

NOTICE OF MEETING

Meeting: CORPORATE OVERVIEW AND SCRUTINY PANEL

Date and Time: THURSDAY, 23 JANUARY 2020, AT 9.30 AM*

Place: BRADBURY ROOM - APPLETREE COURT, BEAULIEU ROAD, LYN DHURST, SO43 7PA

Telephone enquiries to: Lyndhurst (023) 8028 5000
023 8028 5588 - ask for Andy Rogers
Email: andy.rogers@nfdc.gov.uk

PUBLIC PARTICIPATION:

*Members of the public may speak in accordance with the Council's public participation scheme:

- (a) immediately before the meeting starts, on items within the Panel'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.

Bob Jackson
Chief Executive

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

AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 21 November 2019 as a correct record.

2. DECLARATIONS OF INTEREST

To note any declarations of interest made by members in connection with an agenda item. The nature of the interest must also be specified.

Members are asked to discuss any possible interests with Democratic Services prior to the meeting.

3. PUBLIC PARTICIPATION

To note any issues raised during the public participation period.

4. PORTFOLIO HOLDERS' UPDATES

To receive an oral update from the Portfolio Holders for Corporate Affairs, Finance, Corporate Services & Improvement and Local Economic Development, Property & Innovation on developments within their Portfolio areas.

5. THE CORPORATE PLAN 2020/2024 (Pages 5 - 30)

To consider the draft Corporate Plan 2020-2024 'Community Matters'.

6. ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND GENERAL FUND CAPITAL PROGRAMME 2020/21 (Pages 31 - 40)

To consider the proposed revenue funded Asset Maintenance and Replacement Programme (AMR) and General Fund Capital Programme for 2020/21 and outline budget for 2022/23.

7. CAPITAL STRATEGY ANNUAL REPORT (Pages 41 - 50)

To consider the Capital Strategy for 2020/21, setting out arrangements for expenditure, financing, treasury management, and related matters.

8. HOUSING MAINTENANCE SUPPLY CHAIN AND LOGISTICS (Pages 51 - 62)

To consider a proposed new supply chain and logistics model for Housing Maintenance.

9. ICT INFRASTRUCTURE RENEWAL PROJECT (Pages 63 - 66)

To receive an update on the ICT infrastructure renewal project.

10. WORK PROGRAMME (Pages 67 - 68)

(a) To consider the Panel's future Work Programme, including any reviews of previous work undertaken; and

(b) To receive any updates on Task and Finish Group work.

11. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

To: **Councillors:**

Alexis McEvoy (Chairman)
Alan Alvey (Vice-Chairman)
Fran Carpenter
Keith Craze
Sandra Delemare

Councillors:

Mahmoud Kangarani
Martyn Levitt
Alan O'Sullivan
Beverley Thorne
Derek Tipp

CORPORATE OVERVIEW AND SCRUTINY PANEL – 23 JANUARY 2020

THE CORPORATE PLAN 2020-2024 – ‘COMMUNITY MATTERS’

1. RECOMMENDATIONS

- 1.1 That the Panel considers the draft corporate plan 2020-2024, ‘Community Matters’ and notes the consultation feedback.

2. INTRODUCTION & PURPOSE

- 2.1 Following the May 2019 elections, the Cabinet considered its strategic plan for the period of the administration, resulting in the production of a draft Corporate Plan for 2020 to 2024 entitled ‘Community Matters’ ([Appendix 1](#)).
- 2.2 The Corporate Plan is the single most important strategy that shapes the way the Council works and defines its ambitions. In doing so it brings together strategic and service objectives, helping the organisation to work towards the same vision, values and priorities.
- 2.3 It will be underpinned by a suitable and proportionate performance management framework that will detail the plans priorities and monitor its delivery.
- 2.4 This report seeks comments from the Panel before final approval of the plan by Cabinet.

3. COMMUNITY MATTERS

- 3.1 ‘Community Matters’ focuses on the challenges faced and it is these that have shaped the commitments and priorities within the plan. The plan is committed to tackling the accelerating impact of Climate Change, new approaches to providing more homes for local people, maintaining the unique and special qualities of the environment, improving health and wellbeing, and economic prosperity.
- 3.2 The vision of the plan is to secure a vibrant and prosperous New Forest, guided by the people we serve and working in partnership with others to enhance the quality of lives for all by:
- Understanding local needs and creating a balanced, healthy community who feel safe, supported and have access to services;
 - Protecting the special character of the New Forest and responding proactively to environmental challenges; and
 - Working with others to maintain a vibrant local economy that brings opportunities to the area.

3.3 The plan contains a clear statement of intent highlighting the underlying values of community, teamwork, integrity, services and ambition. These principles will be instilled within the organisation to support the plans objectives.

3.4 Alongside the commitments each Portfolio Holder has set out their priorities for the next four years underpinned by an action plan and achievement measures that will be monitored and refreshed annually to ensure delivery of the plan.

4. CONSULTATION

4.1 Feedback on the plan has been invited through the council's website to help determine which of the commitments are most important to our residents, along with any other comments they wish to make. Consultation has also been undertaken with Town & Parish Council's, through the Information Bulletin, Employees and Elected Members, alongside this consideration by the Overview and Scrutiny panels.

4.2 Any consultation feedback will be provided at the meeting, however it should be noted that the consultation period does not close until 31 January 2020.

5. DELIVERING THE PLAN

5.1 The corporate plan sits alongside the council's financial plans to ensure the resources are available and appropriately directed to deliver the plan. Its delivery will be supported by a proportionate performance management framework that will ensure priorities and necessary actions filter through to portfolio resource planning and service plans.

5.2 Primarily the plan will be communicated and reported upon electronically. This will help keep cost to a minimum as well as making the plan and its delivery more accessible to those interested in specific priorities and activities. Dedicated webpages will be developed to support this.

6. FINANCIAL IMPLICATIONS

6.1 A clear focus of the plan is continued financial responsibility. Direct costs arising from the production and publicity of the plan will be kept to a minimum.

For Further Information Please Contact: Background Papers

Rebecca Drummond
Service Manager – Elections & Business
Improvement
Tel: 023 8028 5588
E Mail: rebecca.drummond@nfdc.gov.uk

[The Corporate Plan 2020-2024 'Community Matters' – Cabinet 6 Nov 2019](#)



Community Matters

Corporate Plan

2020-2024

Delivering a prosperous
New Forest and putting
the community first



Introduction

Our corporate plan plays an important role in making sure the Council's objectives are met for the people and communities in the New Forest district area. It sets out the overarching commitments and vision for the Council over the next four years, the priorities of each Portfolio, and the values that underpin the delivery of the plan.

The plan focuses on the challenges we face, and all that we can do as an organisation to address them. It recognises the financial constraints in which we operate, builds on the strong financial position we have created and the services our community wants. We remain ambitious in setting priorities that matter to the people of the New Forest and we put our community first.

Our commitments include tackling the accelerating impact of climate change, new approaches to providing more homes for local people, responding to the specific needs of our communities, maintaining the unique and special qualities of the environment, improving health and wellbeing and economic prosperity for the area both now and for the future.

The plan builds on the foundations already laid out, maintaining our commitment to excellence in service delivery.

Vision

To secure a vibrant and prosperous New Forest, guided by the people we serve and working in partnership with others to enhance the quality of lives for all by:

- Understanding local needs and creating a balanced, healthy community who feel safe, supported and have access to services;
- Protecting the special character of the New Forest and responding pro-actively to environmental challenges; and
- Working with others to maintain a vibrant local economy that brings opportunities to the area.

Values

Our values underpin the council's vision and priorities by shaping the way we work.

Community

- We understand that our residents and customers are at the centre of what we do.

Teamwork

- We respect the contribution of others, and value those who work for the benefit of our community.

Integrity

- We act fairly, openly and with financial responsibility in all that we do.

Services

- We use our energy, skills, curiosity and resources to deliver the best sustainable outcomes.

Ambition

- We are passionate about leaving things better than we found them

Leader and Corporate Affairs

PORTFOLIO

*'Delivering a
prosperous New
Forest and putting our
community first'*





Portfolio holder introduction

There is continued commitment to delivering modernised and innovative services, putting our community first. This will be done alongside an electoral review to ensure effective democratic representation for all our residents.



Partnership working remains a key priority to achieve more together. This includes working with the Local Enterprise Partnerships to co-ordinate and actively encourage businesses and appropriate infrastructure connectivity opportunities; delivering a prosperous New Forest.

Recognising the importance of our people in delivering high quality services we will strive to be an employer of choice, providing flexible and modern workspaces and technology through the smarter working initiative.

Clr Barry Rickman

Leader and Corporate Affairs

Priorities

- Excellence in services to our residents and continuing to maintain front line services.
- Being an employer of choice.
- Working with regional partners to ensure the prosperity of the New Forest area.
- Ensuring effective democratic engagement and representation.

