

FINANCIAL STRATEGY TASK AND FINISH GROUP – OUTCOME 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 Keith Craze (Chairman)
Cllr Sue Bennison
Cllr Jack Davies
Cllr Philip Dowd
Cllr Allan Glass
Cllr Alexis McEvoy
Cllr Alvin Reid
Cllr Joe Reilly

4. AREAS COVERED

- 4.1 Having received an overview of the Council's financial position, generic questions were asked of each Portfolio Holder, together with some specific questions and follow up questions from last year's Group.

- 4.2 The generic questions asked the Portfolio Holders to elaborate on:

- A) The main pressures faced by Portfolio's services, quantified where possible.
- B) Opportunities that exist within the Portfolio's services to do things more efficiently, or to reduce risk to the Authority.
- C) Areas of investment received, or that the Portfolio Holder would like to progress with, and the benefits that have been realised, or will be realised.
- D) Aspirations as Portfolio Holder for improved services to the Residents, Businesses and Visitors of the New Forest.

5. FINDINGS / ISSUES RAISED

5.1 It was notable how a few regular themes occurred in several of the presentations, these included:

1. **Recruitment, Retention and Training**

This was referenced as being a challenge at present by more than half of the Portfolio Holders. It was commented that the pending 2022/23 pay award would help but that NFDC could do more to promote itself including showcasing the benefits of working for the Council. Upskilling, training and clear career progression also had a role to play in attracting and retaining highly skilled staff.

2. **Pay Award**

This was referenced by half of the Portfolio Holders as being a significant financial challenge due to the scale of the 2022/23 award. This demonstrated sound awareness of the balance that pay award can make in helping recruitment & retention, as against the financial cost that comes with it. It is right that cost pressures due to pay (and inflation) are seen as a collective responsibility, and not just the responsibility of Finance, it might therefore have been a reasonable expectation that all Portfolio Holders would have covered this in their presentation.

3. **ICT Improvements**

Several Portfolio Holders mentioned the key role that enhanced ICT would play in facilitating service improvements to the customer. We must therefore maintain momentum and ensure appropriate resource matches that needed to deliver the digital strategy, and ensure the right level of training and development, and so competence exists across Council departments to crystallise the benefits available from the new technology being implemented. The benefit realisation should be measured and monitored, to ensure desired outcomes are being met. It was also considered by the group that an over reliance on ICT to deliver efficiency and service improvements could actually hinder progress, in some areas.

5.2 A selection of specific matters discussed from each portfolio is highlighted below, including proposed follow up actions.

5.3 Leader

5.3.1 Transformation – the group noted that the Council was preparing for the next 4 years and the new cohort of councillors. Changes had also been made around the capital programme, which ensured that the Council had better oversight of project delivery and the rising costs being faced. Emergency planning and business continuity was ongoing and the MTFP shows challenges ahead. The Portfolio Holder was confident that if they continued working through their transformation plan, they would deliver the aims of the Council, including at its heart, a better level of service for the customers. Members were aware that the Corporate Affairs and Local Economy Overview and Scrutiny Panel would be due to receive reports on the Transformation Programme, which included both a customer and accommodation workstream.

5.3.2 Accommodation – it was noted that the Council was still learning about the new hybrid approach to working post-Covid. More work was required here to get the best out of NFDC's accommodation, and to ensure the right balance was achieved in remote working between the employee and the Council as the employer.

5.3.3 Communications – the Portfolio Holder confirmed a report would be forthcoming to the O&S Panel in January, providing a 6 monthly update on the additional communications activities, following additional investment in this area.

5.3.4 **Actions to Follow Up:**

1. Overview and Scrutiny reporting on the Transformation Programme to commence during 2023.
2. Overview and Scrutiny Update report on Communications activity to come forward to the January Panel.

5.4 Finance, Investment and Corporate Services

5.4.1 Inflation and Interest Rates – the Portfolio Holder referred to the current rate of inflation and the impact this was having in certain areas across the Authority. Although the base rate had also increased sharply, it was commented that medium term forecasts, as seen in mortgage rates, indicated that the current uncertainty would settle rather than being a long-term position.

5.4.2 Supporting residents with cost of living – all households and businesses were being impacted by inflation and had suffered as a result of rising cost of fuel. The Council was limited in its ability to assist, and it was for Central Government to deliver on this help. There was a dedicated webpage on the NFDC website confirming the funding assistance and support that is available. It was noted that NFDC had performed exceptionally well at distributing central govt grant locally including £150 rebate.

5.4.3 Asset investment – The Council was looking to deliver many strands with this Strategy, including most prominently direct support to the New Forest Economy. The Council has not overextended itself or invested all over the country, but instead invested sensibly and proportionately within the District, and was set to have spent its £30M fund by the end of this year. The Council had achieved a diverse number of assets, and had exceeded income expectations, due to the utilisation of internal finance. A refresh of the Strategy and an extended fund was currently being considered.

5.4.4 ICT Investment – The Group reiterated its request for a suitable KPI be devised to track ICT investment as against the benefits realisation.

