Parks - Net income up (Meter -£77k, PCNs down £67k, Other -£40k)

-50

Keyhaven - Maintenance/Salaries overspend/Income up

30 -5

Refuse Collection - Clothing, Fuel, Trade tipping / Special Colls income

90 30

Recycling - Clothing, Trade tipping / Project Integra &amp; Trade Waste income

30 -100

125 -125 0 0

**Finance, Investment and Corporate Services**

Legal - salary costs re Data Governance

25

COVID 19 - New Burdens funding and expenditure

21 -141

COVID 19 Expenditure Budget not utilised

-160

Housing Benefits Admin - Additional Grant

-27

Housing Benefits Admin - Business unit supplies &amp; services/transport

-17

Corporate Management - Redmond Review Grant

-22

Corporate Management - Refund of overcharged bank charges

-54

Democratic Processes - Members Travel cost

-15

Hardley Industrial Estate - Additional Income

-25

Commercial Asset Investment - supplies &amp; services savings

-10

Council Tax Collection - Hardship Payments

37

Pay Award Covered within Portfolio Variations

-300

ATC Emergency Power Supply Project

-38

Pension Increase Act

-13

ICT Licences

-198

ICT Work Programme

-182

ICT Telecommunications

-50

-734 -215 -220 -1169

**Housing and Homelessness Services**

Stillwater Park - Sale of mobile homes commission

-53

Stillwater Park - Asset Maintenance Programme

-66

Stillwater Park - Other maintenance/operating cost savings

-21

Housing Improvements capital works income - largely VAT refund

20

Enabling - Staff vacancy &amp; supplies and services savings

-47

Private Sector Leasing Maintenance

163

95 -33 -66 -4

**Leader**

Registration of Electors - salaries and supplies &amp; services savings

-47

Election NFDC - various by-elections

25

-22 0 0 -22





FINANCIAL MONITORING 2021/22		Feb-21	Feb-22	2021/22		
REVISED CAPITAL PROGRAMME 2021/22		2021/22	2021/22	2021/22	May-22	2021/22
		£'000	£'000	£'000	£'000	£'000
Portfolio		Original Budget	Updated Budget	New Variations Expend.	New Variations Rephasing	Provisional Outturn
Disabled Facilities Grants	HSG (GF)	1,200	1,200	-370		830
South East Regional Coastal Monitoring Prog (22-27)	ENV & COAST	2,300	2,118		-645	1,473
South East Regional Coastal Monitoring Prog (18-21)	ENV & COAST		399		-363	36
South East Regional Coastal Monitoring Prog (12-17)	ENV & COAST		291		-12	279
Barton Drainage Test (19-21)	ENV & COAST	125	200	-200		
Westover Phase 2 Scheme Development	ENV & COAST	275				
Emergency Works - Milford Sea Wall	ENV & COAST		15	-10		5
Public Convenience Modernisation Programme	PEOPLE & PL	300	30	8		38
Public Convenience Additional Enhancements	PEOPLE & PL	75				
Public Convenience Refurbishment Scheme - Lym Quay	PEOPLE & PL		198	39	-142	95
Health & Leisure Centres	PART & WELL		300		86	386
New Depot Site: Hardley	F,I & CS	2,000	100		-84	16
New Depot Site: West	F,I & CS	100	100		-100	
V&P; Replacement Programme	F,I & CS	3,462	3,145	35	-96	3,084
Commercial Property Acquisition	F,I & CS		3,270	-4		3,266
Residential Property Acquisition			204	129		333
Smarter Working; Future Delivery	F,I & CS	250	250	-80	-75	95
Economic Sustainability & Regeneration Projects - Crow Lane Ringwood (provisional sum)	F,I & CS	5,000	3,200		-672	2,528
Open Space Schemes	P, R & I	265	88	132		220
Transport Schemes	P, R & I					
Mitigation Schemes	P, R & I	595	70	-51		19
<b>TOTAL GENERAL FUND CAPITAL PROGRAMME</b>		<b>15,947</b>	<b>15,178</b>	<b>-372</b>	<b>-2,103</b>	<b>12,703</b>
HRA - Major Repairs	HRA	6,050	6,050	-1,030		5,020
Fire Risk Assessment Works	HRA			135		135
Estate Improvements	HRA	200	200	-151		49
Development Strategy	HRA	13,000	9,500	-2,710		6,790
Disabled Facilities Grants	HRA	1,000	900	-111		789
<b>TOTAL HRA CAPITAL PROGRAMME</b>		<b>20,250</b>	<b>16,650</b>	<b>-3,867</b>		<b>12,783</b>
<b>GRAND TOTAL CAPITAL PROGRAMME</b>		<b>36,197</b>	<b>31,828</b>	<b>-4,239</b>	<b>-2,103</b>	<b>25,486</b>

