

## **FINANCIAL STRATEGY TASK AND FINISH GROUP – FINAL REPORT**

### **1. RECOMMENDATIONS**

- 1.1 That the Overview and Scrutiny Panel note the contents of the report and endorse the follow up actions for carrying through to the relevant Overview and Scrutiny Panels.

### **2. PURPOSE**

- 2.1 The Financial Strategy Task & Finish Group has reviewed the Council's financial strategy and has sought to understand how the plans and assumptions made by the Portfolio Holders marry up with the overarching financial planning of the Council. This report presents the findings of the Group

### **3. INTRODUCTION AND CONTEXT**

#### **3.1 Terms of Reference**

The terms of reference for the Financial Strategy Task and Finish Group were:

*'To gather an understanding of how the Council's overall financial strategy brings together various financial workstreams. This includes income maximisation and prioritisation of resources to ensure the delivery of the Council's priorities, and to challenge how the plans and assumptions made by the Portfolio Holders fit with the overall strategy.'*

#### **3.2 Membership of Group**

Cllr Alan Alvey  
Cllr Sue Bennison  
Cllr Rebecca Clark  
Cllr Keith Craze (Chairman)  
Cllr Philip Dowd  
Cllr Emma Lane  
Cllr Alexis E McEvoy  
Cllr A O'Sullivan

#### **3.3 The Work of the Group**

Members of the task and finish group were provided with detailed budgets, programmes and corporate plan items for each portfolio.

### **4. FINDINGS OF THE TASK & FINISH GROUP**

- 4.1 Having received an overview of the Council's budget, including the latest forecast Medium term Financial Position and recently adopted Corporate Plan priorities, generic and tailored questions were asked of each Portfolio Holder. The generic questions were designed to probe the Portfolio Holders on;

- plans relating to the alignment of NFDC financial resources to their Corporate Plan priorities,
- the scale and focus of any reviews intended to contribute to the Council's medium term financial deficit
- the Portfolio Holders' aspirations when it comes to partnership working, to gauge
- the opportunities and threats to increased sustainability in service delivery, to understand
- plans for income maximisation and new generation
- key learning from the past 18 months and how this can shape service delivery going forward.

4.2 A number of tailored questions were put to the individual Portfolio Holders reflecting the nature of their Portfolios and the particular nuances and specific priorities.

4.3 A selection of issues discussed from each portfolio is highlighted below, including proposed follow up actions.

#### 4.4 Leader

A review had been completed recently to increase the resources within Communications. There was minimal scope to reduce costs within the remaining services contained within the Portfolio budget, although efforts had been made to streamline elections and electoral role processes using technology.

The Leader commented that the Climate and Nature Emergency gave the Council an excellent opportunity to partner and collaborate with other authorities, especially the County Council, who had already undertaken significant work in this area. The Leader was keen to ensure the culture within the organisation aligned to the need to be greener and more sustainable, with climate change at the heart of our everyday working.

The Leader spoke at length about the measures put in place by the Council to remain attractive as an employer of choice and felt confident that the Council's pro-active delivery of a new hybrid working policy would put it in a good position to continue to attract and retain high calibre employees. The Leader recognised that not every employee was able to benefit from the new policy, but no employee was worse off as a result.

The ongoing boundary review gave an opportunity to ensure fair councillor representation across the District, accepting that an increased workload was likely, but that wasn't wholly inconsistent to the workload of officers in recent years.

**4.4.1 Action to follow up: A follow up report be presented to the Corporate Affairs and Local Economy Overview and Scrutiny Panel 12 months after the recruitment of the additional Communications resource, to provide feedback on the additional activities as a result of the increased investment in this area.**

**4.4.2 Action to follow up: The Group requested that the impending report due to February Cabinet on the Nature and Climate Change next steps, clearly lay out intentions for the ongoing monitoring of actions.**

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

The Portfolio Holder commented that service reviews would be undertaken as and when opportunities arose, and this was supported by 2 recent reviews which had been undertaken, saving the Council £66,000 per annum. The new ICT manager would have renewed focus on the revenue implications of spend identified as necessary through the emerging ICT strategy.

