

NOTICE OF MEETING

Meeting: CABINET

Date and Time: WEDNESDAY, 6 SEPTEMBER 2023, AT 10.00 AM

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

Enquiries to: democratic@nfdc.gov.uk
Tel: 023 8028 5982 - Joe Tyler

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) 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 Friday, 1 September 2023.

Kate Ryan
Chief Executive

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

This agenda can be viewed online (<https://democracy.newforest.gov.uk>).

It can also be made available on audio tape, in Braille and large print.

AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 5 July 2023 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 receive any public participation in accordance with the Council's public participation scheme.

4. STRATEGIC RISK REGISTER (Pages 3 - 12)

5. FEASIBILITY STUDY TO DELIVER LONG TERM VALUE FROM APPLETREE COURT, LYNDHURST (Pages 13 - 22)

6. VEHICLE AND PLANT REPLACEMENT PROGRAMME (Pages 23 - 28)

7. FINANCIAL MONITORING REPORT (BASED ON PERFORMANCE APRIL TO JUNE 2022 INCLUSIVE) (Pages 29 - 38)

8. MEETING DATES

To agree the following dates of meeting for 2024/2025 (Wednesdays at 10:00am):

1 May 2024 (already agreed)
5 June 2024
3 July 2024
7 August 2024
4 September 2024
2 October 2024
6 November 2024
4 December 2024
5 February 2025
19 February 2025
5 March 2025
2 April 2025
7 May 2025

To:

Councillors

Jill Cleary (Chairman)
Steve Davies (Vice-Chairman)
Geoffrey Blunden

Councillors

Jeremy Heron
Dan Poole
Derek Tipp

STRATEGIC RISK REGISTER

1. RECOMMENDATIONS

- 1.1 Cabinet are asked to recommend Council adopt the Strategic Risk Register.

2. INTRODUCTION AND PURPOSE

- 2.1 The Strategic Risk Register (Appendix 1), now included within this report contains the significant risks, as identified by senior and executive council officers in consultation with the Portfolio Holders, in the Council achieving the priorities set out in the 'Community Matters Corporate Plan 2020-24'.

3. BACKGROUND

- 3.1 Risk management aims to identify the risks that may impact on the Council achieving its objectives. Its purpose is to evaluate, design and implement effective measures to reduce both the likelihood and potential impact of these risks occurring.
- 3.2 The Council has a statutory responsibility to have in place arrangements for managing risks under the Accounts and Audit Regulations; which require a sound system of internal control, facilitates the effective exercise of the Council's functions and includes arrangements for the management of risk. As such it features strongly in the Council's Local Code of Practice for Corporate Governance and is one of the primary assurance strands in the Annual Governance Statement, which places significant reliance on a robust risk management framework.

4. STRATEGIC RISK REGISTER

- 4.1 The Strategic Risk Register (Appendix 1) captures the most significant cross cutting risks to the delivery of the current Corporate Plan and the proposed actions to mitigate these risks.
- 4.2 These risks have been identified with senior and executive council officers working alongside the Portfolio Holders to ensure a joined-up approach in capturing and documenting these risks.
- 4.3 The strategic risk register encompasses a total of eight risks of significance, including one further addition incorporated since the last update. The revised register, which can be found in the appendix 1, outlines a detailed narrative of the actions necessary to manage residual risk adequately. Importantly, while some actions are ongoing, others have specific endpoints.

5. AUDIT COMMITTEE COMMENTS

- 5.1 At its meeting on 31 July 2023, the Audit Committee reviewed and noted the Strategic Risk Register, as part of its six-monthly review process and commented on Strategic Risk 5 and 7.

- 5.2 Strategic Risk 5; 'Ensuring robust security measures to protect the Council's digital data and ICT assets from external threats', the Committee raised general queries relating to arrangements for overall network security and the data centre back up, answers to which were being given.
- 5.3 Strategic Risk 7; 'Delivering Council Services Through Adverse Environmental Conditions', and the action detailed as E 'Set up links to town and parish councils as they would be involved in implementing actions through adverse conditions.' it was explained that additional Emergency Planning staffing resource had recently been obtained, and officers undertook to provide details on progress when the next risk register update was given to the Committee.

6. FINANCIAL IMPLICATIONS

- 6.1 There are none arising directly from this report, although strong risk management and a solid understanding of risk helps to support robust financial management.

7. ENVIRONMENTAL MATTERS AND EQUALITY & DIVERSITY IMPLICATIONS

- 7.1 There are no direct environmental or equality and diversity implications arising from this report.

8. DATA PROTECTION IMPLICATIONS

- 8.1 There are no data protection implications arising from this report.

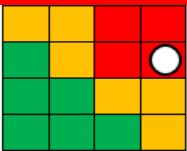
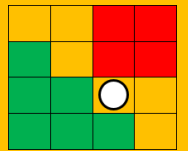
9. LEADER'S COMMENTS

- 9.1 As Leader, I value the work undertaken by Portfolio-holders and EMT to revise the strategic risk register and understand more fully how these significant risks may impact the Council and our communities going forward, and what risk management work is underway. Also the input of Audit Committee to this important governance process. Due to the nature of these risks they cannot often be reduced through addressing likelihood or impact to 'green', but I am reassured that the right actions are underway and look forward to the next iteration which will outline lead accountability for delivery.

For further information

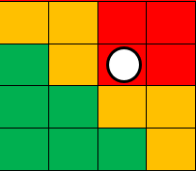
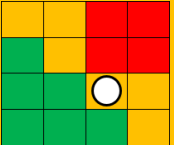
James Clarke
Insurance and Risk Officer
Tel: 023 8028 5002
Email: James.Clarke@nfdc.gov.uk

1. Supporting Communities

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 4 = High 12</p> 	<p>Communities are likely to be negatively impacted due to the current rate of inflation driven (in part) by a high utility price, and the knock-on implication this is having to the cost of food, whilst in the context of a sustained inflated fuel price. This will create additional pressures on local businesses and job security.</p> <p>Communities are impacted through a shortage of housing including affordable housing Supply being delivered within the District.</p> <p>The Council needs to do more to support communities with enhanced digital channels for transacting and communicating with the Council.</p> <p>There will also be some challenges around the delivery of the Freeport.</p>	<ul style="list-style-type: none"> A. Targeted funding streams and support for voluntary and community sectors B. Engagement in discussions of fundamental activities such as Solent Freeport and County Deals C. Close working partnerships with key stakeholders such as the Community Safety Partnership and the Skills Advisory Group D. Effectively review and apply the Council's Local Plan, including active monitoring of the implementation, while proactively working with developers to provide enabling infrastructure and continuously reviewing the Local Plan. E. Roll-out Digital Strategy prioritising customer needs. F. Corporate Plan 2020-2024 and the development of the next Corporate Plan in 2023 G. Collaborative working with key partners through the Cost of Living Steering Group to implement a Poverty Action Plan H. Establishment of a referral system to aid vulnerable residents I. Regular engagement with the voluntary sector J. Participation on the board and its sub-committees of Solent Freeport Consortium Limited, ensuring collaborative working and shared goal achievement to advance the economic, social and environmental well-being of the District K. The Council's Housing Revenue Account is actively seeking opportunities to bring forward additional affordable homes within the District, under Council ownership. 	<p>Likelihood 2 x Impact 3 = Medium 6</p> 	<ul style="list-style-type: none"> A. Allocate resource to support Corporate Plan priorities B. Continue to work in partnership for example with the Solent Freeport and with other public sector partners to explore new and existing opportunities to deliver to residents and businesses C. Understanding the results from the resident survey and taking stock of these learning points to ensure they feed into the Corporate Plan 2025-2028 D. Continued support to the Cost of Living Steering Group is provided, bringing a multi-agency approach to tackling issues affecting the most vulnerable in the community, working alongside the Local Partnership Campaign Manager to explore and promote further support to household. E. Continuing to explore all housing enabling avenues across planning and housing.

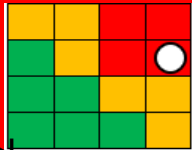
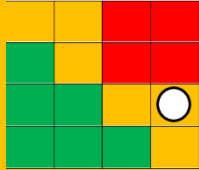
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2. Achieving future financial resilience