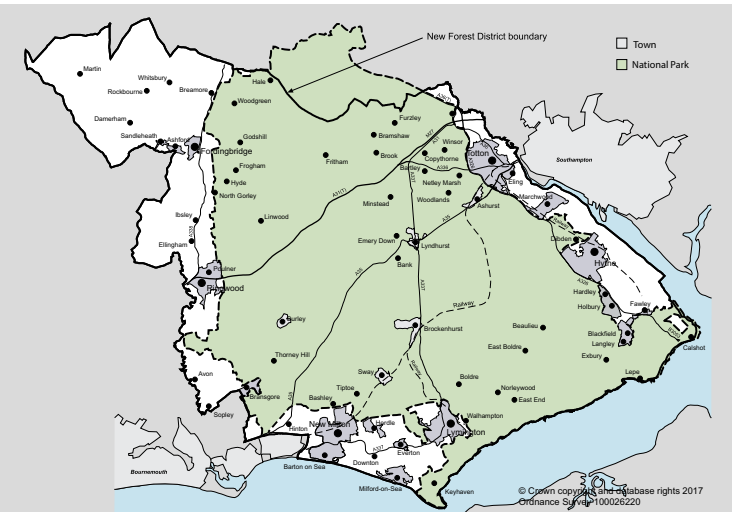
Key activities

- Deliver the Organisational Strategy and continued roll out of the smarter working initiative.
- Respond to the outcomes of the staff survey and deliver the HR Strategy to support recruitment and retention.
- Annual review of the economic investment in the New Forest.
- Work with the Local Government Boundary Commission to deliver the Electoral Review in support of electoral equality and effective local government for the New Forest area.

Planning and Infrastructure PORTFOLIO

*‘Encouraging
development that
meets local needs
and enhances the
special qualities of the
environment’*





Portfolio holder introduction

Delivering the vision of the local plan and ensuring a mix of homes to meet the needs of residents is core to this portfolio. The approach to development must be proactive and enabling, encouraging development that meets local needs whilst delivering positive economic, social and environmental outcomes for the district.



Aligned to this is the delivery of a range of green infrastructure projects, funded through developer contributions that enhance the special qualities of the environment. We will also work with partners across south Hampshire to develop a joint spacial strategy which will provide part of the robust evidence base for the next local plan. Greater emphasis will be placed on the early engagement with building control to add value to development proposals and ensure that buildings are safe. Modernisation of car parking will ensure up to date facilities and contribute towards air quality and support the local economy.

Cllr Edward Heron
Planning and Infrastructure

Priorities

- Delivering the vision of the local plan and encouraging development that meets local needs and delivers positive, economic, social and environmental outcomes.
- Working with partners, applicants and developers to ensure a positive, timely and enabling attitude to development.
- Using contributions to deliver projects that mitigate the impact of development on the natural environment.
- Ensuring building control are engaged at the earliest stage to make future in development projects safe.

Key activities

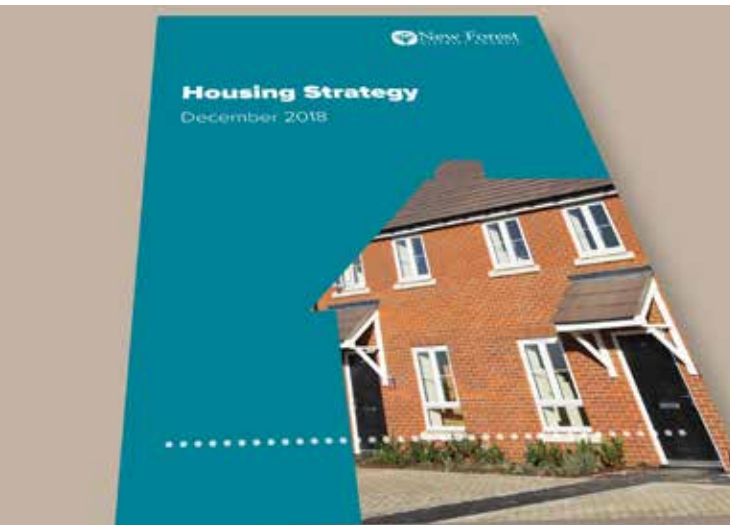
- Enable the delivery of development set out in the Local Plan supported by appropriate infrastructure.
- Ensure that all development within the district is resilient to climate change and creates healthy environments for our residents to live in.
- Deliver additional open space, play equipment, sports provision, cycling and walking opportunities and habitat creation areas.
- Increase the number of developments that use NFDC Building Control Service.
- Progress work on the Joint Strategy for South Hampshire.
- Review car parking infrastructure and technology.

Housing Services PORTFOLIO

*'Creating balanced
communities and
housing options that
are affordable and
sustainable'*

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Portfolio holder introduction

Providing more homes for local people continues to be a key issue and much of the focus is on delivering the Housing Strategy to ensure we meet the wider housing needs of the district; creating balanced communities and housing options that are affordable and sustainable.



The Council is committed to providing more council houses, eradicating the use of Bed & Breakfast accommodation and reducing homelessness. Building effective relationships with private rented sector landlords and agents through a Landlord's forum will help improve standards, maintain confidence in the sector and improve access to our clients. This position is reflected in the priorities.

Cllr Jill Cleary
Housing Services

Priorities

- Meeting local housing needs and promoting sustainable growth.
- Increasing the supply of high quality affordable homes.
- Improving the housing circumstances of those most in need.
- Enabling the best use of housing to meet the needs of local people, including support for a strong high quality private rented sector.

Key activities

- Deliver the key priorities identified within the Housing Strategy 2018.
- Provide 600 new council homes by 2026 across social rent, affordable rent and shared ownership tenures.
- Reduce homelessness through the provision of multi-agency support to sustain homes and tenancies and through the increase in access to private sector rented homes.
- Protect the health and safety of tenants in private rented properties.
- Minimise the use of emergency Bed & Breakfast accommodation for homeless households.
- Design, deliver and enhance a multi-agency approach and housing pathway to achieve long term accommodation solutions to end rough sleeping in the district.
- Implement a new strategy to tackle empty properties and bring them back in to use.

Community Affairs

PORTFOLIO

*'Keeping our
communities safe and
listening to their needs'*





Portfolio holder introduction

The work to modernise service delivery in response to our customers changing needs and digital demands remains a key focus. The move towards 24 hour access to Council services, using technology to enhance our service delivery will be an important element of this.



It is recognised that the fear of crime is an important issue and we will engage with the community to manage this fear, whilst keeping our communities safe through the delivery of the Safer New Forest priorities.

We are committed to meaningful engagement with town and parish councils to ensure we are listening to the needs of our local communities.

Cllr Diane Andrews

Community Affairs



Priorities

- Putting customers at the centre of what we do and how we do it.
- Modernising customer services and responding to changing needs.
- Engaging with partners and the community to inform and contribute towards wider service outcomes.
- Ensuring the New Forest remains a safe place to live, work and visit.

Key activities

- Implement the new NFDC digital platform and corporate website with enhanced functionality designed around the customer.
- Understand and respond to residents expectations in the delivery of customer services.
- Provide grant funding to community groups and charitable organisations who help deliver the council's objectives in the community.
- Engagement with town and parish councils through the information bulletin and a review of our Statement of Partnership.
- Deliver the Safer New Forest Partnership Plan.

Finance, Investment and Corporate Services

PORTFOLIO

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*'Enabling service
provision and ensuring
value for money for the
council tax payer'*





Portfolio holder introduction

Financial constraints and the funding for local authorities will remain a challenge and there is an ongoing need to respond to this to ensure the continued provision of frontline services which are underpinned by efficient and effective support services. Investment in ICT will be instrumental in delivering flexibility and efficiencies.



The acquisition and managing of quality assets to ensure new income generations, and a return on investment, will help support the council's financial resilience and ensure value for money for the council tax payer.

We will continue to invest in our assets to ensure fit for purpose facilities and those in our community impacted by welfare reform will be supported with the migration to universal credit.

Cllr Jeremy Heron

Finance, Investment and Corporate Services

Priorities

- Protecting front line services through sound financial planning, including the collection of taxation with appropriate support for individuals and businesses.
- Modernisation and innovative use of ICT to enhance operational efficiencies across all services.
- Using investments to support financial resilience and the local economy.
- Supporting the migration to universal credit.

Key activities

- Deliver the Council's Medium Term Financial Plan.
- Modernise our corporate and line of business ICT applications.
- Identify sites and opportunities in line with the Commercial Property Investment Strategy.
- Commence trading and acquire properties through the Council's Residential Property Company.
- Deliver improved infrastructure to support operational services.
- Continue to manage the impact of Universal Credit and related welfare reforms and the migration from Housing Benefit.



HR HUB

Leisure and Wellbeing

PORTFOLIO

'Improving the health and wellbeing of our community'





Portfolio holder introduction

Improving the health and wellbeing of our community and sustaining a healthy lifestyle legacy for future generations is the key focus of the Portfolio; collaborating with partner agencies through the Health and Wellbeing Boards to ensure that wider health outcomes are achieved.



We will work to join up activity to enable these outcomes and embed key health prevention principles in our core services to support both physical and mental health.

The continued provision of affordable and accessible leisure facilities is an important aspect of creating and sustaining active communities to prevent ill health and improve opportunities.

Cllr Mark Steele

Leisure and Wellbeing

Priorities

- Working with partners to improve the health and wellbeing of our residents.
- Ensuring that public health prevention principles are embedded within core services of the council.
- Increase the levels of physical activity within the district.
- Providing affordable and accessible leisure facilities.