Resource levels were felt to be appropriate, although KPI's could be better developed in terms of understanding the impact that investment on ICT has had to officers and residents.

It was very clear the Portfolio Holder was very willing to work in partnership, and had recently engaged in discussions to consider shared working. The existing partnerships covering Internal Audit, Treasury Management and various SLA's with the National Park Authority were given as good examples where partnerships had delivered advantages for the Council and third parties.

Measures were noted within procurement guidelines to promote the use of the local supply chain where possible. As an example of a project having increased sustainability in its forefront, the Crow Lane industrial Park project is seeking to provide a development which meets the requirements of BREEAM Very Good. BREEAM is an abbreviation of 'Building Research Establishment Environmental Assessment Method' and is a sustainability assessment method that is used to masterplan projects and buildings. A 'Very Good' rating represents a sustainability performance in the top 25% of UK new non-domestic buildings.

The generation of new and sustained income was something that the Portfolio Holder was particularly keen on and this was demonstrated within the Medium Term Financial Plan.

The shift to Hybrid ways of working would also undoubtedly have a positive impact on the Council's objective to reduce its Carbon footprint, and members were already attending informal meetings remotely using the new technology installed in meeting rooms, thus saving the Council money and reducing carbon emissions.

Members were keen to see further improvements to the ICT provision available in the committee rooms and to see increased hybrid meeting technology rolled out, pending a review of the newly installed equipment.

Regarding reserves, the Portfolio Holder confirmed that the Council remained financially stable with very good levels of cash and reserves held. These balances were being put to good effect in financing various Capital projects, which was important for an authority with available cash in the context of a low base rate environment. One such capital project that had been budgeted for was the Hardley Depot scheme which had been paused whilst a wider strategic depot review was being undertaken to align facilities and infrastructure provision with the emerging waste strategy.

**4.5.1 Action to follow up: the next iteration of ICT strategy to include improvements to ICT provision within the Council's meeting rooms.**

**4.5.2 Action to follow up: devise new KPI's to allow for a suitable review of ICT investment Vs improvement.**

**4.5.3 Action to follow up: That a report be submitted to the Overview and Scrutiny Panel covering how plans are evolving in respect of the Hardley Depot.**

**4.6 Housing and Homelessness Services**

To deliver on the priority of improving housing circumstances of those most in need, a review was expected within the Estate Management Team, which was likely to require additional resource in this area. Along this similar theme, to ensure housing standards were also high within the rented sector, a new Landlord Forum was about to be launched.

New software was currently being procured so that all our applications across Housing 'talk' to one another to move away from separate software for different functions.

The Portfolio Holder commented on the excellent progress made by the Greener Housing Task and Finish Group, looking at all aspects of greener housing, fuel poverty and what we can do, as a Housing Authority, to reduce our carbon emissions and encourage others to do so. The cost of going green was clearly a significant threat to progress when taken in the context of over 5,000 dwellings being owned by the Council. Any initiatives to make significant progress would require strong financial support from the Government and prove to represent good Value for Money.

The Portfolio Holder confirmed that great strides had been made in creating additional temporary accommodation. An additional 23 units had been created especially for homeless clients. The pandemic had had a significant impact on our ability to reduce reliance on external emergency temporary accommodation, but this objective was still in the medium-term strategy.

The Council received a good level of financial support in tackling homelessness, and had employed specific outreach workers as a result. The resources would need to be aligned with grant income so it was important to maximise its use and find a longer term solution.

Over the last couple of years, the County Council had begun re reducing housing related support, specifically on homeless support. HCC continued to provide Adult Social Care, Mental Health and drug and alcohol support, which complemented District Council provision.

The Portfolio Holder commented on performance to date as against the target to acquire an additional 600 Council dwellings by 2026 and the members of the group were aware of the regular reporting on this through the Housing and Homelessness Overview and Scrutiny Panel.