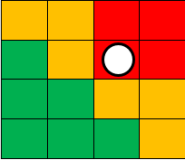
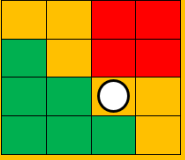
Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 3 = High 9</p> 	<p>The Council's Medium Term Financial Plan is affected by numerous external economic factors, such as the high bank base rate and the current rate of inflation (cost of living). These factors place significant pressure on expenditure and impact the ability to generate income, noting the longer-term implications of recovering from economic challenges.</p> <p>Other factors, more specific to the Council include pay award, levelling up, the fair funding review, the impact of a business rate reset and increased salary costs resulting from a need to align pay with the wider market.</p> <p>The Council may also need to do more to support communities due to the potential for closure of local businesses and job losses as a result of the cost of living crisis.</p> <p>Given financial constrains affecting the Local Government sector as a whole, Local Authority Partners, may look to the District Council to support their own respective financial sustainability over the Medium term.</p>	<ul style="list-style-type: none"> A. Regular review of the Council's MTFP including reserve levels and future changes to funding B. Annual budget setting for revenue and capital including funding C. Utilisation of external financial support that provides support for funding modelling D. Regular budget monitoring reports and updates to senior officers and Members E. Currently in the process of creating a Transformation Strategy that contains ample measures to support the successful implementation of the plan. This strategy encompasses numerous actions that will aid effective delivery of the transformation plan F. Development of savings plans and invest to save initiatives G. Treasury Management Strategy to ensure the Council is acting within the prudential indicators H. Maintain appropriate level of financial reserves as contingency arrangements to provide resilience over the medium term I. Development of capital plans in accordance with Capital Strategy with full financial appraisal and revenue implications J. Working with County Council, Towns and Parishes to maximise opportunities for joint working 	<p>Likelihood 2 x Impact 3 = Medium 6</p> 	<ul style="list-style-type: none"> A. Continue to keep abreast of developments in: <ul style="list-style-type: none"> - pay award - Fair Funding - National Business Rate Policy - Levelling Up - County Deals B. Maintain momentum and presence within the delivery of the Solent Freeport C. Development of the Transformation Programme to deliver enhanced services and financial efficiencies to support the delivery of the Medium Term Financial Plan D. Keep up discussions with upper and lower tier authority partners to ensure effective and efficient service delivery to residents

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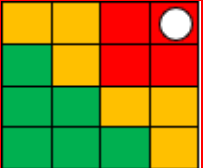
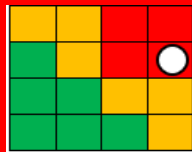
3. Ensuring efficient and effective internal control, governance and compliance

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 4 = High 12</p> 	<p>As a local authority we need to show appropriate compliance and controls:</p> <ul style="list-style-type: none"> - Financial Regulations - Financial Management Code - Payment Card Industry Data Security Standard Accreditation - Production and publication of various statutory documents - Effectiveness of the Capital Change and Delivery Board - Effectiveness of the new Project Management Framework - Timeliness of External Audit completion <p>We continue to follow best practise in terms of documenting our Annual Code of Corporate Governance review, and preparation of an Annual Governance Statement, both with actions plans.</p>	<ul style="list-style-type: none"> A. Annual internal audit plan developed by senior officers and members is targeted at key risks areas and responsive to new areas of risk B. External/internal audit regime C. Annual Assurance Statements compiled testing compliance with key business activities, supporting Annual Governance Statement compilation D. Range of performance indicators that monitor internal controls E. Maintenance of a range of policies that underpin the control framework – Financial Regulations, Counter Fraud Strategy, Risk Management Framework, Contract Procedure Rules coupled with staff training F. Regular reporting at Audit Committee G. Compliance with Transparency Code H. Compliance with Local Code of Corporate Governance I. Key compliance roles identified and assigned i.e., Section 151 Officer, Monitoring Officer, Data Protection Officer, H&S, Facilities Lead etc J. Compliance with information governance including the UK General Data Protection Regulation and Data Protection Act 2018 K. Review and update of Business Continuity Plans L. Housing and Facilities Compliance reported regularly through EMT M. Information Governance Team in place with regular reporting through EMT. N. Financial Regulations and workflows built into core financial system 	<p>Likelihood 2 x Impact 4 = Medium 8</p> 	<ul style="list-style-type: none"> A. Continue through information governance work programme, including updated document retention and destruction schedules for all services. B. Management to undertake actions from the internal audit reports C. Ongoing engagement with external audit. D. Continue to assess the effectiveness of the new Project Management framework for projects to ensure appropriate Governance arrangements are in place for all projects. E. Financial Management Code – complete outstanding actions identified through the initial assessment. F. Enhance member and officer development by offering continuous training, development and engagement opportunities. G. Continue to ensure high levels of statutory compliance standards across services.


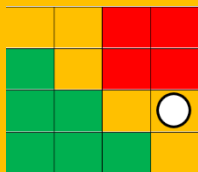
4. Creating the right culture, capacity and capability

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 3 = High 9</p> 	<p>The Council needs to attract, recruit and retain the high calibre of employee that it requires to fulfil its expectations in Service delivery.</p> <p>The Leadership review has concluded and the Council now has a settled top tier leadership structure. There is however a risk around the time required to achieve organisational/cultural change.</p> <p>The pandemic demonstrated the Council's ability to adapt to changing circumstances swiftly and ensure prioritised operations continued. Accordingly, it is crucial that we continue this momentum and uphold the positive experiences and benefits that have emerged from recent changes. Moreover, steps must be taken to address and improve upon any negative experiences and challenges encountered in service delivery, thereby ensuring a more efficient and satisfactory experience for all involved.</p> <p>There are still some actions to complete as a result of the staff survey completed during 2022.</p>	<ul style="list-style-type: none"> A. Employee Forum to encourage collaboration and engender a culture that enables change and innovation B. Learning and development programme to be developed and rolled out to provide training, tools and techniques to develop the necessary skills C. Regular 1-1's and annual PDI process D. Investigation and identification of further collaborations that will support building capacity and capability (and resilience) including both public and corporate business E. Staff Suggestion scheme F. Transformation framework in progress G. Communications plan (internal) allowing for regular staff engagement/progress updates H. Staff/union engagement I. Project management/capability J. Performance management and key performance indicators in place K. Staff/officer wellbeing and support L. Development of Workforce Strategy and enabling an agile workforce M. Corporate plan 2020-2024 N. Hybrid working increasing potential pool of staff O. More support and training on virtual working/managing staff P. Further ICT training to ensure maximum return on investment 	<p>Likelihood 2 x Impact 3 = Medium 6</p> 	<ul style="list-style-type: none"> A. Embedding of new Council Leadership structure (including necessary backfill) B. Progress learnings from employee survey C. HR developing plans to work with third parties to deliver a consistent and structured approach to training and development D. Keep abreast of developments in pay award negotiations and be ready to respond accordingly. E. Transformation plan being formulated to include design principles for a new operating model, approach, implementation, and necessary resources. A key aspect of the design principles will be our people strategy and organisational development opportunities. A Transformation Strategy will be presented to the new administration in 2023. F. Continue to identify further opportunities that should be progressed in connection with improving service delivery G. Allocate resource to support Corporate Plan ambitions H. Continue to work in partnership with other public sector partners to explore new and existing opportunities to deliver to residents and businesses

5. Ensuring robust security measures to protect the Council's digital data and ICT assets from external threats

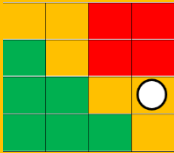
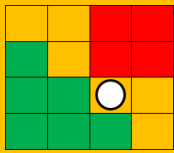
Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 4 x Impact 4 = High 16</p> 	<p>This risk relates to the Council's ability to defend itself against the constantly evolving threat from cyber based attack. The Council, in common with other public bodies, should be regarded as a high-profile target given the impact and publicity a successful attack can have.</p> <p>The current insurance market for public sector cyber risks is volatile.</p>	<ul style="list-style-type: none"> A. Up to date Disaster Recovery plan is in place B. Awareness training of officers and staff on the threats of cyber attacks C. Continued reviewing and tightening of existing IT Security Policy to ensure measures adapt to the changing threat, including awareness, familiarisation and training. D. Acceptable use of IT policy to ensure staff are using equipment safely and appropriately. E. Relationships with other agencies to ensure best practice is established 	<p>Likelihood 3 x Impact 4 = High 12</p> 	<ul style="list-style-type: none"> A. Continued development of O365 services to improve email and anti-virus protections B. Carry out annual penetration test C. Ongoing refresher training on cyber risks for all staff D. To look at service provisions externally that can assist with cyber risks.

6. Ability to be agile and shift focus in response to policy and national political change

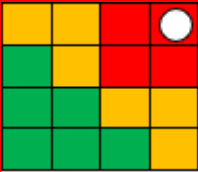
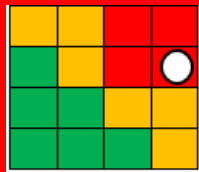
Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 4 = High 12</p> 	<p>The significance of the current cost of living crisis and inflation, coupled with the need to repay the COVID bill may impact on government priorities and planning.</p> <p>Changes in national politics and the required general election (by Jan 2025), as well as a new NFDC administration with an altered political balance all have the potential to have an impact.</p> <p>Other legislation that will affect the council include:</p> <ul style="list-style-type: none"> - Levelling up white paper - The environment bill - Future planning reform - Changes the regulatory landscape to housing <p>There is a possibility of experiencing a shift in the political landscape leading up to the general election.</p>	<p>A. Continuous monitoring of political landscape to allow for early indicators of policy change</p> <p>B. Prudent financial and strategy assumptions to allow for agile responses</p> <p>C. Corporate Plan 2020-2023 reviewed and updated where appropriate as changes identified that could impact on the Council and its plans i.e., Covid-19</p> <p>D. Section 151 Officer role providing advice to the Council on current/ future financial challenges</p> <p>E. Reports to committee include explicit assessment of implications and therefore should identify/reflect current and future challenges</p> <p>F. The Executive should conduct horizon scanning to proactively anticipate and identify potential challenges and opportunities in order to influence outcomes through consultation.</p> <p>G. Membership of Local Government Association etc providing information/insights to the Council</p> <p>H. Members' roles and responsibilities including involvement in local networks, County Council, other agencies and national forums, enabling insight to be gained and shared with the Council</p> <p>I. Staff membership of professional bodies enabling own development and also providing for insights through membership of challenges that may present themselves to the Council</p> <p>J. Officer/member forums and networks</p> <p>K. Review of Coastal Strategy and Actions. Climate Change Action Plan</p>	<p>Likelihood 2 x Impact 4 = Medium 8</p> 	<p>A. Making sure the workforce is aware that training is available.</p> <p>B. Ensuring professional training availability as this impacts departments e.g., Planning and Legal</p> <p>C. Encouraging staff to undertake professional development and service-related training.</p> <p>D. Prepare and implement the national changes arising out of the new Social Housing Charter, which represents the biggest change in social housing for 40 years. Work has been ongoing for the last 2 years to prepare and implement the necessary changes including reporting to EMT, Housing & Homelessness Overview & Scrutiny Panel and Cabinet.</p>