Key activities

- Provide strategic leadership across the district through the New Forest Health and Wellbeing Board to improve the lives of local residents.
- Develop and deliver a Health and Wellbeing Strategy focusing on:
 - Physical Health
 - Mental Health
 - Tackling Health Inequalities
 - Creating Healthier Communities
- Create a Leisure Facilities Strategy to ensure the infrastructure exists to enable increased levels of physical activity.
- Deliver the strategic objectives set out in the review of NFDC leisure centres.

Environment and Regulatory Services PORTFOLIO

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*'Working to tackle
climate change and
enhancing our special
environment'*





Portfolio holder introduction

We recognise public concern over the accelerating impact of Climate Change, the damage to nature with habitat erosion and the disappearance of cherished wildlife. We share this challenge and we will work with others to take actions to protect and improve our environment which will be at the heart of all our decisions.



Environmental risks to health will also be prioritised to reduce carbon emissions and improve air quality. Managing our coastline remains a priority to protect communities from the impacts of erosion with partnership working being instrumental to this.

Our regulatory services will also continue to help protect our residents from risks to health by working with businesses and improving the knowledge and choice for local residents and visitors by publishing inspection ratings.

Cllr Alison Hoare

Environment and Regulatory Services

Priorities

- Taking actions that address the impact of climate change locally.
- Working with others to protect and enhance our natural environment.
- Reducing waste and increasing recycling.
- Ensuring regulatory services are delivered for the benefit of our residents, businesses and visitors.

Key activities

- Develop and deliver an overarching Environment Strategy which will set out our actions to protect the local environment and reduce our impact on climate change.
- Develop a new Waste Strategy for the Council.
- Develop investment plans to enable identification of partnership funding options and delivery of flood & coastal erosion projects.
- Respond to future challenges through the development of a new Tree Strategy.
- Work with partners on initiatives to reduce the levels of littering and fly tipping.
- Improve the air quality of the area.
- Maintain a safe environment for our residents and local businesses, by carrying out statutory inspections and following up on complaints.
- Deliver the licensing policy responding to legislation and addressing the challenges faced.
- Continue to provide more land to meet the demand for burial space.

Economic Development PORTFOLIO

*'Helping local
businesses to grow and
prosper'*





23 B New Forest Brilliance in Business

Awards



Portfolio holder introduction

Economic wellbeing is central to a thriving community and within this portfolio there is a continued focus on helping local businesses to grow and prosper. Increased broadband and mobile connectivity remains a key objective to achieving this. We will engage with the wider business community and promote skills development through the increased take up of apprenticeships and upskilling of the economically active population of the New Forest.



There is an increasing need to respond to the social, environmental and technological challenges to businesses through supporting our high streets to thrive and diversify, and by providing support for specific industries including forestry and agriculture.

Building on the success of Film New Forest in supporting the local economy, there is an opportunity to extend the promotion of the New Forest as a destination for the wider digital creative industries.

Cllr Michael Harris
Economic Development

Priorities

- Continuing to work with partners and businesses to grow the New Forest economy.
- Supporting improvements in broadband and mobile connectivity.
- Helping businesses, industries and High Streets respond to social, environmental and technological changes and innovation.
- Continuing to promote the New Forest as a filming destination.

Key activities

- Identify all businesses within the district and target engagement.
- Work with partners and other council services to improve broadband and mobile connectivity.
- Work in partnership to increase the uptake of apprenticeships and upskilling opportunities.
- Encourage inward investment for the New Forest.
- Establish one online point of entry to the council for businesses.

Action plan and achievement measures

The following pages contain the plan of specific actions that will directly contribute towards the delivery of the priorities within each portfolio. These actions will be refreshed annually to keep them up to date.

Achievement indicators for each portfolio have been identified to help monitor progress against the delivery of the priorities and provide tangible measures of success.



Leader's and Corporate Affairs	Planning and Infrastructure	Housing	Community Affairs
<p>Specific actions</p> <ul style="list-style-type: none"> Annual review of the economic investment in the New Forest In partnership with the LEP support funding bids to government to enable improvements in infrastructure Council submission to the Boundary Commission on ward boundary proposals to support electoral equality by February 2020 and implement ward boundary changes for 2023 quadrennial District elections Implement actions to make the council an employer of choice 	<p>Specific actions</p> <ul style="list-style-type: none"> Deliver actions in Housing Delivery Action Plan and monitor through an annual report to Cabinet Introduce a new pre-application advice service for 2020 to provide support for applicants Develop and deliver an annual programme of recreational mitigation projects Review all Supplementary Planning Documents and the Community Infrastructure Levy Process Design and deliver new ICT system to modernise delivery of the service by 2021 Increase the market share for Building Control to ensure the safety of development Actions and recommendations from car parking review to be reported Environment Overview & Scrutiny Panel by March 2021 	<p>Specific actions</p> <ul style="list-style-type: none"> Provide 600 new council homes by 2026 Prevent the homelessness of at least 60% of clients deemed to be threatened with homelessness Monitor and review the delivery of the Allocation Policy 2019 for annual consideration by the Housing Overview & Scrutiny Panel Work with the Task & Finish Group to develop and deliver the new Private Sector Housing Strategy by 2020/21 Deliver at least 40 units of council owned emergency accommodation Design, deliver and enhance a multi-agency approach and Housing pathway through twice yearly multi-agency forums and meetings with operational partners. Improve standards by setting up a Landlord's forum to meet six monthly by 2020 Implement a new strategy to tackle empty properties by the end of 2020 	<p>Specific actions</p> <ul style="list-style-type: none"> Implement a modern customer led Website during 2020/21 in response to changing customer's needs, working with Customer Task & Finish Group and monitored by the Community Overview and Scrutiny Panel Greater engagement with Town & Parish Councils following the Task & Finish Group review of the Statement of Partnership Undertake community safety engagement workshops and deliver the Community Safety conference bi-annually Report on the delivery of Safer New Forest Partnership Plan to the Community Overview & Scrutiny Panel
<p>Achievement indicators</p> <ul style="list-style-type: none"> Proportion of service performance indicators above or on target (%) Increase in vacancies filled first time (%) Increase in infrastructure investment in the New Forest 	<p>Achievement indicators</p> <ul style="list-style-type: none"> Increase in the number of houses completed each year (As set out in the Annual Authority Monitoring Report) (Number) Increase in the number of mitigation projects delivered each year (Number) Total amount of Community Infrastructure Levy (CIL) spent (£) Increase in the total amount of open space play and sports provision and cycling and walking infrastructure delivered each year (hectares) Increase in NFDC Building Control Market Share (%) 	<p>Achievement indicators</p> <ul style="list-style-type: none"> Number of additional council homes delivered (Number) Increase in prevention Duty cases successfully prevented (%) Net increase in the number of private sector lease properties (%) Reduction in private sector property inspections resulting in Category 1 hazards (%) Increase in rough sleepers entering accommodation pathway (%) Reduction in the number of Households in external emergency B&B accommodation at year end (Number) 	<p>Achievement indicators</p> <ul style="list-style-type: none"> Increase in services available online (Number) Increase in unique user visits to the website (Number) Increase in customer ease of use score (%) Increase in number of engagement activities (Number) Increase in the number of people who feel safe from the fear of crime (%)

Finance, Investment and Corporate	Health and Wellbeing	Environment and Regulatory	Economic Development
<p>Specific actions</p> <ul style="list-style-type: none"> Balanced budget agreed annually in February Deliver the ICT strategy to modernise applications and infrastructure with an annual update to Corporate Overview and Scrutiny Panel Identify opportunities and progress the Commercial Property Investment and the Residential Property Investment Strategies for monitoring by Corporate Overview and Scrutiny Panel Continue to work closely with the Department for Work and Pensions, New Forest Citizens Advice and stakeholders on supporting residents through the migration to Universal Credit reporting to Corporate Overview and Scrutiny Panel Deliver new depot facilities to support operational services during 2021 	<p>Specific actions</p> <ul style="list-style-type: none"> Development and delivery of the New Forest Health & Wellbeing strategy during 2020/21 for consideration by Community Overview and Scrutiny panel Quarterly meetings of the New Forest Health & Wellbeing Board Development of Health & Wellbeing Board strategic priorities Facilities Strategy adopted as part of the Local Plan Deliver the outcomes from the Health & Leisure Review and monitor the achievement of the wider objectives through the Community Overview & Scrutiny Panel Monitor delivery of Mytime Active contract for Dibden Golf Centre to improve participation in golf and associated activities reporting to Community Overview and Scrutiny Panel 	<p>Specific actions</p> <ul style="list-style-type: none"> Develop an Environmental Strategy which will identify local actions to address the impact of climate change Cabinet approval of Waste Strategy by December 2021 Delivery of Tree Strategy, in response to future challenges, reporting to Environment Overview and Scrutiny Panel Develop of business case for future flood and erosion risk management projects at Barton-on-Sea and Milford-on-Sea Work with the Environment Agency to develop the business case for the Hurst Spit to Lymington Flood & Coastal Erosion Project Development of a Clean Air Strategy to identify actions which will improve air quality across the district Work with partners on initiatives such as 'Operation Wolf' as part of fly tipping enforcement and continue to promote behavioural change on littering reporting back to Environment Overview and Scrutiny Panel 	<p>Specific actions</p> <ul style="list-style-type: none"> Using County Intelligence Unit identify all businesses within the District and prioritise engagement activity Create an 'Invest in the New Forest' Website during 2020/21 to support inward investment to the area Establish an online single point of entry to the council for businesses by 2020 Identify options for improved connectivity in the District and develop an Action Plan Work in partnership to increase the uptake of apprenticeships and upskilling opportunities, including Solent Apprenticeship Hub and New Forest Training Academy Continue to actively promote the New Forest as a filming destination for the wider creative digital industries Work with Development Management to roll out Employment and Skills Plans on all major development
<p>Achievement indicators</p> <ul style="list-style-type: none"> Maintain high level of Council Tax collected (%) NNDR collected (%) Achieve a balanced budget with reasonable Council Tax increases (%) Increase the value of commercial investment (%) Increase the value residential investment (%) Reduction in ICT downtime as a result of the ICT Strategy (Number) 	<p>Achievement indicators</p> <ul style="list-style-type: none"> Increase in physical activity in adults (%) Increase in physical activity in children (%) Reduction in inactivity levels (%) 	<p>Achievement indicators</p> <ul style="list-style-type: none"> Reduced carbon footprint for the New Forest area and District Council Increase in Household waste sent for reuse, recycling and composting (%) Reduction in the number of flytipping incidents (Number) Increase in food establishments which have a satisfactory or good food hygiene rating (%) Increase in coastal funding to achieve the specific actions (%) 	<p>Achievement indicators</p> <ul style="list-style-type: none"> Increase in S106 agreements containing employment and skills plan (Number) Increase in apprenticeships within the District (Number) Increase in Businesses engaged in economic development programme (Number) Increased uptake in investment platform (%) Increase in broadband connectivity (%) Increase in subscribers to 'Helping local businesses grow' e-news (Number)