**4.6.1 Action to follow up: To provide an annual report through the Housing and Homelessness Overview and Scrutiny Panel on the use of external emergency temporary accommodation to enable appropriate monitoring against the strategy to reduce use.**

**4.6.2 Action to follow up: To ensure the resource implications of the impending estates management review were included within the budget proposals for 2022/23.**

## 4.7 Environment and Coastal Services

The Portfolio Holder commented on the recent decision taken by the Cabinet to invest in a new operations system and confirmed the expectation that this new system would yield cashable efficiency savings as a result. The ongoing revenue costs and savings associated with the new system would be built into the Council's Medium Term Financial Plan.

A new investment strategy for the Coast was in the early stages of development which would examine income generation to be used in the financing for coastal maintenance projects. Options would include private sector funding, income generation ideas and the potential use of CIL income.

Given the widespread HGV driver shortage and the potential financial and operational risks and implications for the Council, particularly with waste collection, it is suggested contingency plans to ensure the continuation of all service delivery be submitted to the Overview and Scrutiny Panel.

There were additional upfront resources required during the planning stage of the new Waste Strategy, and an amount had been set aside within the MTFP for this purpose. The Portfolio Holder stressed the importance of ensuring costs within service delivery were kept under tight control and was keen to explore any opportunity to reduce cost, or increase income to help compensate for inevitable cost increases. Partnership working with the County Council and neighbouring authorities was also going to play an important role in this.

Work will commence to see whether the Council could further benefit from formally joining a wider Coastal Partnership.

Funding was once again mentioned as a threat to increased sustainability, although several options were being considered to protect communities from rising sea levels and climate change.

Additional Electronic Vehicle Charging Points were due to be installed in more NFDC owned car parks and improved infrastructure was being considered to further encourage walking, cycling and recycling.

The Portfolio Holder commented that a modern car parking service resulting in a more cost-efficient service, had a role to play in dealing with cost pressures across the Council.

**4.7.1 Action to follow up: Coastal Investment Strategy to be prepared and shared with the Environment Overview and Scrutiny Panel during 2022/23.**

**4.7.2 Action to follow up: A report on the 'more modern car parking service' be brought to Overview and Scrutiny Panel / Cabinet to tie in with the timeline of any proposed changes.**

**4.7.3 Action to follow up: Works be progressed on whether the Council would benefit from formally joining a Coastal Partnership, and to feedback to Overview and Scrutiny during 2022.**

**4.7.4 Action to follow up: That a report be brought to the Overview and Scrutiny Panel setting out contingency plans to address the labour**

**shortage, including recruitment and retention aspects, and an indication of costs to protect the delivery of all front line operational services.**

#### **4.8 Planning, Regeneration and Infrastructure**

The Portfolio holder confirmed that a project was underway to replace the legacy ICT system with a more modern equivalent, and that this was expected to yield cashable efficiency savings as a result. Increased recovery of staffing costs dealing directly with mitigation projects should also be recoverable through CIL contributions.

It was likely that additional resource would be required when larger port plans and strategic planning sites and schemes were forthcoming. The Portfolio Holder and group noted the need to resource according to the project duration and incomes received from various planning fees. To progress on the priority of delivering Town Centre Regeneration, additional resource was likely to be required in this area.

National changes to the Land Charges system would have a financial impact to this Council, likely resulting in the loss of a net income to the Council, though this was not expected to take place for 4 years.

In terms of the delivery of the Local Plan Part 2, the Portfolio Holder commented on the appropriate use of external consultants to undertake elements of this work to ensure deadlines were met, and those with the right level of expertise were called on to complete the task.

Delivering sustainable development was a core purpose of both Planning and Building Control and was both complex and highly technical. The main threat identified within the Council was around staff skills and understanding, and the cost to the developer of delivering sustainable development.

In terms of new income generation, the Portfolio holder was going to explore the potential for charging for on-line personal searches, and whether an option exists to build capacity to provide professional advice to Town and Parish Councils. Historic Developer contribution projects were identified and underway, but no formal reporting process to track progress had yet been established. This was the same for Mitigation projects. An annual Infrastructure Funding Statement would encompass CIL reporting and the Portfolio Holder commented that presentations would be given on projects to the Overview and Scrutiny Panels.

It was pleasing to hear that the Building Control service was performing well, with customers seemingly returning to the Council to ensure a good level of service was received.