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7. Delivering Council Services through adverse environmental conditions

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 2 x Impact 4 = Medium 8</p> 	<p>The following may affect the delivery of Council Services from a national and local perspective:</p> <ul style="list-style-type: none"> - Natural disasters / local power outages - Workforce Strike Action - Global Pandemic - Terrorism - Riot/Rebellion - Flooding - Major pollutions of surface waters and groundwaters - Adverse Weather - Fire - Nuclear Powered Vessels related to pollution - Coastal Erosion - Industrial Strikes <p>The Council has appointed a dedicated resource to lead on Emergency Planning and Business Continuity.</p>	<ul style="list-style-type: none"> A. Business Continuity framework and individual service continuity plans B. Threat response plans which will include ICT Infrastructure response, alternative accommodation provisions and reallocation of staff. C. Emergency Planning Strategy and defined roles assigned D. Communication with NFDC residents on all platforms e.g., social media 	<p>Likelihood 2 x Impact 3 = Medium 6</p> 	<ul style="list-style-type: none"> A. Annual programme of Emergency Planning training to be established. Robust training continues to be arranged and carried out for officers involved in emergency planning. Work continues in ensuring business continuity plans are in place, including for interruptions due to energy outages. B. Review and challenge of functional Service Continuity Plan and conclude Business Continuity Planning. C. Regular reporting to EMT on progress against Emergency Planning and Business Continuity action plan. D. continuity to increase capacity for service to manage this risk. E. Set up links to Town and Parish councils as they would be involved in implementing actions through adverse conditions.

8. Responding to the Climate and Nature Emergency

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 4 x Impact 4 = High 16</p> 	<p>NFDC declared a Climate Change and Nature Emergency in 2021 in response to global temperature rise and the associated impacts on natural and built environments. Declaring an emergency demonstrates NFDC’s commitment to the legally binding target set by Central Government for the UK to reach net zero carbon by 2050, however progress in achieving the agreed targets is significantly off track at national and global levels.</p> <p>As a result of climate change, the New Forest area is expected to experience:</p> <ul style="list-style-type: none"> Hot drier summers and warmer winters More frequent and extreme heatwaves, droughts flooding and coastal erosion <p>Failing to reduce emissions, improve environmental quality and adequately adapt to climate change will have impacts for NFDC residents, tenants, businesses, visitors, and the economy.</p> <p>Responding at a pace and scale comparable to the declared emergency will ensure that the environmental, social, financial and reputational risks to NFDC are minimised, and any opportunities arising from the changing climate are maximised.</p> <p>National and local actions are key to achieving environmental goals, which include grid decarbonisation, policy planning, and enabling a green economy. However, funding these initiatives is challenging and could affect residents' costs of living.</p>	<ul style="list-style-type: none"> A. Deliver organisational and area-wide actions to reduce emissions, adapt to climate change and safeguard the natural environment, as outlined in the Climate Change and Nature Emergency Action Plan B. Deliver, monitor and report on four key programmes of work: carbon reduction, climate adaptation, nature recovery and programme management C. Governance and oversight from Climate and Nature Steering Group and Environment Overview and Scrutiny Panel D. Climate Change and Nature Emergency Annual Report to inspire behaviour change, demonstrate corporate leadership and ensure transparency, accountability, and governance - detailing action to date, progress against targets and future actions E. Service risk assessments and business continuity plans to be developed F. Consideration of climate change and sustainability issues in the early stages of all activities, including projects, plans, strategies, and procurements G. Prioritisation of climate change and sustainability in the Corporate Plan, Local Plan and other key strategies H. Ensuring adequate resources for climate and sustainability efforts including third party financial support 	<p>Likelihood 3 x Impact 4 = High 12</p> 	<ul style="list-style-type: none"> A. Successful delivery of projects within the organisational and area-wide Climate Change and Nature Emergency Action Plan B. Climate and Sustainability to be identified as key priorities in the new Corporate Plan, Local Plan and other key strategies e.g., Greener Housing Strategy C. Development of policy framework to ensure business as usual activities of NFDC services contribute positively to climate and sustainability objectives D. Creation of a 5-year strategy and action plan with aligned resources and targets E. Inclusion of climate change risks in service level risk assessments and business continuity plans F. Training for officers and members, particularly O&S panel members, on climate change, nature and sustainability issues G. Aligning level of resourcing to meet emerging corporate priorities

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FEASIBILITY STUDY TO DELIVER LONG TERM VALUE FROM APPLETREE COURT LYNDHURST

1. RECOMMENDATIONS

- 1.1 That the Cabinet approves a budget of up to £100,000 to undertake feasibility studies for a possible modernisation of Appletree Court as described in this report to inform the wider development of the Council's accommodation requirements as part of its Transformation agenda.

2. INTRODUCTION

- 2.1 Appletree Court Lyndhurst has been the Council's principal administrative and political centre for many years. The property provides a pleasant working environment for staff which is important for staff recruitment and retention. Appletree Court is centrally located within the New Forest administrative area and centrally located between the Southampton and Bournemouth areas. The property is owned outright by the Council and so the costs of the building are confined to the usual rates, utilities and repair and maintenance.
- 2.2 Appletree Court is a large building, comprising three floors and a basement area for many of the Council's back office and administrative functions, including over 10,500 sq ft of accommodation within South Wing alone (with 159 desk spaces). In addition, the Building houses the Council Chamber and facilities for members, a reception area with meeting spaces for engagement with the public, meeting rooms, kitchen/kitchenette areas, the CCTV operations room and associated car parking. The Building stands in large and attractive grounds on the edge of the village of Lyndhurst.
- 2.3 In recent years (pre-pandemic) the Council made some improvements to parts of the building. The design to the 3 floors of the South Wing created a more open plan layout to support the Council's wish to introduce a new working model "Smarter Working," with hybrid portable devices and flexible desks and shared spaces, moving away from individual offices, desks, and exclusive department areas.
- 2.4 The pandemic acted as a further catalyst for change and introduced the move towards Hybrid working. Since 2021, and the move to Hybrid working, Appletree Court is underutilised and not efficiently used.
- 2.5 There has been a search for alternative premises in the District over several years, but no suitable alternative property or location has been identified. A development appraisal received from leading property consultants in January 2023 showed the sale or redevelopment of Appletree Court for alternative use was unlikely to yield a capital sum sufficient to fund a relocation to alternative premises or the construction of new headquarters premises elsewhere in the District.
- 2.6 Without a strong business case to support a relocation, a modernisation of the rest of the building will secure Appletree Court as the Council's principal administrative centre for the medium to long term and will ensure the office is fit for Smarter Working and through the potential for third party lettable space and ensures value for money is achieved for the Council from the site.
- 2.7 Creating lettable space for third party tenants will generate an income to the Council and offset some building costs such as rates, utilities, and repairs through a service

charge. Through its letting of space at Lymington Town Hall for example the Council has built up experience in managing such multi occupier buildings, including both public sector and private tenants.

- 2.8 The next step is to secure detailed reports on the feasibility of refurbishment, what can be achieved and at what estimated cost, what savings in building and administrative running costs might be achieved and estimates as to rental income.

3. THE CASE FOR CHANGE

- 3.1 The Council has operated a hybrid model of staff working since 2021, as part of the Covid-19 response measures for maintaining business continuity. Prior to the reduction in overall office working which applied during the period of the pandemic restrictions, Appletree Court was fully occupied. Since the introduction of hybrid working, our own utilisation studies have confirmed that Appletree Court has been underoccupied. The most recent study (March 2023 which is some two years since the introduction of hybrid working) showed approximately 41% of the office being utilised by staff at the weekly peak, and this study did not include parts of Appletree Court which had in the past been used for office staff, being the former “legal corridor” on the ground floor North Wing leading from reception and the second floor of North Wing (the former “leisure corridor”). The real-term utilisation percentage is therefore much less than the 41% as reported. See Appendix 1 for the high-level floor plans.
- 3.2 In considering how to achieve best value from Appletree Court, an option for third party usage should be considered. The present layout of the Building and an initial third party assessment suggests that the South Wing would be the most straightforward to repurpose for external lettings to either public sector or private organisations. The South Wing has already been refurbished and would be considered good quality in the local office market. A marketing report (September 2022) commissioned by the Council from external property agents indicated there is a market for such office space, preferably offered in 3 lots equating to the 3 floors of South Wing (not including the basement “CCTV” space). An updated market appraisal is necessary to support the proposal to create lettable space in South Wing and it is important that this is supported with proactive conversations with public sector organisations and other partners early on in the process.
- 3.3 The Facilities team have undertaken some outline studies for the ground floor North Wing and the second-floor North Wing as well as other parts of the Building. A commissioned feasibility study should include the appointment of consultants skilled in the structural repurposing of offices to advise in detail as to optimum layout in accordance with client requirements, for example to create more open plan spaces such as in South Wing, car parking and so on. Such consultants would also provide a detailed pre-tender estimate of costs.
- 3.4 Benefits of repurposing and modernising the North and East Wings to accommodate NFDC staff would be to support collaboration and networking, enhanced ICT within suitable meeting spaces, team working and improving informal spaces whilst still creating a pleasant working environment and showing a long-term commitment to Appletree Court. Concerns might include car parking and a possible feeling of a reduced working environment compared to South Wing and perhaps reduced meeting and breakout space. The use of professional office layout and spatial planners will look to mitigate such concerns.