EMT – 14/01/20

CORPORATE OVERVIEW SCRUTINY PANEL – 23/01/20

ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND GENERAL FUND CAPITAL PROGRAMME 2020/21

1. Purpose of the report

1.1 This report provides the panel with the proposed revenue funded Asset Maintenance & Replacement programme (AMR) and General Fund Capital programme for 2020/21 and outline budgets to 2022/23.

2. Background

2.1 The Council's General Fund revenue budget includes a large budgeted sum for the maintenance and cyclical replacement of Council owned assets. The AMR programme budget for 2019/20 totalled £1.7m (shown within appendix 1), with a further £1.011M of one-off requirements funded by the general fund and HRA;

	General Fund £'000	HRA £'000	TOTAL £'000
ICT Protect & Maintain	290	60	350
ICT Strategy 2018-2022	498	102	600
Community Grants	61		61
	849	162	1,011

2.2 The November 2019 Medium Term Financial Plan included a general fund revenue budget allowance to cover the AMR of £1.8m for 2020/21. There are currently no planned adjustments to the overall programme budget over the period covered by the current Medium Term Financial Plan.

2.3 Service Managers were asked to come up with their proposed projects for 2020/21 with a strong brief that the programme had to be within the financial parameters set and realistic in terms of timeframes and deliverability. The programme now being proposed matches the budgeted sum.

3. Proposed Asset Maintenance and Replacement Programme 2020/21

3.1 The bid categories for the submitted programme for 2020/21 were;

- 1 – Protect & Maintain Front Line Service Delivery

- 2 – Efficiency / Savings / Income Generation
- 3 – Improve / Enhance Value of Asset

3.2 The summary programme covering 2019/20 – 2022/23 is included as appendix 1. The budget is monitored at this overall summary level to allow for sufficient flexibility should more urgent projects come to light during the financial year.

3.3 The 2020/21 proposed programme at project level is included as appendix 2.

3.4 **Further Information Relating to Projects**

Works to ATC and Communal Areas

The smarter working programme has brought a significant proportion of the ATC work space to a modern and new corporate standard. The new dedicated resources area located on the first floor of the East wing brings together the flexible workspace café and several meeting rooms offering a variety of work space, with rooms of differing sizes with various ICT equipment. A programme of works will be agreed by EMT in line with the £75k budget proposed within 2020/21 maintenance programme to bring communal areas and meeting rooms up to an equivalent modern corporate standard, to include, for example, the continued roll out of more energy efficient lighting.

Health & Leisure Centres Annual Maintenance Programme

During 2019, a full condition survey of the Council's 5 Leisure Centres was procured by the Council and carried out by a third-party specialist. The resultant report identified a works schedule covering a 15 year period to maintain the centres at the current standard/condition. Annually, this report will be reviewed and will inform the necessary value of maintenance expenditure required at the Leisure Centres. The detailed programme of works will be agreed with the Executive Head with responsibility for Leisure.

Stillwater Park

The Council owns and operates Stillwater park. It is a park containing static homes (from which the Council generates an income) with communal buildings. There have been several reported water leaks on the site, and works are necessary to upgrade windows, doors and electrics to the fixed buildings and repair/replace boundary fencing.

Dibden Golf Centre Landlord Maintenance Responsibilities

Several projects have been identified as required at the Golf Centre in 2020/21 (via a condition survey completed in 2019/20). The 9 hole/overflow gravel car park is uneven and raises Health & Safety concerns. It is proposed that the Council complete the project to resurface to tarmac. Before these works commence, the operator will be required to carry out the projects on the site that they are responsible for delivering and funding (which include a commitment to cover the cost of the replacement CCTV within the car park).

3.5 **Other One-Off Funded Programmes**

The ICT Investment Report presented to the panel in November covered progress as against the 'Protect and Maintain Frontline Services Fund', and an update on the delivery of the ICT strategy covering 2018-2022.

The Community Grants Panel have been given a maximum budget of £100,000 for one-off construction grant applications for 2020/21. The Panel are well aware this is a financial ceiling, and not a target.

The above will require financial resources, funded by the revenue budget or reserves and will be included on the Medium Term Financial Planning Reports through Cabinet.

4. **Capital Programme 2020/21**

4.1 The capital programme consists of projects funded by NFDC resources (capital reserve and receipts received), various grants / funds and Developer Contributions / CIL.

4.2 The proposed programme for 2020/21 totalling £9.894m for the General Fund including the outline financing is included as appendix 3. The project proposals for a 3 year period have been included for overall context, although only the projects commencing in 2020/21 are gaining approval to proceed at this stage.

4.3 **Further Information Relating to Projects**

Public Convenience Modernisation Programme

The Public Convenience task & finish group determine which Public Convenience is deemed as suitable for renovation in 2020/21. The recommendation is that the Barton-on-Sea convenience is replaced. At the appropriate time, the project cost will be finalised and any necessary budget adjustment as required included within the Capital programme.

Public Convenience Additional Enhancements

The Public Convenience due for renovating in 2019/20 is Lymington Quay. A broader project to enhance the quay as a visitor attraction is subject to a public consultation process followed by a planning application and is jointly sponsored with the Harbour Commissioners (funding yacht user facilities) and Lymington & Pennington Town Council (funding £100k of quay enhancements). A fully costed project has not yet been developed. It is however likely that the District Council may wish to match fund the Town Council's contribution towards the wider visitor attraction at the quay. Up to £75k has been made available to offer a financial contribution to the overall larger scale enhancement of the site. The Cabinet will agree the basis on which this contribution is made, and at what value.

Lymington Sea Wall

The Environment Agency have produced an outline design report to consider options for the works necessary on a stretch of the Sea Wall at Lymington. Modelling has been undertaken to determine likely flood risk to properties, which identifies 13 residential and 12 commercial properties will be at risk. Further discussions with the EA have identified that further modelling needs to be undertaken as it is considered that more properties may be at risk. Before any works commence there would need to be stakeholder engagement undertaken with both the Royal Lymington Yacht Club and Lymington Harbour Commissioners as they both have aspirations for the affected area, which may generate opportunities for delivering the works. The Environment Overview and Scrutiny Panel will be presented with a full report during 2020/21 before any funds are committed, including the funding options identified (as the EA will only partially fund this project, indicatively at less than 15% of the total).

New Depot Site

Following initial works to assess the suitability of Hardley Industrial Estate as a new (alternative to Claymeadow) depot site for the Council, work is on-going to bring together a fully costed specification and accompanying business plan. This will be presented to the Cabinet to make a decision before the development of site commences.

Vehicles & Plant

Members will note that the replacement of Vehicles & Plant (V&P) occurs on both the revenue AMR programme and the Capital Programme. The Council's policy is to capitalise individual items with a value greater than £10k and then depreciate these over their estimated useful life. The capital programme therefore includes the cash amount required to purchase the V&P, and the revenue programme includes the depreciation charge. The depreciation charge to revenue then makes a direct contribution towards the capital cost through a charge known as the Minimum Revenue Provision (MRP). The significant Capital Outlay required will result in older less efficient vehicles being replaced with the latest more efficient models.

Smarter Working

This project has been included on previously adopted Capital Programmes and relates to the roll-out of flexible ICT to enable remote working, and the updating to new corporate standard flexible workspace. To date, Cabinet have approved utilisation of £1.75m from the Smarter Working budget. The same adopted principle will apply to the use of the future delivery funding, in that Cabinet will ratify and approve any future phases and requirement for additional spend beyond the £1.75M already committed. The more efficient workspace (no longer 1 for 1 in terms of people to desks and lighting improvements) coupled with the ability for officers to work remotely is a significant step towards the Council becoming more environmentally friendly.

