

16 NOVEMBER 2017

NEW FOREST DISTRICT COUNCIL

CORPORATE OVERVIEW AND SCRUTINY PANEL

Minutes of a meeting of the Corporate Overview and Scrutiny Panel held in Committee Room 1, Appletree Court, Lyndhurst on Thursday, 16 November 2017

- * Cllr M R Harris (Chairman)
- * Cllr M A Steele (Vice-Chairman)

Councillors:

- * A R Alvey
- * W G Andrews
- * M J Kendal
- * Mrs A E McEvoy

Councillors:

- * A D O'Sullivan
- * A K Penson
- * D B Tipp
- C A Wise

*Present

In attendance:

Councillors:

B Rickman
J D Heron
Mrs S M Bennison

Also In Attendance:

Ms S Nichols, NFU County Advisor

Officers Attending:

Miss G O'Rourke, Mrs M Sandhu, R Beere, A Bethune, M Callaghan, G Jarvis, A Kinghorn, Ms S Mullins, A Rogers, A Smith and R Stevens

Apologies:

Cllr Wise

22 MINUTES

RESOLVED:

That the minutes of the meeting held on 21 September 2017 be signed by the Chairman as a correct record.

23 DECLARATIONS OF INTEREST

No declarations of interest were made by any member in connection with any agenda item.

24 PUBLIC PARTICIPATION

No issues were raised during the public participation period.

25 NATIONAL FARMERS' UNION PRESENTATION (NFU) - AGRICULTURAL INDUSTRY IN THE NEW FOREST

The Panel received a presentation from Sandra Nichols, NFU Hampshire County Advisor, on New Forest farming and the implications of Brexit. She circulated a booklet 'Delivering a Bold and Ambitious Future for Farming'.

The presentation covered:-

- Agricultural contribution to the economy nationally
- UK production statistics about the Forest and schemes available to farmers locally
- Brexit preparations
- Price volatility
- Improving farm productivity
- Delivering for the farm environment
- NFU's transition period
- Key questions and future challenges and aspirations

Ms Nichols explained that the UK food self-sufficiency was now just 60%, down from 75% in 1991. There was a concern that inferior imports would compromise British trade.

Members noted details of various grants/financial support available to farmers, some of which were hard to access because of the administration involved.

It was noted that the Common Agricultural Policy was very important to the industry, although the EU was unpopular among farmers. 72% of exports currently went to the EU. The EU provided a source of migrant labour but there was already a 29% shortage. Only 0.3% of seasonal workers were from the UK. The shortage of seasonal labour was a significant concern, and the fear was that this was not being focused on by Government.

It was explained that the Common Agricultural Policy, whilst receiving negative publicity, provided affordable food and income support for farmers, as a large part of their income was from the subsidy.

Ms Nichols explained the need for a good transition period. Funding was guaranteed for this Parliament, but the current funding arrangements ended in 2019.

The Chairman thanked Ms Nichols for a very informative presentation and asked what the Council could do to assist the farming sector in the New Forest. In reply, Ms Nichols emphasised the need for the public to understand the importance of food and the farming industry, and that, although food could be imported, reliance on imports jeopardised food security for the UK. It would assist if publicity could be given to where food came from and what farmers did, to give a public relations push to illustrate the need for farmers, for food and for land management. The Leader Project was appreciated by the farming industry locally; farmers liked the scheme and approved of it, and the Council was encouraged to continue with the administrative support for it. Ms Nichols also suggested that wider lobbying could

be helpful to recognise the importance of supporting farming and recognising that it was a strategic industry.

Members asked questions concerning models in other countries, meat imports and exports statistics and larger grants given to larger farms.

The Chairman felt it was important for the Council to support the industry and would talk to the Business Support Officer about the issues mentioned, particularly promoting exports, to ensure NFDC did what it could to help. The Leader of the Council echoed the Chairman's comments and added that land management in the Forest was an important part of New Forest tourism. He felt the Council should do all it could to support the industry.

26 DRAFT RESIDENTIAL PROPERTY INVESTMENT STRATEGY

The Panel considered a draft Residential Property Investment Strategy. This Strategy was for the Council to invest in residential property, in particular:

- To purchase privately owned residential properties, either as existing private sector rental income-producing units or with vacant possession for letting to private sector tenants or
- To develop sites that the Council owned or had acquired to build dwellings to deliver a more diverse range of housing and tenures, to include open market rental properties, sales and affordable housing offered under a range of different tenures

It was emphasised that this was a not a housing strategy.

The report set out the financial strategy and business case, detailing the property market, housing occupancy types and details of the households by tenure in the Hampshire districts as well as housing stock by size and occupancy type. The report also covered the envisaged operational arrangements when forming a wholly owned company (WOC) controlled by the Council, together with financing and timescales. Risk management issues were set out in the report as well as financial implications.

The report concluded that the risks of establishing the wholly owned company were outweighed by the benefits over time. The rationale for setting up the WOC was primarily to create a revenue stream which would supplement the general fund.

Members noted that property prices were a solid asset base long term, and under supply would underpin supply and demand over time.

The Company would undertake performance reviews and provide reports to shareholders on a regular basis and also to the Corporate Overview and Scrutiny Panel. The Housing Revenue Account and the Housing Revenue Account Business Plan would continue to operate alongside the WOC to deliver investment into new and existing social housing in the District. The WOC might also however be invited to deliver affordable housing in the future. It was projected that these arrangements would produce an estimated surplus of £350,000 per year based on a £10 million investment. Members felt it was a great opportunity and acknowledged the in-house expertise available to the Council.

A member queried the use of a company which would have to pay Corporation Tax, and felt that a better vehicle might be a Limited Liability Partnership (LLP), which was a model used by Hampshire County Council, might be a more favourable option. Officers would contact the County Council to check on the suitability of such an arrangement.