It was clear from the Portfolio holder that a great deal of work was required in terms of bringing forward the plan to achieve the Corporate Plan Priority of setting a vision for Town Centre Regeneration.

**4.8.1 Action to follow up: Formalise and see through a mid-year and end of year reporting schedule to the relevant Overview and Scrutiny Panels to track progress against the Section 106 and CIL funded projects against sums available.**

**4.8.2 Action to follow up: Prepare a paper during 2022 outlining plans for Town Centre Regeneration, including an overview of the proposed**

**process, including consultation where appropriate and resource implications.**

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

After a long period of holding a vacancy within the team, a successful recent recruitment exercise had been carried out so the team was now going to be at full strength. This will improve the team's ability to continue to engage with local businesses across a range of sectors across the whole of the District.

The Portfolio Holder commented that a recent High Street conference had been well attended, and that there was a clear expectation of continued, or even additional support be given by the Council.

The service worked collaboratively with the New Forest Business Partnership and Go New Forest and had also recently been successful in a joint bid with the IoW Council to the European Regional Development Fund for delivering a business support programme.

The Portfolio Holder believed there is scope to make the Council's website an income generator through sponsorship and he will be looking to take this up with the Cabinet.

When questioned on the use of KPI's to measure output, the Portfolio Holder confirmed that this was difficult considering the nature of the service, and if too much feedback was sought from business owners, they would likely detract from the service, rather than continue to engage.

The Portfolio Holder commented that the Council can and will provide guidance for local communities seeking to improve Broadband connection. This will require staff time but no other cost. All new developments are required to have Broadband connection prior to first occupation. The Council has worked with 5G providers to support installation of infrastructure

**4.9.1 Action to follow up: Portfolio Holder to feedback to the Corporate Affairs and Local Economy Overview and Scrutiny Panel on his discussions with the Cabinet on the concept of corporate sponsorship on the NFDC website.**

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

The Portfolio Holder commented on the recent service delivery review which had resulted in significant savings and new investment being brought to the Council and its Leisure Centres, as well as safeguarding the provision of the centres for at least the next 10 years. The new contract monitoring officer was a key role in monitoring the delivery of the contract objectives and having this resource to also spend time on the Dibden Golf Centre contract was also a big positive step for that partnership.

A review had been completed recently to increase capacity in the Environmental Health team to ensure the Corporate Plan priorities in this area were met. When asked on the size and cost of the Environmental Health service, the Portfolio Holder confirmed the services delivers a wide range of functions, essential in protecting the health, safety and wellbeing of residents and visitors to the New Forest. Opportunities for grant funding and income generation were regularly reviewed.

The Council's partner, Freedom Leisure, were investing in achieving the ISO140001 Environmental Standard within the first 18 months of the contract with NFDC. This would result in a reduction in the Carbon emissions as a result of more efficient use of energy at the Leisure Centres. An Air Quality Supplementary Planning Guidance document had been developed, and a Clean Air Strategy is being developed.

Services had had to adopt over the last 18 months and provide services in a different way to customers. The importance of an agile and suitably resourced Environmental Health team had been apparent as this team was required to prioritise resource according to greatest risk, support businesses in operating during unprecedented difficult circumstances and advise and reassure the public concerning health risks.

The Portfolio Holder advised that the Dibden Contract was due a refresh, now being 10 years into the contractual arrangements with the operator. This was likely to reflect changes in the market since the contract was entered into and provide some much needed clarity on what is expected of the Council as ultimate Landlord when it came to maintenance requirements at the Golf Centre.

The Portfolio Holder confirmed a new arrangement was required to provide much needed infrastructure improvements to the CCTV function. A new charging structure had also been devised to enable recharges to insurances companies who requested images from our systems. The Council will continue to support and provide images to the Police free of charge.

It was too early to quantify a financial impact that a new Health & Wellbeing Strategy may have, but the Task and Finish group was due to meet for the first time shortly.

**4.10.1 Action to follow up: To prepare a report on the activity of the Environmental Health Team and bring said report through to Overview and Scrutiny on an annual basis.**

**4.10.2 Action to follow up: Report on progress through to Overview and Scrutiny on the development of the Health & Wellbeing Strategy.**

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

The Portfolio Holder confirmed a recent review had been undertaken on the Senior Management structure across Street Scene and Grounds and that this had resulted in a £45,000 saving being included in the Council's MTFP. Several other reviews were underway, including litter and customer services.