5.4.5 **Action to follow up:**

1. ICT Investment Vs Benefits Realisation KPI to be devised and put into use.

5.5 Housing and Homelessness Services

5.5.1 Homelessness – the Portfolio Holder commented on a significant increase in homelessness applications, and so costs to the Council in the current financial year. It was noted that a full and specific report on this issue was included within the November 2022 Cabinet papers. The Council sought to continue to increase Temporary Accommodation numbers across the District. Specific officers had been appointed to help the Council's role in the Homes for Ukraine scheme, with these costs met by government grant.

- 5.5.2 Housing Maintenance – increased void numbers and inflationary cost pressures were putting the maintenance budgets under strain. A supplementary budget request was required during the current year. It was confirmed that the launching of a new Minor Works Framework, establishing local and regional suppliers as preferred suppliers to the Council would help with the delivery of the maintenance programme, and would seek efficiency improvements over the 4-year term. The Portfolio Holder was pleased to confirm the completion of the first 50 air source heat pumps, part-funded by the government.
- 5.5.3 Housing Delivery – Significant challenges, including slow momentum on larger sites coming forward and competition with other RPs, but good progress was being made with 257 additional accommodation units added, with a further 153 in the pipeline. A discussion ensued on the costs of new build greener housing Vs retrofitting, and it was noted that the Council’s Greener Housing Working Group had it within their remit to consider the financial viability balance.
- 5.5.4 Estates and Tenancy Management – Work in this area was becoming increasingly complex and recruitment of suitably experienced officers was difficult, as proven by a recent recruitment campaign to 2 additional posts in this area. The Portfolio Holder was encouraged to push back to HCC when their Adult Social Care responsibilities should set in. The Portfolio Holder commented on a new App about to be trialled for ASB reporting on our housing estates and also confirmed good progress was being made on a new overarching tenant record management system.
- 5.5.5 **Action to follow up:**
1. Continue to ensure maximum support is utilised from the Adult Social Care function at the County Council when it comes to complex care matters as seen through estate management
 2. To monitor effectiveness of the air source heat pumps through greener housing group

5.6 Environment and Coastal Services

- 5.6.1 Waste & Transport – The Portfolio Holder commented that it had a been a difficult year for recruitment, but that at present, all roles were filled. The annual fuel bill had increased significantly (+£200,000), as had the cost of the waste sacks (+£116,000), provided by the Council. Members also recalled the recent significant increase required in the fleet replacement budget.
- 5.6.2 Parking & Coastal – Good progress was being made in partnership with BCP and the Environment Agency on the Flood & Coastal Erosion Risk Management Strategies. It was commented during discussion that the Portfolio Holder should take greater account of the District coastline extending beyond Lymington. Recent storm events had resulted in the further loss of beach huts. It was also suggested in discussion that more secure bike locking facilities in some locations might encourage more cycling. The Portfolio Holder also commented on the roll-out of EV charging points within NFDC car parks, and members noted the inclusion of a project within the Shared prosperity fund to further develop this programme.
- 5.6.3 Waste Strategy New Burdens Funding – the Portfolio Holder was asked specifically about the current position in relation to New Burdens Funding for the roll out of the

new Waste Strategy. Communication on this matter had not progressed since the initial confirmation that councils would be compensated for the cost of rolling out a new separate food collection service. Plans appeared to be continuing for the introduction of the Extended Producer Responsibility Scheme, but Members were mindful of an increased cost burden being placed on the packaging, that ultimately would find its way onto the consumer.

5.6.4 Actions to follow up:

1. That a progress report on works to bring about a more modern Parking Service, including car parking innovations and ways of charging more appropriately, be brought forward to the O&S Panel during 2023.
2. That an update on District-wide coastal and flood defence strategy be provided to the O&S panel during 2023, including partnership options.
3. Provision of secure bike cages be considered so as to encourage bike use.

5.7 Planning, Regeneration and Infrastructure

5.7.1 Staffing – the Portfolio Holder gave an update on the pressures faced within her services when it came to recruitment and retention. The new fire safety bill would also place additional pressures on Building Control surveyors, who would need to be suitably trained and qualified in this additional area. It was noted that the Council's training contract was used frequently, to encourage upskilling, and to encourage staff retention.

5.7.2 ICT – there was an ongoing project to replace the ICT used across Planning and regulatory services. It was envisaged that the new system would create efficiencies in process, and reduce risk.

5.7.3 Rights Of Way – concern was expressed regarding the rights of way and how the District / HCC and Towns and Parishes would work together. It was felt that officers needed to monitor any current and enhanced SLA with the County Council to ensure that it delivered what it needed to.

5.7.4 Spending developer contributions – It was noted that some sound progress had been made in terms of spending both Section 106 and CIL contributions, but to ensure the continued momentum, increased delivery, and maximisation of alternative sources of income, a more robust process would be developed in order to deliver projects in a more timely manner. Two reports would be forthcoming to the Cabinet in November covering S106 and CIL, but further work was required on the enhanced programme of projects, that would come forward before the end of the financial year.