Members queried whether the investment could have negative consequences for the Council in terms of its liquidity and credit rating. The Service Manager (Financial) explained that the use of pooled funds was acceptable if the cash was available as the Council looked to develop its housing strategy. Reserves would decrease and there would be less in pooled funds, but the rationale was to spend now to protect the Council's revenue position going forward and to diversify how the Authority used its cash holdings. In terms of the Council's credit rating, the proposals were relatively minor in terms of its overall financial position but a negative impact on the credit rating was possible although much depended on interest rates. In answer to a question it was explained that if the wholly-owned company failed, the Council would be liable. However it was emphasised that the WOC would operate prudently, starting on a modest basis and building up. The Finance and Efficiency Portfolio Holder emphasised that the position was secure and the interest rates charged by the Public Works Loan Board were stable.

RESOLVED:

That the Cabinet be advised that the Panel supports the draft Residential Property Asset Investment Strategy.

27 PROCUREMENT PRESENTATION

The Panel received a presentation on transformation of the procurement function by implementing a "centre led" procurement organisation, together with related processes within the District Council. The presentation set out the overall transformation plan. The Procurement Team had supported service teams in e-tendering a wide range of contracts over recent months.

Members noted the way in which cashable savings were driven by the project by supplier rationalisation, framework agreements, commercial collaboration and demand management. The emphasis was now to concentrate effort on the Council's higher spends.

Members noted the spend analyses by contract type, suppliers used and implications for contract standing orders. The presentation also showed how the Council compared with other Hampshire districts in terms of advertising thresholds for contracts, and, on the whole NFDC's threshold was lower than most Hampshire districts and it was recommended to increase this from £25,000 to £50,000.

The presentation also set out details of the Gateway review, how Procurement supported the Corporate Plan and details of the officer structure for the procurement function. The team had been rationalised which had produced a significant saving of £150K in two stages. The Chairman thanked officers for a most interesting presentation. It was noted that consequential changes to standing orders would be brought forward to Cabinet in due course to reflect the changes to the procurement function described. The Panel supported the overall direction of travel as outlined in the presentation.

Officers undertook to provide Cllr Harris with a list of suppliers. Cllr Harris felt it was important to do everything the Council could to help local businesses and would talk to the Business Support Officer about the matter.

The Panel supported the approach set out in the presentation, and noted that a report would in due course be submitted to the Cabinet seeking formal authority for the consequential changes to Standing Orders to reflect the new arrangements.

Action: Andrew Kinghorn/Gary Jarvis

28 COUNCIL TAX REDUCTION TASK AND FINISH GROUP

The Panel considered the proposed Council Tax Reduction Scheme for 2018/19 as recommended by the Council Tax Reduction Scheme Task and Finish Group.

RESOLVED:

That it be a recommendation to the Cabinet that the minimum contribution remains at 10% and that Options C, D and E be agreed as set out in the report.

29 ICT STRATEGY UPDATE

The Group received a presentation from the Service Manager (ICT) on the ICT Strategy.

Mr Beere explained that the two main goals were to enable smarter working and to maintain and fix the legacy equipment. The report set out achievements since 2017 when the initial Strategy was published, strategic ICT decisions taken in 2017, the future vision to 2022 and how the ICT function fitted in to smarter working at NFDC.

The report also set out objectives within the next six and twelve months. In particular, Mr Beere explained that, to support the smarter working agenda, new personal devices would need to be deployed to all staff; new applications would be required to be implemented (eg Office 365/Skype); the IT infrastructure renewal project would need to be completed (eg to enable large scale and secure remote working); and, some business applications (eg Agresso and Acolaid) might work sub-optimally on remote devices in terms of appearance or function.

The presentation was noted, Members supported the overall direction as outlined, and Mr Beere was thanked for his report.

30 FINANCIAL UPDATE 2017/18 AND 2018/19

The Panel received an update on the latest position with regard to the 2017/18 budget, the latest assumptions made within the forecast for the 2018/19 budget and the proposed asset maintenance and replacement programme for 2018/19.

RESOLVED:

- (a) That the contents of the report be noted.
- (b) That it be a recommendation to the Cabinet that the asset maintenance and replacement schedule as laid out in Section 5.2 of the report be approved supporting the budget at a high level rather than at scheme level as set out in the report.

31 WORK PROGRAMME

The Panel considered its future Work Programme.

Brief updates were given on the following Task and Finish Groups:

- **Electoral Review Task and Finish Group**

A proposal was being brought to the January meeting on a reduction in the number of members.

- **Democratic Engagement Task and Finish Group**

A further meeting was being held in the New Year.

- **Customer Services Task and Finish Group**

It was reported that much ICT work was being done in the background and work was ongoing to eliminate wasteful processes. Another meeting would be fixed in six months' time pending ICT and other work in hand.

- **Budget Task and Finish Group**

It was noted that interviews with Portfolio Holders had taken place and a 'wash up' meeting would be held at the end of November with a view to a report being brought to the January Panel meeting.

- **Citizens' Advice Task and Finish Group**

The Citizens' Advice Task and Finish Group was ongoing. It was anticipated that the advent of Universal Credit would increase the workload of the CAB and the Council was working in partnership with the CAB to help them reduce costs. A meeting was being held at the end of November.

The Chairman explained that the Economic Development Strategy was likely to be reported to the March meeting rather than in January, as key information would not be available until after the January meeting.

It was requested that an update on the care sector be brought to a future meeting and it was reported that this would be part of the overall Economic Development Strategy to be brought to the March meeting.

32 PORTFOLIO HOLDERS' UPDATES

There were none.

CHAIRMAN