The level of resources in operational delivery were confirmed as appropriate, but there was work to be done to ensure the staff working from the outlying sites continued to stay valued and supported. It was felt that Arts and Culture may require additional resources as the District was now one of the Arts Council's 54 Priority Places. The implications would become clearer over the next 6 months.

The Portfolio Holder believed there were lots of opportunities for partnership working within his Portfolio. The emerging litter strategy would build on good foundations in working with the Town and Parish Councils as would the Council's grass strategy.

The Environmental Enforcement and Amenities team would continue to encourage and enforce responsible disposal of waste and the grass and tree strategy gave good opportunities to improve environmental sustainability. Wildflower corridors were also

being used to good extent in more recent time, proving good natural habitats for plants and animals to thrive.

The Portfolio holder was keen to further explore opportunities for increased income generation, whether that be through indexed-linked fee increases, or through increased business activity in areas such as trade waste, for example.

The expectation of customers for accessibility outside of the standard 9-5 working day was clear, and the Portfolio Holder expressed an interest to explore new technologies to improve customer interaction with the Council.

There was pressure on Open Space Maintenance and the Council had currently agreed not to take on any further open space to allow time to review the current maintenance requirements and feed into the charging mechanism applied through the S106 process.

When asked about the level of funding provided within the budget to support the voluntary sectors, and Arts and Culture organisations, the Portfolio Holder confirmed the active support given to Citizens Advice New Forest through a formalised funding agreement. CANF provide a vital service across the district in providing free and impartial advice, information and support to those who needed it and the Council worked closely with CANF on a number of projects, including the food larders.

Through the annual Community Grants programme, the Council continued to support voluntary and charitable groups who provided a range of services and activities that supported and benefited New Forest residents. This process enabled any eligible organisation to apply, with all applications being considered. An increase in applications was received during the 2021 round and the budget was kept under review.

**4.11.1 Action to follow up: The implications of being one of the Arts Council's 54 'Priority Places' to be reported through Overview and Scrutiny during 2022.**

**4.11.2 Action to follow up: That the review of the current Open Space Maintenance requirements and charging mechanism applied through the S106 process be followed up through the Overview and Scrutiny Panel.**

## **5. CONCLUSIONS / GROUP COMMENTS**

- 5.1 Members of the Group were again impressed with the depth and breadth of knowledge of the Portfolio Holders, noting that a few had only had their Portfolios since April. The group were grateful to them for their support, and for the support given to the Portfolio Holders from Officers in the Council. Their combined engagement in this process had resulted in some sound actions to follow up on and embed within the Financial planning of the Council.
- 5.2 There was a sense within the Group that a certain degree of cross-over was apparent within some of the Portfolios, and the Group were conscious that some Executive Heads were now working with multiple Portfolio Holders. The Group were concerned that this might lead to duplication and inefficiencies.

**Further Information:**

Financial Strategy Task and Finish  
Group

**Enquiries:**

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**Background Papers:**

Financial Strategy Task and Finish  
Group working papers and resource  
plans.

## Appendix 1 – Generic Questions

1. With the context of the Medium term forecast deficit in mind, what Service Reviews are you due to undertake within your Portfolio to make a contribution towards the savings required?
2. You have recently set out your Portfolio Priorities, Targets and KPI's;
  - a. Do you believe you have the appropriate level of resources available to you to deliver them?
  - b. If you believe you need additional resource, how will it be funded?
3. What services within your Portfolio could be delivered in partnership or collaboratively with other Council's or Third Parties? How actively do you pursue these opportunities?
4. In accordance with the overarching priority of becoming a more sustainable Council;
  - a. What opportunities do you believe exist in your Portfolio to help achieve this?
  - b. What are the threats that prevent your progress towards increased sustainability?
5. Do you align the income generated within your Portfolio to the Council Policy of maximisation, and what opportunities exist for additional income generation?
6. What have you learnt over the past 18 months that can help shape service delivery going forward?