- 3.5 Recent condition surveys have revealed works required to the North Wing externals and East Wing roof covering (included within the 2023/24 Asset Maintenance and Replacement programme) and upgrading work to the Buildings M&E and ICT cabling infrastructure may also be required, especially if the Building is to be repurposed and the South Wing made available for re-letting. An updated condition survey and related infrastructure surveys will be required to confirm the works required to refurbish the Building and create lettable space at South Wing.
- 3.6 The public facing parts of the Building, in particular the location of the main public reception, the Council Chamber and Members rooms are well positioned, the Chamber has been recently upgraded and there is no strong case to relocate these to other parts of the Building.

4. DETAILS OF THE PROPOSAL

- 4.1 At this stage, no decision is being made to modernise the Building or to introduce third party tenants. However, there is a sufficient case for change to propose that further detailed surveys and feasibility studies be commissioned to support the case for change.
- 4.2 Feasibility Studies required would include office layout, spatial planning, rental market study, structural and condition survey, costs estimates and M&E and ICT surveys. It would be prudent to incorporate sustainability surveys at this stage in parallel with other sustainability work being undertaken with Facilities and Climate Change colleagues.
- 4.3 Any future decision will be framed in the context of the emerging transformation programme and people strategy to support the delivery of workspaces that enable modern working practices and meet the needs of our diverse teams and customers whilst better utilising the space we have.
- 4.4 It is reasonable to expect the feasibility stage of the project will take around six months from funding approval. The outcome report will therefore be timetabled for Spring 2024.

5. STAFF IMPLICATIONS

- 5.1 The intention is to maintain the Building as the principal administrative centre for the Council in the medium to long term and the refurbishment of the building will deliver the means to achieve that objective.
- 5.2 There will be a change to present staff working arrangements within the Building. Staff engagement will be important to capture ideas and thoughts in terms of what should be targeted in new work space to be created in the North and East wings. Any concerns staff may have can also be aired with engagement continuing throughout the process.
- 5.3 The intention is to deliver a transformational change to a modern, flexible, digitally enabled and collaborative working environment in the medium to long term. The change will encourage and support staff to dynamically seek out working areas that best suit their needs, instead of habitually using the same zones. This shift will be made more attractive through the sympathetic upgrade of the look and feel in the North and East Wings.

6. FINANCIAL IMPLICATIONS

- 6.1 A budget of £100,000 is proposed to meet the costs of the various feasibility studies described above.
- 6.2 The proposed feasibility studies will include detailed work to provide pre-tender estimates of costs. As a very rough guide, the Facilities team have indicated the refurbishment may cost in the region of £1.5M - 2M. Annual rental and rates/building costs savings could be in the region of £400,000 giving a pay-back period of 4 - 5 years, depending on the choices made.

7. KEY RISKS

- 7.1 At this stage there are limited risks since no decision has been made to undertake the refurbishment and repurposing of the Building. Any intrusive surveys would be fully supervised and supported by the Facilities team.
- 7.2 The Council has reviewed external advice that the South Wing provides good quality office accommodation that is relatively straightforward to separate from the remainder of the building and that there would be a market to let such space. Markets can change and the risk is that such lettings would be more difficult than anticipated or not yield the anticipated rents. Such risks can be mitigated by having different "offers" to the market, for example by offering the three floors as separate office suites which could expand the market to include smaller businesses or organisations.

8. CRIME & DISORDER IMPLICATIONS

- 8.1 At this stage there are none envisaged.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 Any eventual refurbishment works will present an excellent opportunity to improve the environmental performance of Appletree Court. This will be considered in fuller detail subject to the outcome of the feasibility studies.

10. EQUALITY & DIVERSITY IMPLICATIONS

- 10.1 The feasibility work to be commissioned shall take full account of and make proper and reasonable provision for equal access to and from the building and its use by members, staff, visitors, and members of the public.

11. DATA PROTECTION IMPLICATIONS

- 11.1 At this stage there are none envisaged.

12. COMMENTS OF THE PORTFOLIO HOLDER

- 12.1 Following on from the pandemic we have seen a revised and more sustainable way in which we work, taking full advantage of the advances in technology which enable a more efficient and cost-effective delivery of services. However, the changes were, in themselves, quite radical we have then, prudently, allowed time for these adjustments to be evaluated and to determine if then new work pattern was just a short-term trend or a long-term fundamental change in the way that we deliver our services.
- 12.2 Accepting that these changes do accurately reflect the organisations modern working practice, there is a corresponding shift in the way in which we use our accommodation, both in type and the physical space require and as such it is important we undertaken this review not only to see if there is an opportunity for cost savings but also to ensure that the space provide is right for the way that we are now operating.

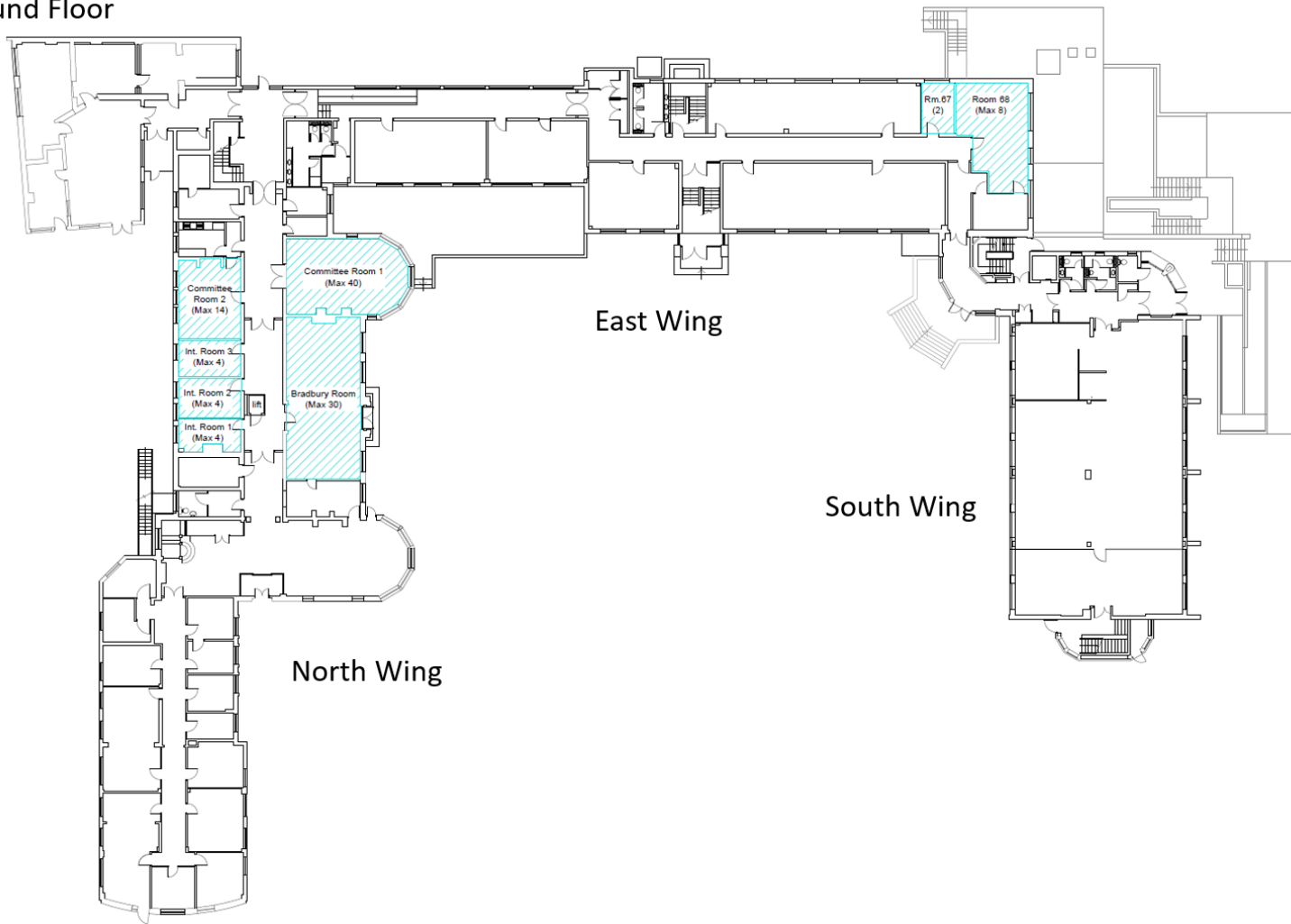
For further information contact:

Samantha Wills
Civic Buildings and Facilities Manager
023 8028 5871
Samantha.wills@nfdc.gov.uk

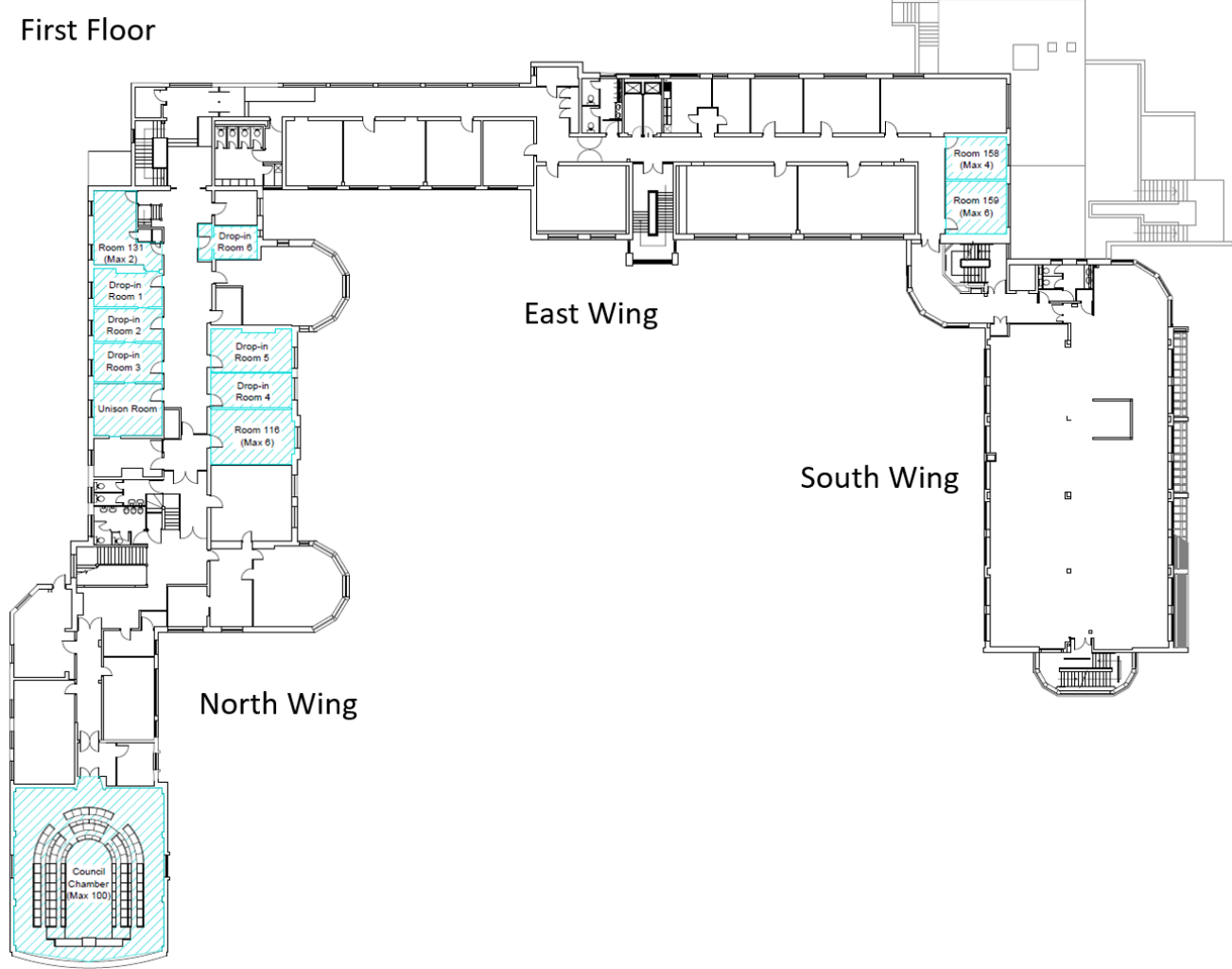
Andrew Smith
Estates and Valuation Service Manager
023 8028 5123
Andrew.smith@nfdc.gov.uk

Background Papers:

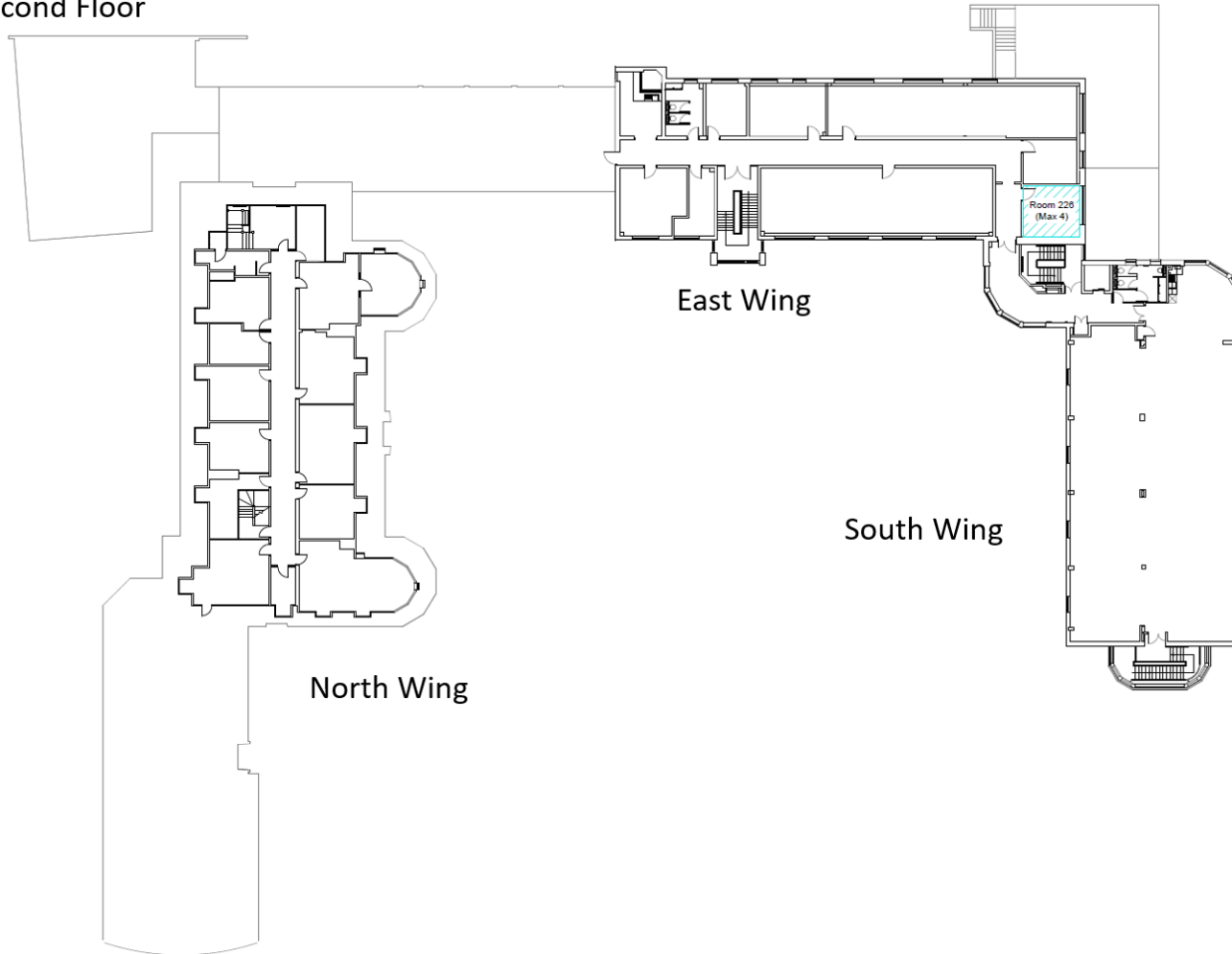
Ground Floor



First Floor



Second Floor

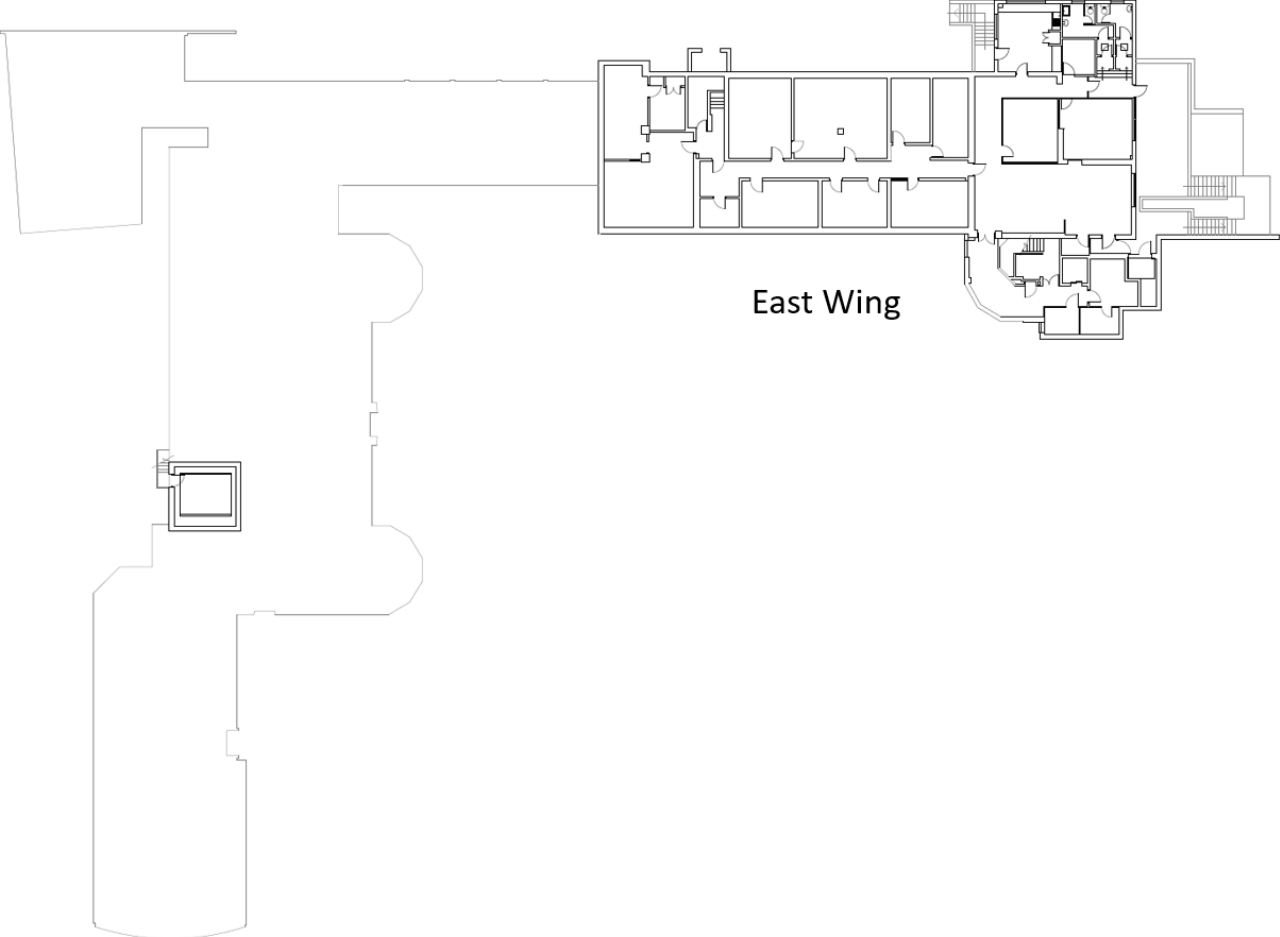


East Wing

South Wing

North Wing

Basement



East Wing

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VEHICLE AND PLANT REPLACEMENT PROGRAMME

1. RECOMMENDATIONS

1.1 Cabinet recommend that Council approve:

- A supplementary budget of £126,000 for the revised budgets for Vehicles and Plant Replacement Programme for 2023-24
- A revised budget of £2.102 million for the Vehicle and Plant Replacement Programme for 2024-25.

1.2 Cabinet note the intention to develop a new fleet strategy, which will set the future approach to the replacement of our assets, capturing the opportunities to reduce emissions in line with the declared Climate and Nature Emergency.

2. INTRODUCTION

2.1 The Council's vehicles and plant (V&P), required for frontline services, are replaced according to an annual programme which is set as part of the Council's annual budget process.

2.2 The replacement programme for 2023/24 has been reviewed in light of increasing costs, procurement requirements and extended vehicle lead times. Some items originally due replacement in 2023/24 will necessarily need to be rephased to 2024/25.

2.3 Latest market testing has shown continued significant increases in prices, which will affect the size of the budget required in 2023/24. Council approval is needed so that the procurement and ordering of these assets can be progressed.

2.4 As part of its commitment to addressing the Climate and Nature Emergency, the Council is also developing a new fleet strategy.

3. BACKGROUND

3.1 The Council has a fleet of 265 vehicles and plant items, which deliver operational services, primarily:

- Waste and Recycling
- Housing Maintenance
- Streetscene & Grounds Maintenance
- Parking Enforcement and Engineering Works.

3.2 These assets are procured and maintained by the Council's in-house Transport department. All assets are placed on the overarching replacement programme, with assets being replaced at the end of their economic life (which considers individual maintenance records as opposed to being purely time driven).

3.3 The budget for replacement vehicles and plant in 2023/24 was agreed as part of the Medium-Term Financial Plan and Annual Budget report to Cabinet in February 2023.

The original budget for 2023/24 was set at £3.212 million, including £150,000 of fleet upgrades needed for the waste strategy implementation.

4. CHALLENGES IN DELIVERY OF THE V&P REPLACEMENT PROGRAMME

Timelines

- 4.1 The original 2023/24 programme was large and complex with over 80 individual assets due for replacement. Many of these assets include ancillary equipment including racking and tracking, which must be accounted for in individual specifications and agreed with the end-user departments.
- 4.2 The vehicle manufacturing sector has suffered from lengthening lead times for the supply of assets from point of order, as a result of covid-19 and Brexit and more recently the war in Ukraine. The council assesses lead times as part of the procurement process, but current lead times are significant - for example:

Item	Approx. lead time 2019	Approx. lead time 2023
Panel van (transit size)	16 weeks	48 weeks
Refuse collection vehicle (HGV)	26 weeks	54 weeks

- 4.3 These lead times mean that it is becoming increasingly difficult to both order and receive new assets within the same financial year. In February 2023, the replacement programme for 2 years was approved, giving an improved chance of completing the 24-25 programme on schedule.
- 4.4 For now, some assets due for replacement in 2023/24 need to be re-phased into 2024/25.

Pricing

- 4.5 Material costs have been increasing, along with energy. This has caused prices to rise on a regular basis, making budgetary forecasting difficult. The current rate of inflation and the global pressures are leading to a significant increase in cost for some items. It is clear that, although prices have risen, demand is still at the same level. For the items in the revised 23-24 replacement programme that have not yet been ordered, there is on average an expected 20% increase in cost. The implications of this are shown in section 6.

5. FLEET STRATEGY

- 5.1 Reduction in emissions from the NFDC fleet will play a part in the Council's Climate Emergency Action Plan. Currently the majority of the fleet and heavy plant are diesel engines, with 4 small electric vans and an increasing proportion of battery powered tools. HGV's account for 56% of the emissions, despite representing only 9% of the vehicles, plant and tools that are required to operate frontline services.
- 5.2 The four small electric vans are used by the Public Conveniences and Enforcement teams. The 4 electric vehicles have been reliable and cost less to maintain than the diesel equivalent, with an average annual saving on Service, Repairs and Maintenance (SMR), fuel and tax of £1,600 per vehicle.

- 5.3 The vehicle charging infrastructure at the Council’s Marsh Lane Depot in Lymington is currently at capacity. The likelihood is that significant investment will be required to allow a greater proportion of the fleet to be considered for electric vehicle replacement. There is currently no electric vehicle charging infrastructure at the depot in Ringwood. The new depot at Hardley, due for completion in 2024, has been designed with underlying infrastructure in place to allow for installation of charging points in future.
- 5.4 Consideration of the following is needed:
- Options for emissions reduction in the wider fleet, considering electric, hydrogen and lower emission hydrocarbons such as Hydrogenated Vegetable Oils
 - Relative costs of alternatively-fuelled vehicles and plant and their diesel equivalents
 - Cost of investment in depot infrastructure
 - Options for non-depot-based fleet, such as Housing Maintenance vehicles
- 5.5 A fleet strategy will be developed which will account for the issues above. This strategy will be completed for February 2024.

6. FINANCIAL IMPLICATIONS

Capital

- 6.1 The table below shows the status of the 2023/24 replacement programme, along with the status of the 2024/25 forecast, relating to the rephased vehicles from 2023/24:

	2023/24	2024/25
	Budget	Budget
Original Replacement Programme	3,062,000	1,309,000
Original Waste Strategy	150,000	
Original Budget Set February 2023	3,212,000	1,309,000
Rephasing due from 2022/23	106,000	
Rephasing to be moved into 2024/25	(556,000)	556,000
Latest Budget	2,762,000	1,865,000
Savings identified within the programme	(48,000)	
Inflation Adjustment Required (replacement programme)	174,000	237,000
Inflation Adjustment Required (waste strategy – see note 6.3)	43,000	
Total Forecast Cost	2,931,000	2,102,000

- 6.2 Cabinet are being asked to recommend Council approve a Supplementary Budget of £126k, with a total budget of £2,931k. The revised 2024-25 budget is £2.102 million (a net increase of £237k). It should also be noted that this budget is based on most recent market information available, but the price of individual items will not be known until the procurement process is complete.
- 6.3 In July, the Portfolio Holder for Finance and Corporate Services approved a supplementary budget, as per the Council’s Financial Regulations, for 5 bin lifts which are to be added to existing vehicle assets as part of the transition to wheeled bins for garden waste collections. The cost of each of these additional assets

increased from £26k to £34.5k, leaving a requirement for a £42,500 supplementary budget. Subsequently, the opportunity arose to consider an alternative electric bin lift. Such lifts will save on fuel and would be self-funding over a 5-year period. The additional purchase cost of these lifts (£42.5k in total) will be met through existing budget allocated to sustainability projects.