FINANCIAL MONITORING 2021/22				
REVISED HOUSING REVENUE ACCOUNT BUDGET 2021/22	Feb-21	Feb-22	May-22	
	2021/22	2021/22	2021/22	2021/22
	£'000	£'000	£'000	£'000
	Original Budget	Updated Budget	New Variations	Provisional Outturn
<b>INCOME</b>				
Dwelling Rents	-27,276	-27,016	27	-26,989
Non Dwelling Rents	-713	-673	2	-671
Charges for Services & Facilities	-730	-710	7	-703
Contributions towards Expenditure	-64	-64	-44	-108
Interest Receivable	-15	-15		-15
Sales Administration Recharge	-33	-33	-9	-42
Shared Amenities Contribution	-242	-242		-242
<b>TOTAL INCOME</b>	<b>-29,073</b>	<b>-28,753</b>	<b>-17</b>	<b>-28,770</b>
<b>EXPENDITURE</b>				
<b>Repairs &amp; Maintenance</b>				
Cyclical Maintenance	1,346	1,391	-56	1,335
Reactive Maintenance	3,418	3,718	344	4,062
<b>Supervision &amp; Management</b>				
General Management	5,546	5,592	-371	5,221
Special Services	1,290	1,290	-61	1,229
Homeless Assistance	76	76	-18	58
<b>Rents, Rates, Taxes and Other Charges</b>	77	117	53	170
<b>Provision for Bad Debt</b>	150	150	19	169
<b>Capital Financing Costs - Settlement Adjustment</b>	8,270	8,270		8,270
<b>Capital Financing Costs - Internal Borrowing</b>	130	130		130
<b>TOTAL EXPENDITURE</b>	<b>20,303</b>	<b>20,734</b>	<b>-90</b>	<b>20,644</b>
<b>HRA OPERATING SURPLUS(-)</b>	<b>-8,770</b>	<b>-8,019</b>	<b>-107</b>	<b>-8,126</b>
<b>Contribution to Capital - supporting Housing Strategy</b>	9,120	8,290		8,290
<b>HRA Total Annual Surplus(-) / Deficit</b>	<b>350</b>	<b>271</b>	<b>-107</b>	<b>164</b>
<b>Use of HRA Reserve for Major Projects</b>	<b>-350</b>	<b>-350</b>	282	-68
<b>Return to Earmarked Reserves (ICT Rephasing)</b>		79		79
<b>HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT</b>	<b>0</b>	<b>0</b>	<b>175</b>	<b>175</b>

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## COMMERCIAL PROPERTY OPPORTUNITY

### 1. RECOMMENDATIONS

- 1.1 That the Cabinet approves the purchase of the commercial property as detailed in the Exempt Appendix to this report, subject to final legal due diligence and verification which will be authorised by the Executive Head of Financial & Corporate Services (Section 151 Officer) in consultation with the Finance, Investment & Corporate Services Portfolio holder.

### 2. INTRODUCTION

- 2.1 In February 2017 the Council adopted an 'Asset Investment Strategy' which included the following delegations:

*That the following delegation of powers be approved to make purchases and investments in accordance with the provisions of the Strategy:*

*(i) That the Chief Executive, the Executive Head Governance and Regulation, and the S151 Officer, in consultation with the Portfolio Holder for Finance and Efficiency and the Chairman of the Corporate Overview and Scrutiny Panel, shall have authority to make asset purchases and investments up to £5 million;*

*(ii) The Cabinet shall have authority to make asset purchases and investments above £5 million.*

- 2.2 The proposed acquisition is pursuant to the continued implementation of the Council's property 'Asset Investment Strategy'.