5. Crime & Disorder / Equality & Diversity / Environmental Implications

- 5.1 As the Council invests in the maintenance and replacement of its assets, it will do so ensuring environmental implications are considered and where it can, the delivery of energy efficiencies, whether that be in lighting / heating or in more economic vehicles, will be at the forefront of the Council's spending decisions.

6. Conclusion

- 6.1 The AMR programme represents a significant element of the Councils annual net expenditure. The programme for 2019/20 totals £1.8m in line with the sum as allowed for in the latest Medium Term Financial Plan.
- 6.2 The Council is committed to the continuation of its investment in ICT and the financial implications to deliver the strategy 2018-22 will be included on the appropriate Medium Term Financial Planning Reports through Cabinet.
- 6.3 The General fund Capital programme is funded in several ways, and the net NFDC funding requirement for 2020/21 after Vehicle & Plant internal borrowing is taken into account is £3.875m.

7. Recommendations

- 7.1 That the members of COSP;
- a) note the contents of this report and appendices and recommend the schedule of projects as included at appendix 2 and 3 be agreed by the Cabinet for inclusion in the 2020/21 budget.

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Background Papers

	2019/20	2020/21	2021/22	2022/23
	£'000's	£'000's	£'000's	£'000's
ASSET MAINTENANCE & REPLACEMENT PROGRAMME				
Asset Maintenance				
Health & Leisure Centres (including Equip)	360	500		
Dibden Golf Centre	30	72		
Eling Experience	25			
Offices, Depots & Outlying Buildings	105	118		
Stillwater Park		75		
CCTV Camera Replacement		31		
	520	796	-	-
ICT Replacement Programme	200	150		
V&P; Deferred Expenditure (Depreciation / MRP)	1,192	1,082		
	1,912	2,028	-	-
Rephased Budget from previous year		- 28		
Less: Proportion allocated to HRA	- 215	- 200		
Third Party Contribution	-	-		
Total Revenue Programme	1,697	1,800	-	-
General Fund Budget Available	1,700	1,800	1,800	1,800

APPENDIX 2

Portfolio(s)	Category Key (1 - 3)	Location	Project Name	AMR Prog. Value	
				20/21 £	21/22 £
F,CS&I	2	ATC	Works to ATC (communal & external areas & works emanating from condition survey)	75,000	
F,CS&I	2	ATC	*DDA Compliance Works	28,000	
F,CS&I	1 & 2	Ringwood Depot	Ringwood Depot Resurfacing	15,000	
			TOTAL OFFICES AND DEPOTS	118,000	150,000
L&W	1&2	HLC's	Annual Maintenance Programme	500,000	
			TOTAL HEALTH & LEISURE CENTRES	500,000	500,000
F,CS&I	1,2,3	District Wide	ICT Replacement Programme	150,000	
			TOTAL ICT REPLACEMENT	150,000	150,000

Portfolio(s)	Category Key (1 - 3)	Location	Project Name	AMR Prog. Value	
				20/21 £	21/22 £
F,CS&I / ALL	1	District Wide	Fleet Replacements (GF)	922,000	
F,CS&I / HOUS	1	District Wide	Fleet Replacements (HRA)	160,000	
			TOTAL VEHICLES AND PLANT	1,082,000	1,100,000
COMM	1,2	Multiple	CCTV Upgrade	31,000	
HOUS	2	Stillwater Park	Maintenance	75,000	
L&W	1	Dibden	Landlord Maintenance Responsibilities	72,000	
			TOTAL NON-CORE PROJECT FUND	178,000	100,000
Grand Total				2,028,000	2,000,000

* Funded by rephased budget from 2019/20

CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

Portfolio	PROJECT REQUIREMENTS £			2020/21 PROJECT FINANCING £					
	2020/21	2021/22	2022/23	NFDC Resources / Loan	TBC	Better Care Fund	Grant	DC / CIL	
Disabled Facilities Grants	ENV	1,200,000	1,200,000	1,200,000		1,200,000			
Strategic Regional Coastal Monitoring (15-21)	ENV	1,495,000					1,495,000		
Barton Drainage Test (19-21)	ENV	50,000					50,000		
Public Convenience Modernisation Programme	ENV	300,000	300,000	300,000					
Public Convenience Additional Enhancements	ENV/LEADERS	75,000		75,000					
Lymington Sea Wall	ENV	400,000			400,000				
New Depot Site	F,CS&I	3,000,000	2,000,000	3,000,000					
V&P; Replacement Programme	F,CS&I	1,682,000	2,000,000	1,500,000	1,682,000				
Smarter Working; Future Delivery	F,CS&I	500,000	500,000	500,000					
Open Space Schemes	P&I	292,000	200,000	200,000				292,000	
Transport Schemes	P&I	265,000	175,000	175,000				265,000	
Mitigation Schemes	P&I	635,000	500,000	500,000				635,000	
TOTAL GENERAL FUND CAPITAL PROGRAMME		9,894,000	6,875,000	3,875,000	5,557,000	400,000	1,200,000	1,545,000	1,192,000
									9,894,000
LOAN FINANCED				-1,682,000					
RESIDUAL NFDC RESOURCES				3,875,000					

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CORPORATE OVERVIEW AND SCRUTINY PANEL – 23 JANUARY 2020

CAPITAL STRATEGY 2020/21

1. INTRODUCTION

- 1.1. The Capital Strategy is a high level document, giving an overview of how capital expenditure, capital financing and treasury management come together, with an overview of current activities and the implications for future financial sustainability.
- 1.2. By producing this strategy report, the Council is following statutory guidance issued by the Government in January 2018.

2. OVERVIEW OF WHAT IS INCLUDED IN THE CAPITAL STRATEGY

- 2.1. The Capital Strategy confirms at high level what the Council is intending to spend its money on over the medium term and how it intends to finance this expenditure. Over the period covered by 2020/21 to 2022/23, total capital expenditure is forecast at around £119m.
- 2.2. As demonstrated throughout the report, the Council is intending to utilise the cash balances it has accrued to deliver the various adopted investment strategies, including Commercial Property, Residential Property and Housing to 2026, and will supplement these internal resources when necessary with external borrowing and in accordance with advice it receives from its contracted Treasury Management experts.
- 2.3. It is vitally important that the Council has regard to the relationship between the financing costs of the capital programme and the revenue General Fund, and Housing Revenue Account. This is covered within the report by the prudential indicators.
- 2.4. This Council has established a sound level of governance surrounding its capital investments and employs suitably qualified personnel in order to fulfil the objectives of the Strategy. External support and expertise is sought where necessary, and officers have the ability to communicate openly and freely with members of the Cabinet.

3. MINIMUM REVENUE PROVISION

- 3.1. Where General Fund capital spend has been financed by loan (internal borrowing), and has increased the Capital Financing Requirement (CFR), the Council is required to make a provision to repay a proportion of the accumulated amount each year. This amount is charged to revenue and is called the Minimum Revenue Provision (MRP). This charge reduces the CFR each year, and is based on the expected economic use period related to the capital expenditure.
- 3.2. Full Council is required to approve an MRP statement in advance of each financial year. The Council is recommended to approve the following MRP statement:

“ For capital expenditure that has been incurred, and which has given rise to a CFR, the MRP policy for expenditure other than that incurred on investment property, shall be to charge revenue

an amount equal to the depreciation of any asset financed by loan. The MRP policy specific to investment properties financed by loan, shall be to charge revenue an amount equivalent to the sum of borrowing utilised, over a repayment period of 50 years.”

4. ENVIRONMENTAL / CRIME AND DISORDER IMPLICATIONS

4.1. There are no implications arising from this report.

5. RECOMMENDATIONS

5.1. The Corporate Overview and Scrutiny Committee is recommended to request Cabinet approve the Capital Strategy 2020/21, including the adoption of the MRP statement.

For Further Information Please Contact:

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Background Papers:

Capital Strategy 2020/21

1.0 Introduction

This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The report also includes the prudential indicators, as required by the 2017 Prudential Code.

2.0 Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

In 2020/21, the Council is planning capital expenditure of £37.194m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
General Fund services	3.289	8.547	9.894	6.875	3.875
Council housing (HRA)	17.733	21.403	15.800	23.000	27.200
Capital investments	0.248	5.360	11.500	14.000	6.700
TOTAL	21.270	35.310	37.194	43.875	37.775

The General Fund capital programme includes the cyclical replacement of Vehicles and Plant, Smarter Working at £1m and a New Depot Facility at £5m. The Council also plans to incur £32m of capital expenditure on investments, which are detailed later in this report in section 4.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised by, other local services. HRA capital expenditure is therefore recorded separately and includes the maintenance of existing stock and the building and acquisitions of new homes over the forecast period, in line with the Housing strategy.

Governance: Service managers bid annually in the early Autumn to include projects in the Council's capital programme. Bids are collated by the Head of Finance and evaluated by the Executive Management Team. The Corporate Overview and Scrutiny Panel appraise the proposed programme and makes recommendations to the Cabinet. The final capital programme is then presented to Cabinet and to Council in February each year.