Revenue

- 6.4 Due to the increase in prices as shown above, there is a knock-on implication to the revenue budgets (split between General Fund and Housing Revenue Account) as the costs of the Vehicles are depreciated over the period of their useful economic life. The full impact of the additional £169,000 capital outlay required is approximately £30,000 in a full year.
- 6.5 The next Financial Monitoring Report will pick up any revenue implications to 2023/24 as a result of the rephasing's into 2024/25. The Medium-Term Financial Plan will pick up on the impact of the increased costs in the 2024/25 programme.

7. CRIME & DISORDER IMPLICATIONS

- 7.1 There are none.

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 The council declared a Climate and Nature Emergency in 2022. Reductions in council vehicle emissions are a key element of this work. One of the criteria assessed when scoring vehicle/plant tenders from suppliers is the level of CO2 emissions in grammes per km. This leads to lower emissions being scored higher. Suppliers are also asked to describe how the vehicle/body can be made more environmentally friendly.
- 8.2 The future fleet strategy will set out the long-term approach to emissions reductions.

9. EQUALITY & DIVERSITY IMPLICATIONS

- 9.1 There are none.

10. DATA PROTECTION IMPLICATIONS

- 10.1 There are none.

11. PORTFOLIO HOLDER COMMENTS – ENVIRONMENT AND SUSTAINABILITY

- 11.1 The Council's fleet of vehicles and plant is essential to allow us to provide key services to the public across the district, including waste collection, street cleaning and housing maintenance. The revisions to the replacement programme within this report will ensure we can continue to develop our fleet, and I am particularly keen to see how the future fleet strategy will help the Council to reduce its vehicle emissions as part of the Climate and Nature Emergency.

12. PORTFOLIO HOLDER COMMENTS – FINANCE AND CORPORATE

- 12.1 As outlined in the report, the vehicle manufacturing industry as a whole continues to present challenges in terms of lead times and rising costs. Therefore it is necessary to readjust the replacement programmes for this year and next year, and I support the request for supplementary budget in light of the market issues. Through efficient use of our vehicle resources, timely maintenance and effective procurement we will continue to ensure that costs are minimised as far as possible, whilst ensuring our assets are fit for purpose for these essential frontline services.

For further information contact:

Simon Cooper
Transport & Depot Manager
023 8028 5395
Simon.cooper@nfdc.gov.uk

Background Papers:

None

Chris Noble
Assistant Director
Place & Operations Waste and Transport
023 8028 5389
Chris.noble@nfdc.gov.uk

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FINANCIAL MONITORING REPORT (based on Performance April to June 2023 inclusive)

1. RECOMMENDATIONS

- 1.1 It is recommended that Cabinet;
- 1.1.1 approves the revised formulation of the 2023/24 original budget in accordance with the new Portfolio structure (as laid out in section 2.2)
 - 1.1.2 notes the latest budget forecasts of the General Fund (section 5), Capital (section 6), and HRA (section 7).
 - 1.1.3 notes the impact that the anticipated pay award is forecast to have on the Council's budgets, and the need to identify mitigating actions to address these additional costs.

2. INTRODUCTION

- 2.1 Following the approval of the Original Budget for 2023/24 in February 2023, this report provides an update on the General Fund, Capital and Housing Revenue Account budgets, adjusting for any budget changes now required.
- 2.2 Following the District Council elections held in May and the formation of a new Cabinet, the Portfolios were amended. The original and revised Portfolio structure budget allocations are set out below:

PREVIOUS PORTFOLIOS - FEBRUARY 2023 GENERAL FUND BUDGET 2023/24	2023/24	2023/24	2023/24
	£'000's	£'000's	£'000's
	Gross	Income	Budget
PORTFOLIO REQUIREMENTS	Expenditure		
Business , Tourism and High Streets	395	-2	393
Environment and Coastal Services	11,216	-6,975	4,241
Finance, Investment and Corporate Services	36,675	-33,272	3,403
Housing and Homelessness Services	7,913	-4,777	3,136
Leader	1,315	-142	1,173
Partnering and Wellbeing	5,248	-1,784	3,464
People and Places	4,890	-807	4,083
Planning, Regeneration and Infrastructure	4,840	-1,882	2,958
	72,492	-49,641	22,851

NEW PORTFOLIOS - MAY 2023 GENERAL FUND BUDGET 2023/24	2023/24	2023/24	2023/24
	£'000's	£'000's	£'000's
	Gross	Income	Budget
	Expenditure		
PORTFOLIO REQUIREMENTS			
Community, Safety and Wellbeing	5,232	-1,637	3,595
Environment and Sustainability	16,008	-7,924	8,083
Finance and Corporate	36,722	-33,272	3,450
Housing and Homelessness	7,913	-4,777	3,136
Leader	1,315	-142	1,173
Planning and Economy	5,303	-1,888	3,414
	72,492	-49,641	22,851

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. PAY AWARD IMPLICATIONS

- 4.1 The 2023/24 pay award has yet to be settled. Currently, ballots on potential industrial action are being carried out by two of the three unions represented at the Council, with the third indicating a ballot timetable of September and therefore agreement may still be several months away. The current employers offer would result in additional budget requirement in the region of £600,000 in the General Fund and £200,000 in the Housing Revenue Account but until a settlement is reached no additional budget will be allocated.
- 4.2 The final additional costs of pay award to 2023/24 will need mitigating. The Medium Term Financial Plan will also be updated to include the additional costs, and will need to address the ongoing increased base salary costs and balance these costs out in a financially sustainable way over the medium to long term.

5. GENERAL FUND REVISED PROJECTION

- 5.1 A General Fund budget of **£22.468 million** for 2023/24 was agreed by Council in February 2023 (£22.851 million at Portfolio analysis level, with other budget elements reducing this to this lower General Fund budget figure).
- 5.2 Rephasing of projects totalling £646,000 (General Fund impact of £536,000, HRA £110,000) has occurred from 2022/23, relating to:
- ICT Work Programme £267,000,
 - ICT Staffing £97,000,
 - ICT Local Digital Cyber Security Fund £75,000,
 - UK Shared Prosperity Fund £86,000,
 - Community Grants £43,000,
 - Refuse & Recycling Vehicle refurbishments £40,000,
 - Appletree Court Roof scheme £19,000,
 - Planning Biodiversity Grant £10,000; and
 - Air Pollution Grant £9,000.
- 5.3 **Community Safety (-£35,000)** – The Council has received £35,000 Government Grant funding for projects relating to addressing Domestic Abuse. The funding will be transferred to an earmarked reserve for future use.
- 5.4 **Refuse & Recycling (-£100,000)** – Estimated additional recycling glass income of £100,000 is anticipated, mainly due to an increase in price per tonne.
- 5.5 The overall impact of all variations results in an updated General Fund Budget of **£22.368 million**; a reduction of £100,000 from the original estimate. The revised General Fund Budget for 2023/24 can be seen at Appendix 1, with further details on the variations being reported included within Appendix 2.
- 5.6 Initially the positive variations will be transferred to reserves but will later contribute to expected savings required to fund the eventual pay award. Work will continue over the Summer on mitigations to offset these expected additional costs, with a view to keeping the forecast outturn for the 2023/24 financial year in line with the original budget expectation. Progress will be reported back to the Cabinet within the next Financial Monitoring Report.

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

6.1 A Capital Programme budget of **£42.641 million** for 2023/24 was agreed by Council in February 2023.

6.2 The latest forecast confirms variations totalling £169,000 and net rephasings into 2023/24 of £107,000. The main variations are summarised below:

Variations £169,000

- Coast Protection – budgets reviewed – Hurst Spit Beach Shingle Source Study (£10,000) and Milford Beach and Cliff Study (-£10,000).
- Public Conveniences – budgets have been reviewed and allocations made from the balance of the base budget (-£198,000) to Technical Advisor (£100,000), Barton on Sea scheme (£83,000) and Beaulieu scheme (£15,000).
- A separate report on this agenda requests additional funding allocation of £169,000 for the vehicle replacement programme.

Rephasings £107,000

- Coast Protection Regional Monitoring Programme (to 22/23 -£88,000)
- Milford Promenade Handrail (£6,000)
- Barton Horizontal Directional Drilling Trails (£50,000)
- Hurst Spit Beach Shingle Source Study (£13,000)
- Public Convenience scheme – Barton on Sea (£175,000)
- Other Public Convenience schemes (to 22/23 -£20,000)
- Health and Leisure Centres (£305,000)
- Vehicle and Plant Replacement Programme (to 2024/25 -£450,000)
- Housing Fire Risk Assessment Works (£116,000)

6.3 The changes, as above, result in an updated Capital Programme Budget of **£42.917 million** (Appendix 3).

7. HOUSING REVENUE ACCOUNT

7.1 After allowing for contributions of £150,000 from earmarked reserves for the continuing Stock Condition Survey work, a break-even HRA budget for 2023/24 was agreed in February 2023, with a Revenue Account contribution of £9.700 million supporting the financing of the £27.610 million HRA Capital Programme.

7.2 Section 5 of this report identifies anticipated additional budget pressures of £110,000 from allocations of corporate projects rephased from 2022/23.