### 3. BACKGROUND

- 3.1 The seller offered the investment for sale on the open market following a competitive marketing period. After the close of best offers the Council has been selected as their preferred buyer and consequently 'subject to contract' terms have been agreed and due diligence has commenced. The Council's offer was made subject to pending Cabinet approval.

### 4. TERMS AND DETAILS OF THE COMMERCIAL ACQUISITION

- 4.1 Due to the details of this proposed acquisition being commercially sensitive, prior to the legal completion, it is therefore not for public publication. Any increased awareness of the details and negotiated purchase price of the property could jeopardise successful completion of the transaction. The details are consequently shown in the **EXEMPT APPENDIX 1** attached to this report.

### 5. OPPORTUNITIES AND RISK

- 5.1 **Opportunities**

This purchase secures an opportunity to support and promote the economic activity and sustainable new local employment within the district. The introduction of the commercial occupier to the town will promote a higher footfall and add to the viability and vitality of the high street and town centre.

5.2 The proposal enables the Council to secure improved income from its capital reserves (see **EXEMPT APPENDIX 1 2. FINANCIAL IMPLICATIONS**)

5.3 **Risk**

There is always an element of risk in commercial property purchases. The Covid 19 Pandemic has of course added to the risk. However, taking a long-term view pursuant to the adopted strategy, this purchase offers potential for the Council to help promote employment opportunities jobs within the district and offers an income stream at an assessed tolerable level of risk.

The incoming tenant of the commercial property has a financial standing as very low risk and has an excellent covenant.

The Asset Investment Strategy recognises potential risks that accompany the rewards generated from commercial property purchases. The property easily passes the matrix test set out in the strategy which is designed to initially eliminate propositions that carry an unacceptable level of risk:

<b>TOTAL SCORE</b>	<b>164</b>
Max Score	176
Percentile Score	<b>93%</b>
<i>Note: Minimum Acceptable Score = 106 (60%)</i>	

**6. CONCLUSIONS**

This commercial property acquisition is located within the district and promotes the economic growth, viability and vitality on the high street, and sustainable employment in the area, as well as being an excellent financial asset investment for the Council both in the immediate term, but also taking a strategic and longer-term view.

**7. FINANCIAL IMPLICATIONS**

7.1 Following a period of competitive marketing and submission of best and final offers, the Council has had its offer to purchase the freehold of the property accepted, subject to contract, due diligence, verification, and Cabinet approval.

7.2 The Investment Strategy indicates an average target yield for investments of 6.18% and assumed eventual borrowing of 80% required to finance the £30M Portfolio. To date, 9 projects have been completed at a total cost of £14M, with no external borrowing required. The strategy recognised that investments being those with: strong tenants; a minimum 10-year unexpired lease; fully let and a good quality building, are likely to generate lower yields, whereas shorter term tenancies in older premises, for example, provide a higher yield.

7.3 The accepted purchase price is within the parameters of the Council’s adopted Capital Strategy, and initially will be financed directly from internal cash balances with minimum revenue provision applied in line with agreed policy. As laid out in the Capital Strategy, if full Capital Programme delivery takes place in 2022/23, then

external borrowing may be required to support the financing of the Capital Programme as a whole.

- 7.4 The additional income to be receivable from rent supports the delivery of the Council's Medium Term Financial Plan.

## **8. CRIME & DISORDER IMPLICATIONS**

- 8.1 None

## **9. ENVIRONMENTAL IMPLICATIONS**

- 9.1 Detailed in 4. EXEMPT APPENDIX 1

## **10. EQUALITY & DIVERSITY IMPLICATIONS**

- 10.1 None

## **11. INVESTMENT PANEL COMMENTS**

- 11.1 The Panel fully supports this purchase, which is in the district and will promote a more attractive and vibrant high street, support local employment opportunities and will benefit other local businesses and economic activity.

## **12. PORTFOLIO HOLDER COMMENTS**

- 12.1 From the outset of its commercial property strategy this council has been clear about its objective to support the economy within the district as well as providing an income to help finance the delivery of services to our residents.

- 12.2 I am delighted that the proposal set out within this report is on course to fulfil those objectives and will contribute to the vibrancy and viability of one of our major town centres.

### **For further information contact:**

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### **Background Papers:**

**Asset Investment Strategy** (February 2017)

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