- Full details of the Council's capital programme are available within the Feb 2020 Cabinet papers (Medium Term Financial Plan / Annual Budget 2020/21)

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
External sources (Grants / DC's)	2.868	5.129	5.037	3.675	4.075
Capital Receipts	4.829	3.649	3.500	3.000	2.000
Capital Reserves	3.401	12.393	5.627	9.727	8.767
Revenue Contributions	9.415	9.225	8.848	8.673	8.873
Debt / Loan	0.757	4.914	14.182	18.800	14.060
TOTAL	21.270	35.310	37.194	43.875	37.775

Generally any borrowing required to meet the Council's capital expenditure is met by using cash held in reserves rather than raising loans. This action is known as internal borrowing and is assumed for 2020/21. Internal borrowing is replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP, explained further below). Alternatively, additional (beyond those already anticipated within the financing as shown within table 2) proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and debt repayment are as follows:

Table 3: Replacement of debt finance in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Capital Expenditure Financed by Debt / Loan	0.757	4.914	14.182	18.800	14.060
Own resources - Debt Repayment	-4.100	-4.100	-4.100	-4.100	-4.100
Own resources - MRP Provision	-1.232	-1.315	-1.615	-1.951	-2.203
Movement in CFR	-4.575	-0.501	8.467	12.749	7.757

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP, debt repayments and capital receipts used to replace debt. The CFR is expected to increase by £8.467m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
General Fund services	3.278	2.806	3.240	3.992	4.244
Council housing (HRA)	136.401	132.301	131.729	133.829	137.369
Capital investments	1.646	5.717	14.322	24.218	28.184
Total CFR at Year End	141.325	140.824	149.291	162.039	169.797
Movement in CFR from one year to the next	-4.575	-0.501	8.467	12.749	7.757

Minimum Revenue Provision: Where General Fund capital spend has been financed by loan (internal borrowing), and has increased the CFR, the Council is required to make a provision to repay a proportion of the accumulated amount each year. This amount is charged to revenue and is called the Minimum Revenue Provision (MRP). This charge reduces the CFR each year, and is based on the expected economic use period related to the capital expenditure.

Full Council is required to approve an MRP statement in advance of each financial year. The Council is recommended to approve the following MRP statement:

“ For capital expenditure that has been incurred, and which has given rise to a CFR, the MRP policy for expenditure other than that incurred on investment property, shall be to charge revenue an amount equal to the depreciation of any asset financed by loan. The MRP policy specific to investment properties financed by loan, shall be to charge revenue an amount equivalent to the sum of borrowing utilised, over a repayment period of 50 years.”

For Council Housing and the refinancing settlement of 2012, the Council has an approved business plan that will charge amounts to revenue to ensure that any borrowings are reduced in accordance with the maturity of the debt outstanding.

Asset management: Service Managers from across the Council manage assets in their service delivery areas. The Council’s Service Manager for Estates and Valuation has overall responsibility for the management of the Council’s property estate records, including liaising with the Council’s Accountancy department on statutory annual financial reporting. To ensure that property assets continue to be of long-term use, the Council will be producing an overarching Accommodation Strategy.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds (capital receipts), can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital

receipts. Council dwelling sales through the Right to Buy scheme also generate capital receipts, and although some of these are currently returned the government, the majority are available to the Council to spend on new housing. The Council plans to receive £2.2m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Asset sales	5.015	3.000	2.000	2.000	2.000
Loans repaid	0.201	0.201	0.201	0.201	0.201
TOTAL	5.216	3.201	2.201	2.201	2.201

- In 2018/19, the Council received capital receipts from the sale of St Johns Street car park and a proportion of Hardly Industrial Estate.
- All other forecast asset disposals relate to Right to Buy receipts.
- In 2014, the Council arranged £2m of prudential borrowing on behalf Lymington Harbour Commissioner. This is being repaid annually.

3.0 Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but will become cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

At the last balance sheet date (31/03/19), the Council had £135.5m borrowing at an average interest rate of 3.21% (due to the HRA refinancing settlement in 2012), and held £64.1m treasury investments earning an average rate of 1.87%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.5 to 3.5%).

Projected levels of the Council's total outstanding debt (which comprises borrowing in relation to the refinancing of the HRA in 2012/13 and new borrowing required to finance the capital programme) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £millions

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Debt	135.5	131.2	126.9	128.9	142.9
Capital Financing Requirement	141.3	140.8	149.3	162.0	169.8

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £millions

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit
Authorised limit – total external debt	201.6	201.6	216.5	224.3
Operational boundary – total external debt	186.3	186.3	200.3	208.0

- Further details on borrowing are included within the treasury management strategy

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Near-term investments	35.5	21.3	15.8	5.0	5.0
Longer-term investments	28.6	26.4	13.4	5.0	5.0
TOTAL	64.1	47.7	29.2	10.0	10.0

- Further details on treasury investments are included within the treasury management strategy

Table 8 suggests that the majority of the Councils cash will be utilised over the period through internal borrowing to fund the needs of the Councils capital programme, until minimum balances reach £10m. Use of cash for capital programme financing will be supplemented through external borrowing, when required (hence the increase in debt headroom as per table 7). The Council should expect to retain a minimum level of cash, known as the **Liability Benchmark**. The General Fund balance reserve at £3m and the HRA reserve at £1m are an absolute minimum, with further headroom added to set where the Council's basic benchmark should be (£10m in total).

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by Council. A mid-year and an outturn report on treasury management activity are presented to the audit committee. The audit committee is responsible for scrutinising treasury management decisions.

4.0 Commercial Activities

With central government financial support for local public services declining, the Council intends to invest in commercial and residential property mainly for financial gain. The Council will invest in, and will lend to its Wholly Owned Trading Company for purposes of income generation through residential property. Total commercial investment properties were valued at £5.2m as at 31/03/19. In 2019/20, the Council purchased a bare land site in Ringwood with planning permission for industrial development and a car park in Lymington with a long-leaseholder.

With financial return being the main objective, the Council accepts higher risk on commercial and residential investment than with treasury investments. The principal risk exposures include vacancies and falls in capital values. These risks in relation to commercial property are managed by predominantly targeting acquisitions with existing medium-long term tenancies in place and being sensible about the purchase price in relation to the income yields achievable. In order that commercial investments remain proportionate to the size of the authority, these are subject to an overall maximum investment limit of £30m. Residential property investments are subject to an overall investment limit of £10m.

Governance: Decisions on commercial investments are made by an investment panel in line with the criteria and limits approved by Council in the Commercial Property Investment strategy. Decisions on residential investments are taken by the Board of Directors of the

wholly owned company, in line with the criteria and limits approved by Council in the Residential Property Strategy. Property and most other commercial investments are also capital expenditure and purchases have therefore also been pre-approved as part of the capital programme.

- Further details, including the risk management on commercial and residential investments are outlined in these respective strategy documents;
 - [Commercial Property Investment Strategy](#)
 - [Residential Property Investment Strategy](#)

5.0 Liabilities

In addition to debt of £135.5m detailed above, the Council is committed to making future payments to cover its pension fund liability (valued at £93m as at 31/03/19), It has also set aside £4.3m in provisions, with £4.0m of this to cover risks of business rate appeals.

Governance: Decisions on incurring new discretionary liabilities are taken by the Head of Finance. The risk of liabilities crystallising and requiring payment is monitored by Accountancy and reported when necessary.

- Details on liabilities are shown within the Council's balance sheet on page 17 of the 2018/19 Annual Financial Report, further supported by notes to the accounts (http://www.newforest.gov.uk/media/39125/Annual-Financial-Report-201819/Pdf/Annual_Financial_Report_18-19.pdf)

6.0 Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable*. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants for the General fund, and the income receivable from rents within the HRA.

*In relation to the finance costs incurred within the General Fund, the income to be generated will exceed the additional MRP and interest charges, but as this income is to be used to directly contribute towards the funding of services, the income is not netted off against the finance costs within the table 9.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
General Fund; Financing costs (£m)	0.22	0.46	1.06	1.69	2.08
General Fund; Proportion of net revenue stream	1.3%	2.6%	6.1%	9.7%	11.9%
HRA; Financing costs (£m)	4.1	3.9	3.9	4.1	4.4
HRA; Proportion of net revenue stream	14.7%	14.3%	14.1%	14.3%	15.0%

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Head of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable considering that the majority of the planned expenditure is revenue earning.

7.0 Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance and the Council's two principal accountants are all qualified accountants with several years' experience between them, the Service Manager for Estates and Valuation is a qualified solicitor with many years' of experience in property law, commercial and corporate transactions and is supported by highly experienced and professionally qualified surveyors and valuers (members of the Royal Institution of Chartered Surveyors).