7.3 Early indications are that a reduction in electricity and gas prices from 1 July will result in a reduced budget requirement, but this has not yet been quantified and so will be picked up in a future Financial Monitoring Report.

7.4 The additional budget requirement identified in this report will initially be met from reserves, but work will continue to look to mitigate these increases from savings in other budgets.

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

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

9. PORTFOLIO HOLDER COMMENTS

- 9.1 The report outlines the changes within the Councils budget over the first quarter of the financial year and delivers a welcome positive net change of £100,00 for the year. Against that it outlines the financial risk associated with the potential increase in wage costs.

- 9.2 Whilst in the short and medium term the Council remains in a relatively good financial position it is worth noting that income remains fixed with a Central Government cap on any increase in the precept against a background of a Consumer Price Index (CPI) rise for twelve months to July 2023 of 6.8%.

For Further Information Please Contact:

Alan Bethune
Strategic Director Corporate Resources & Transformation
Section 151 Officer
Telephone: (023) 8028 5001
E-mail: alan.bethune@nfdc.gov.uk

Background Papers:

Cabinet 15 February 2023

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FINANCIAL MONITORING 2023/24

REVISED GENERAL FUND BUDGET 2023/24

	Feb-23	September-23			2023/24 £'000's Updated Budget
	2023/24 £'000's Original Budget	2023/24 £'000's New Variations Expend.	2023/24 £'000's New Variations Income	2023/24 £'000's New Variations Rephasings	
PORTFOLIO REQUIREMENTS					
Community, Safety and Wellbeing	3,595	0	-35	52	3,612
Environment and Sustainability	8,083	0	-100	40	8,023
Finance and Corporate	3,450	0	0	0	3,450
Housing and Homelessness	3,136	0	0	0	3,136
Leader	1,173	0	0	86	1,259
Planning and Economy	3,414	0	0	10	3,424
Multi Portfolio adjustments - To be allocated	0	0	0	348	348
	22,851	0	-135	536	23,252
Reversal of Depreciation	-1,823				-1,823
Contribution (from) / to Earmarked Revenue Reserves	-283	0	35	-536	-784
NET PORTFOLIO REQUIREMENTS	20,745	0	-100	0	20,645
Minimum Revenue Provision	1,876				1,876
Contribution to Capital Programme Financing (RCCO)	700				700
Interest Earnings (Net)	-837				-837
New Homes Bonus	-16				-16
GENERAL FUND NET BUDGET REQUIREMENTS	22,468	0	-100	0	22,368
COUNCIL TAX CALCULATION					
Budget Requirement	22,468	0	-100	0	22,368
Less: Settlement Funding Assessment					
Lower Tier Service Grant	0				0
Services Grant	-155				-155
Guarantee Grant (MHCLG)	-699				-699
Business Rates Baseline	-4,147				-4,147
	-5,001	0	0	0	-5,001
Locally Retained Business Rates	-3,575				-3,575
Estimated Collection Fund (Surplus)/Deficit Business Rates	390				390
Estimated Collection Fund (Surplus)/Deficit Council Tax	-262				-262
Use of (-) Variation Reserves	0		100		100
COUNCIL TAX	14,020	0	0	0	14,020
TAX BASE NUMBER OF PROPERTIES	72,271.70				72,271.70
COUNCIL TAX PER BAND D PROPERTY	193.99				193.99
GENERAL FUND BALANCE 31 MARCH	3,000				3,000

FINANCIAL MONITORING 2023/24
VARIATION ANALYSIS GENERAL FUND 2023/24

PORTFOLIO ADJUSTMENTS

Community, Safety and Wellbeing

Community Safety - DCLG grants rephased from 22/23 & new grant recvd 23/24
Grants - Rephase x 4 grants not completed in 22/23 - rephased from 22/23
Air Pollution - DERFA Grant - rephased from 22/23

Environment and Sustainability

Refuse Collection & Recycling - Vehicle refurbishments rephased from 22/23
Recycling - additional Glass Income projection

Leader

Previously Reported
UK Shared Prosperity Fund - rephased from 22/23

Planning and Economy

Policy - grant rephased from 22/23

Portfolio adjustments - Non Direct

ICT Work Programme Rephasing from 22/23
ICT Staffing Rephasing from 22/23
ICT Local Digital Cyber Security Fund (DLUHC) rephasing from 22/23
Non-Direct adjustments allocated to HRA
Appletree Court Roof AMR scheme rephasing from 22/23

TOTAL PORTFOLIO ADJUSTMENTS

NON-PORTFOLIO ADJUSTMENTS

Interest Earnings
Contribution to/from(-) Earmarked Reserves

TOTAL NON-PORTFOLIO ADJUSTMENTS

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

September-23			
2023/24 £'000's New Variations Expend.	2023/24 £'000's New Variations Income	2023/24 £'000's New Variations Rephasings	2023/24 £'000's Updated Budget
	-35	43	
		9	
0	-35	52	17
		40	
	-100		
0	-100	40	-60
		86	
0	0	86	86
		10	
0	0	10	10
		267	
		97	
		75	
		-110	
		19	
0	0	348	348
0	-135	536	401
0	35	-536	
0	35	-536	-501
0	-100	0	-100

FINANCIAL MONITORING 2023/24

REVISED CAPITAL PROGRAMME 2023/24

	Portfolio	Feb-23	September-23		
		2023/24 £'000's Original Budget	2023/24 £'000's New Variations Expend.	2023/24 £'000's New Variations Rephasing	2023/24 £'000's Updated Budget
UK Shared Prosperity Fund	LEADER/ALL	42			42
Rural England Prosperity Fund	LEADER/ALL	240			240
Disabled Facilities Grants	HSG (GF)	1,300			1,300
Sustainability Fund - Unallocated	ENV & SUSTAIN	250			250
South East Regional Coastal Monitoring Prog (18-27)	ENV & SUSTAIN	2,631		-88	2,543
Milford Promenade Handrail	ENV & SUSTAIN			6	6
Barton Horizontal Directional Drilling Trails	ENV & SUSTAIN	10		50	60
Hurst Spit Beach Shingle Source Study	ENV & SUSTAIN	100	10	13	123
Milford Beach and Cliff Study	ENV & SUSTAIN	10	-10		
Waste Strategy Container Roll Out	ENV & SUSTAIN	592			592
Public Convenience Modernisation Programme	ENV & SUSTAIN	300	-198	-15	87
Public Convenience Refurb. Scheme - Barton-on-Sea	ENV & SUSTAIN		83	175	258
Public Convenience Refurb. Scheme - Beaulieu	ENV & SUSTAIN		15		15
Public Convenience Changing Places	ENV & SUSTAIN	219		-5	214
Public Convenience Modernisation Programme - Tech. advisor	ENV & SUSTAIN		100		100
Health & Leisure Centres	COMM S&W			305	305
New Depot Site: Hardley	FIN & CORP	4,875			4,875
V&P; Replacement Programme	FIN & CORP	3,062	126	-450	2,738
V&P; Replacement Programme - Waste Strategy	FIN & CORP	150	43		193
Smarter Working; Future Delivery	FIN & CORP				
Platinum Jubilee Business Park, Ringwood	FIN & CORP	250			250
Mitigation Schemes	PLAN & ECON	1,000			1,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		15,031	169	-9	15,191
HRA - Major Repairs	HRA	7,760			7,760
Major Structural Refurbishments	HRA	1,000			1,000
Fire Risk Assessment Works	HRA	2,000		116	2,116
Estate Improvements	HRA	200			200
Robertshaw House	HRA	500			500
Development Strategy	HRA	15,200			15,200
Disabled Facilities Grants	HRA	950			950
TOTAL HRA CAPITAL PROGRAMME		27,610		116	27,726
GRAND TOTAL CAPITAL PROGRAMME		42,641	169	107	42,917

FINANCIAL MONITORING 2023/24			
REVISED HOUSING REVENUE ACCOUNT BUDGET			
2023/24	Feb-23	September-23	
	2023/24 £'000's Original Budget	2023/24 £'000's New Variations	2023/24 £'000's Updated Budget
INCOME			
Dwelling Rents	-30,227		-30,227
Non Dwelling Rents	-720		-720
Charges for Services & Facilities	-849		-849
Contributions towards Expenditure	-60		-60
Interest Receivable	-378		-378
Sales Administration Recharge	-33		-33
Shared Amenities Contribution	-286		-286
TOTAL INCOME	-32,553	0	-32,553
EXPENDITURE			
Repairs & Maintenance			
Cyclical Maintenance	1,640		1,640
Reactive Maintenance	4,456		4,456
Supervision & Management			
General Management	7,132	110	7,242
Special Services	1,846		1,846
Homeless Assistance	144		144
Rents, Rates, Taxes and Other Charges	89		89
Provision for Bad Debt	150		150
Capital Financing Costs - Interest/Debt Management	4,522		4,522
Capital Financing Costs - Internal Borrowing	0		0
TOTAL EXPENDITURE	19,979	110	20,089
HRA OPERATING SURPLUS(-)	-12,574	110	-12,464
Contribution to Capital - supporting Housing Strategy	9,700		9,700
Capital Financing Costs - Principal	3,024		3,024
HRA Total Annual Surplus(-) / Deficit	150	110	260
Use of HRA Reserve for Major Projects	-150		-150
Return to Earmarked Reserves (ICT Rephasing)			
HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT	0	110	110