5.7.5 Action to follow up:

1. That reports be brought forward to the relevant Overview and Scrutiny Panel on S106 and CIL to include balances, project delivery, and pipeline project development. These should be supplemented by 6 monthly progress reporting thereafter.

5.8 Business, Tourism and High Streets

5.8.1 There are currently four members of staff that work within the remit of the Portfolio, with a further staff member being recruited to focus on investment and the Freeport. The Freeport would be good opportunity to upskill New Forest residents and workers. Working with partners locally would be key to realising this potential and would also be required in providing support to businesses.

5.8.2 The Portfolio Holder explained that there was a long-term concern that the High Street was changing due to the changing nature of shopping habits. However, in the short-term the District's many high streets were shown to not be failing and were demonstrating resilience. The Council had been allocated funds from UK shared Prosperity fund (£1M of funding across the next 3 years) and are awaiting confirmation of our proposed investment plan to utilise the funding.

5.8.3 Action to follow up:

1. That an update be submitted to a future Overview and Scrutiny Panel meeting on use of the £1M in funds allocated to the Council by the UK Shared Prosperity fund.

5.9 Partnering and Wellbeing

5.9.1 Health & Leisure – The rising costs of heating swimming pools was recognised and that some swimming pools across the Country were closing due to these rising costs. The financial pressures were being addressed by Freedom Leisure by critically reviewing all operational aspects of the business and ongoing discussions were being held with NFDC through the Partnership board. The £2.4M of capital enhancements to the Leisure centres were progressing well, with some new facilities already available, with more to be finalised.

5.9.2 Environmental & Regulation – The recently adopted Health & Wellbeing strategy sets out an action plan as to how the Council will play its part in fostering and supporting our residents. It was envisaged that delivery would be met through existing resources, and this would be kept under review.

5.9.3 CCTV & Careline – The Portfolio Holder was exploring opportunities to improve the use of the CCTV suite for NFDC operational assets, and work was ongoing with the Police to set up 2 remote viewing terminals within Police stations; this work funded by the Police, not NFDC. Self-installation of carelines was also being considered, reducing installation costs to the customer, and reducing travel and downtime for officers. A large project was also underway to further digitise the service and allow for increased use of deployable cameras.

5.9.4 Action to follow up:

1. That the Overview and Scrutiny Panel continue to be given regular updates on Leisure Partnership.

5.10 People and Places

5.10.1 Community Grants and Arts – The Portfolio Holder emphasised the pressure on the Community Grants Budget with £130k Revenue and £85k Capital grants given this year, but with some organisations disappointed as the budget does not match the

requests. It was envisaged that requests would likely exceed the resources available for the 23/24 process. The Group were encouraged by the work of the Council's new community arts officer; a match-funded post by the English Arts Council for 12 months.

5.10.2 Cemeteries – The Portfolio Holder commented on the pressure on cemeteries provision across the District and confirmed that work was ongoing with officers to identify options for future provision.

5.10.3 Streetscene (inc. Fly-tipping) – How we keep the district clean and free from illegal fly-tipping was particularly important to our residents. Additional resources had been focused on this area, and work was ongoing to look at the wider use of CCTV to provide the vital evidence required to take action on individuals who choose to fly-tip. The Portfolio Holder commented on Operation Wolf which had been a successful multi-agency approach to tackling vehicles suspected of carrying waste with the intent to fly-tip. It was also noted that the Council had installed a number of Solar Compacting smart bins, with more to come pending the agreement of the Council's UK Shared Prosperity Fund Investment Plan.

5.10.4 When asked about the relationship between the S106 charging mechanism for open space maintenance, and the costs to actually carry out the required maintenance, the Portfolio Holder confirmed that working had improved between the Open Space and Planning Teams, and confirmed that a report on open space maintenance would be forthcoming to the Overview and Scrutiny Panel during 2023.

5.10.5 Action to follow up

1. Overview and Scrutiny reporting on Open Space Maintenance to occur during 2023.
2. That the Overview and Scrutiny Panel be provided with periodic updates on combating fly tipping, including budget implications.

6. CONCLUSIONS AND GROUP COMMENTS

6.1 The following is a list of points made by the members of Group, that they would like to see continue to be embedded within the Council's financial planning;

1. Partnership Working – more opportunities still exist here to do more.
2. More robust in dealing with the County Council, especially when it comes to the grey lines between statutory responsibilities.
3. Service Managers are encouraged to use their best efforts to tap into any funding available from Central Government or other external agencies, to support the Council's work and initiatives.
4. Staff development and progression key to fulfilling roles and encouraging staff retention.

6.2 Members of the Group were impressed with the depth and breadth of knowledge of the Portfolio Holders. The group was 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, including the consistency in the formatting of the presentations had resulted in some sound actions to follow up on and embed within the Financial planning of the Council.

Further Information:

Financial Strategy Task and Finish
Group

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Background Papers:

Financial Strategy Task and Finish
Group working papers
Published documents