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and has a Service Level Agreement with Hampshire County Council's Treasury Management department for day-to-day treasury management activities. The Council instructs external surveyors, valuers, architects and quantity surveyors to provide specialist advice on a project by project basis. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

PORTFOLIO – HOUSING SERVICES

HOUSING OVERVIEW & SCRUTINY PANEL – 15 JANUARY 2020
CORPORATE OVERVIEW & SCRUTINY PANEL – 23 JANUARY 2020

HOUSING MAINTENANCE SUPPLY CHAIN AND LOGISTICS

1. INTRODUCTION

- 1.1 This report proposes a new supply chain and logistics model for materials and services to support Housing Maintenance Operations service delivery.
- 1.2 A thorough review of the existing supply chain has been undertaken by the Housing Maintenance Operations Service Manager, supported by the Strategic Procurement Manager and the Executive Head of Governance and Housing. This was a priority action that was highlighted as part of the fundamental review of Housing Maintenance carried out by the Executive Head in the Summer 2019.
- 1.3 A new supply chain and logistics model is required in order to replace the current adhoc approach to procuring goods, materials and services to support the reactive maintenance of Council housing properties. An overview of the proposed model is set out at Appendix 1 with a process map at Appendix 2.
- 1.4 The new supply chain model should provide value for money through greater cost management and match material purchases to our actual demand. It should also allow the Council's trades team to focus upon fixing tenants' properties.

2. BACKGROUND

- 2.1 The Council owns over 5,000 Council properties and is under a legal duty to maintain the structure and fixtures of these properties, including their communal areas.
- 2.2 The Council is committed to providing an effective maintenance service in order to comply with its statutory responsibilities, including but not limited to the Landlord and Tenant Act 1985 (as amended) and the Housing Act 2004 to protect the value of its housing stock and ensure good levels of resident satisfaction.
- 2.3 This report concentrates on the supply chain in respect of goods, materials and services for reactive repairs and voids and does not deal with capital planned maintenance where there are already appropriate procurement processes in place.
- 2.4 On average, the Council spends in the region of £1 million per annum on goods and materials alone, to effect reactive repairs to Council stock.
- 2.5 In 2018/19 Housing Maintenance purchased goods and materials from 65 suppliers with the top 5 equating to 65% of the total spend. There are no formal long-term agreements in place. The current supplier base is the result of historic local sourcing with annual orders. No cost or price management is in place.
- 2.6 In 2018/19 over the counter purchases (Council trades staff shopping for materials they need) made up 82% of the total expenditure with the remaining 18% of

purchases being ordered for delivery to the MLD stores (this mainly serves the van stocks). An analysis of goods and material expenditure is set out at Appendix 3.

- 2.7 Whilst purchasing relationships with these suppliers are long standing and based on a recurring annual informal arrangement, this is not sustainable in the longer term. It is important that more structured and formal arrangements are put in place to realise value for money opportunities and ensure transparency.
- 2.8 Any new supply chain and logistics model needs to ensure right time, right quality, right place and right price, alongside minimising inventory holding.

3. ISSUES ARISING FROM THE REVIEW OF HOUSING MAINTENANCE SUPPLY CHAIN

3.1 The review identified the following issues: -

- a) The Council needs to have arrangements in place to deal with the supply of goods and materials necessary to effect reactive repairs, including a 24/7 emergency response.
- b) The current ad-hoc and informal approach to purchasing goods and materials needs to change to ensure robust, compliant and value for money purchasing takes place;
- c) Housing Maintenance requires a quality assured range of suppliers for:
 - goods and materials;
 - reactive repairs 'back up' service via approved specialist and trade contractors (when the existing team is fully utilised or when special work is required).
- d) There is a need for detailed management information on goods and materials purchases, adding the necessary rigour to supply chain profiling to support operational activities;
- e) There is a need to ensure Operational Managers, their teams and suppliers fully comply with the processes and service specifications set out in commercial contracts, with regular contract monitoring.

4. PROPOSAL

The Housing Maintenance supply chain and logistics model covers 3 themes;

- Materials Supply Contract
- Minor Works Framework
- Specialist Services Contract(s)

The proposed new model (see Appendix 1) is explained below: -

4.1 Materials Supply Contract

4.1.1 Housing Maintenance and Procurement have carried out a review of current National Framework Agreements to assess how awarded supplier outlets matched our operating geography. Frameworks reviewed included Cirrus,

Pretium, Crown Commercial Service and ESPO. Framework suppliers were Grafton/Buildbase (0 outlets), Jewson (2 outlets), Travis Perkins (5 outlets), Wolseley (2 outlets).

- 4.1.2 It is proposed that the Council use the Pretium Materials Supply and Managed Services Framework to secure a master vendor to provide ALL goods and materials required to support housing repair activities and supply logistics operationally. Whilst the main spend is within Housing Maintenance, there would also be provision for other NFDC services to acquire materials when needed from time to time.
- 4.1.3 This Framework, managed by Pretium Frameworks Ltd, was procured in partnership with a registered housing provider to select a single supplier (master vendor). The awarded supplier is Travis Perkins Managed Services. The supplier provides the best match to the Council's operation with 5 outlets in the District plus a nationwide coverage and a Midland's based central distribution centre. The local outlets are shown at Appendix 4.
- 4.1.4 The current Framework (Dec 2016-20) facilitates a 'Call Off' agreement of 3 years with an option to extend for further 2 years. Pretium have already commenced the process to re-procure the governing framework covering the period December 2020-24. The Council's Legal Team have checked the framework applicability and confirmed the ability to call-off from the existing framework.
- 4.1.5 Use of the Pretium framework allows for direct engagement with the single supplier, avoiding resource intensive mini-competitions.
- 4.1.6 **Value for Money (VFM)**
- 4.1.7 The use of the Pretium Framework allows the Council to establish a longer-term arrangement with a dedicated supplier to better understand the flow of materials supporting the Housing Maintenance Service. Understanding the data is key to driving improved commercial leverage and cost management. The framework provides control over the pricing of materials (via benchmarking prices of top 50 and top 500 products) and allows the Council to gain from Travis Perkins buying power.
- 4.1.8 Current Councils using the Pretium Framework include Epping Forest District, London Borough of Southwark, London Borough of Newham, London Borough of Barking and Dagenham, Basildon District. Southampton City Council appointed Travis Perkins Managed Services in 2015 to operate their logistics centre in Nursling (site visit undertaken by the Housing Maintenance Operations Service Manager and Strategic Procurement Manager).
- 4.1.9 The Value for Money benefits of this procurement solution are: -
- Improved control of material usages and flow via statistical analysis;
 - Inventory reduction – on hand stocks (running at average of £250k pcm);
 - Buy what is needed. Eradicate redundant stocks that currently build up due to excess buying (driven by minimum order quantity);
 - Reduce Purchase to Pay transactions (65 suppliers down to 1 will drive down purchase order & invoice transactions e.g. c.10,000+ invoices p.a.

down to 12 consolidated invoices p.a. supported by Management Information report);

- Emphasis on account management and operational flexibility;
- Price benchmarking (top 50 and top 500 products), social value fund contributions;
- Bespoke IT offer; to aid communication through enhanced connectivity with existing Council applications;
- Benchmarking provided by LB Southwark Council report a 4.5% cost reduction since moving to managed supplies via Travis Perkins (under the Pretium Framework). They also report annual price reviews well below CPI, a 90% reduction in transactional invoice processing, savings from product swaps and reduced material packaging.

4.1.10 Materials Supply via Pretium Framework Agreement

4.1.11 The features of the framework are set out below: -

- Materials via a preferred supplier managing ALL sourcing of ALL core and ad-hoc goods and material items (a One Stop Shop to the sourcing of goods and materials); this will include ability for sourcing to achieve the Council's specifications e.g. where NFDC specification requires a particular brand / type / product and NOT a substitute;
- Materials from local or regional specialist suppliers will be managed by the master vendor;
- Analyse, design and implement material supply chain for core list, van stocks, over the counter facility, special requirements;
- Supply chain to operate based on business demand e.g. "Pull" materials (just in time) based on actual need, not "push" stocks into stores (just in case);
- Call off via Uniclass repairs software or via supplier Application interface;
- Supply chain modelling throughout the contract term to maintain accurate van stocks and core list;
- Seamless transition with buy-back deal on Council's current store held stocks that form the initial core list. Offer on non-core surplus stocks to support the stock transfer;
- Master Vendor will parallel purchase core items (in start-up phase only) whilst buy back stocks are dispersed to local supply warehousing;
- Coordinated "Go live" date for supply of goods and materials;
- Regular (Weekly) van stock replenishments based on pull demand triggers from agreed collection points across the district;
- Supplier to provide courier service "direct to site address" for large items or job specific needs e.g. a bath unit, timber sections, boiler kits, etc.;
- Full management information on materials usage e.g. van stocks, kit supplies, material & product line items, job order type, category profiles, savings from sourcing opportunities, supply volumes and values;
- Evidenced compliance controls with regular contract monitoring supported by KPI reviews;
- Dedicated specialist resource from master vendor to support the analysis and design phase through to implementation;

4.2 **Minor Works Framework (MWF)**

- 4.2.1 It is also proposed that the Council establishes a multi-lot Minor Works Framework Agreement for specialist trade skills required to supplement direct works delivery requiring specialism or where in-house capacity constraints are likely to impact on tenants. (See Appendix 1)
- 4.2.2 The Council will plan an open tender to select and award from contractors with the ability to support our operation commencing April 2020. This will enable local/regional suppliers to bid.
- 4.2.3 There will be regular monitoring and KPI reviews, ensuring evidenced compliance, adding rigour to contract management.
- 4.2.4 The MWF will be open to ALL NFDC services to reduce the number of ad-hoc quotations currently being run and improve reaction times to operation demands.

4.3 **Contract Management & Monitoring**

- 4.3.1 An existing (vacant) post of Contracts Relationship Officer, whose principal function is to set up supply chains for Housing Maintenance, was transferred to the Council's Corporate Procurement Team with the specific focus to implement a modern supply logistic operation based upon the "pull demand" model (see Appendix 1).
- 4.3.2 A key function of the role will be to set up and manage the supply of goods and services for Housing Maintenance from ALL third-party suppliers as set out in Appendix 1. Following a recent recruitment exercise, a new postholder has been appointed and will take up their position in the New Year.
- 4.3.3 Day-to-Day call-off from the suite of Housing Maintenance frameworks and contracts will be coordinated by Housing Maintenance contract administrators and business support with escalation to the Contracts Relationship Officer where required.

5. **LOCAL ECONOMIC IMPACT**

- 5.1 The majority of materials used by the Council's Housing Maintenance Service for reactive repairs are commonly available building and construction products. Currently these are sourced informally from a number of locally based suppliers. However, there is little structure and rigour to this process and more formal arrangements are necessary to ensure value for money and transparency. The move to the master vendor model will mean that most of the current supplier base will not be used going forward. The current supplier base (c. 65 suppliers) consists of national, regional and local SME suppliers established through custom and practice. There are no formal tendered contracts in place.
- 5.2 The decision to move away from the current 'scatter gun' sourcing and storage of materials (from over 65 suppliers) to one strategic master vendor will bring the necessary control to the Council's supply chain, meaning that only what is needed is bought at the best market price.

- 5.3 The choice of the Pretium Materials Supply Framework with Travis Perkins (TP) as the master vendor supplier will continue to support the local economy with 5 outlets across the District (and for contingency, another 19 outlets within a 50-mile radius of Lyndhurst) serving both local businesses and the public. Travis Perkins employ staff in local outlets to service the existing business and will employ additional dedicated staff to support the Council's operation going forward.
- 5.4 Analysis of the 65 suppliers used over past 12 months shows that 14 suppliers represent 90% of the spend value, of which 4 are local SMEs. The Council will, as part of the analysis and design phase of moving to the new Model, identify any local specialist goods / product SMEs who may be retained by the master vendor as 2nd tier suppliers.
- 5.5 Under the new arrangement the Council's materials supply footprint will be more environmentally efficient as its Trades Team will be served from the nearest Travis Perkins outlet saving both time and unnecessary travel mileage. Materials will be located nearer to the work activity.

6. IMPLICATIONS OF PROPOSAL ON EXISTING OPERATIONAL ACTIVITIES

- 6.1 The Marsh Lane store building warehouses goods and materials and as the predominant user, the management function for this facility sits within Housing Maintenance. In addition to bunkered fuel, sacks, building materials and some cleaning and janitorial items, goods are still procured, warehoused and managed through the Stores Stock Control account for other Services The stores building also acts as the reception hub for the Marsh Lane site.
- 6.2 Office based Housing Maintenance employees, who are currently based at Marsh Lane Depot, are due to relocate to Appletree Court from early January 2020. A small hub will be retained on the first floor, within the existing accommodation footprint at Marsh Lane Depot, for operational employees to report.
- 6.3 In implementing a new master vendor solution for the supply of goods and materials, Housing Maintenance will still require some residual warehousing and management solution for tools, plant, equipment, fleet and goods stock for emergency planning and business continuity. However, it is envisaged that this will be small scale.
- 6.4 The existing Marsh Lane store reception hub, procurement and management of bunkered fuel and residual goods for other operational services will remain as now. However, should future relocation of residual Housing Maintenance Store staff take place, it will be necessary to review arrangements and where the management of these best sits.

7. CONCLUSION

- 7.1 This report sets out proposed changes in the way Housing Maintenance procures its goods and materials to deliver reactive repairs. It also proposes a new more structural approach to the use of specialist contractors via a new Minor Works Framework to support operational delivery. Together, it is considered that this will bring about significant improvements in supply chain logistics, purchasing and compliance controls, product analysis and cost efficiencies.

8. FINANCIAL IMPLICATIONS

- 8.1 An annual budget funded by the HRA is required to support the maintenance and repairs of Council housing stock and this is agreed as part of the Council's annual budget setting process.
- 8.2 Remodelling of the supply chain and introduction of a master vender solution is expected to bring about purchasing savings, circa 4-8%. In addition to purchasing savings, there are opportunities for transactional cost reductions and efficiencies via improved logistic arrangements and productivity of our trade workforce. This will be carefully monitored, and regular reports will be brought back before EMT, Housing Overview & Scrutiny Panel and the Housing Services Portfolio Holder.
- 8.3 There will be some cost associated with IT integration development. This is estimated to be in the region of £10k and will be confirmed on completion of the design phase.

9. CRIME AND DISORDER IMPLICATIONS

- 9.1 There are none arising from this report.

10. ENVIRONMENTAL IMPLICATIONS

- 10.1 Under the new arrangement the Council's materials supply footprint will be more environmentally efficient as its Trades Team will be served from the nearest Travis Perkins outlet saving both time and unnecessary travel mileage. Materials will be located nearer to the work activity.

11. RECOMMENDATIONS

- 11.1 That the Housing Overview & Scrutiny Panel consider the report and gives views to the Portfolio Holder for Housing Services.

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Background Papers:

Housing Maintenance Service Review
Report – Cabinet 3rd July 2019

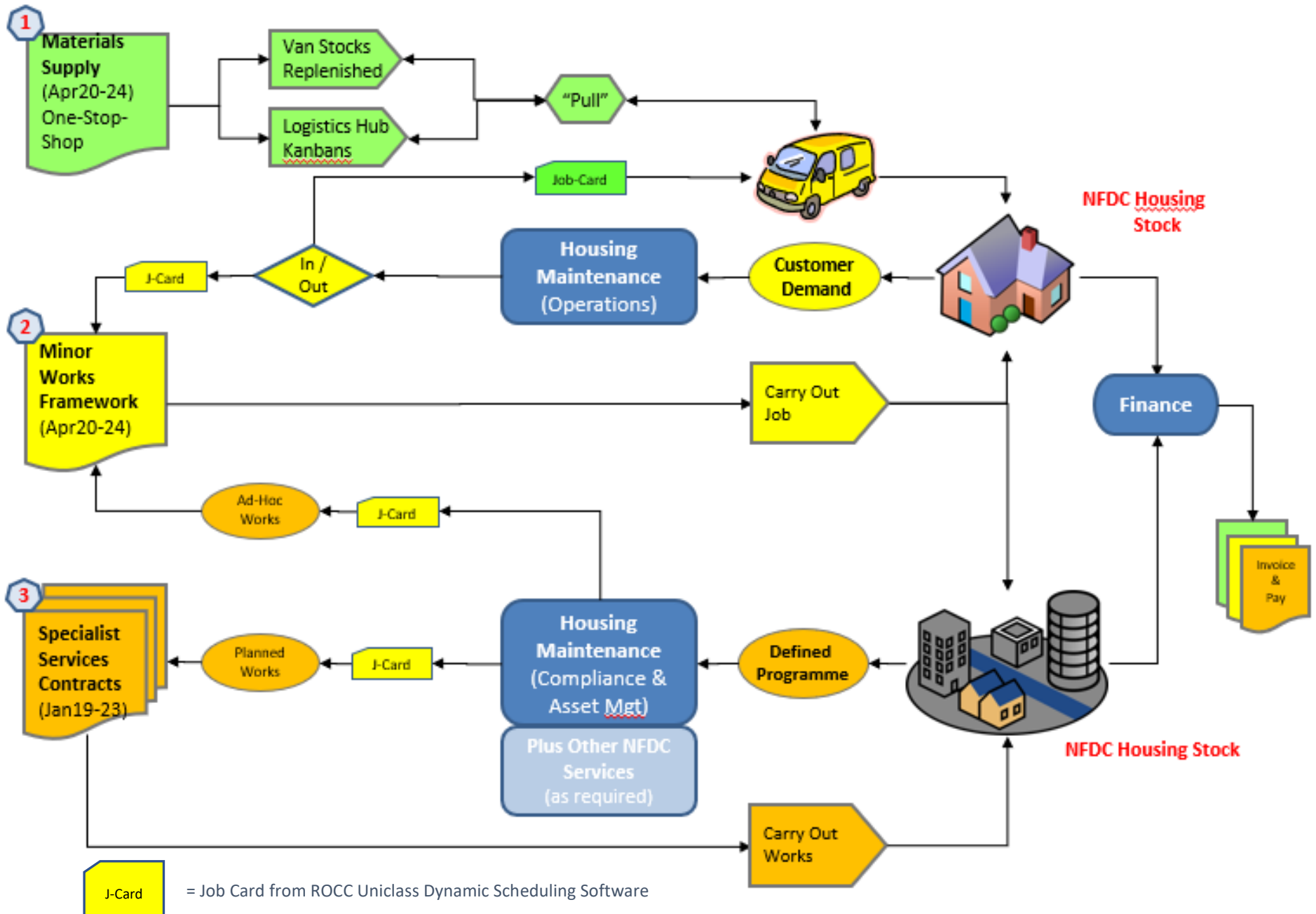
HOUSING MAINTENANCE SUPPLY CHAIN MODEL OVERVIEW



(already in place)

Materials Supply Contract	Minor Works Framework	Specialist Services Contract(s)
<p>Call-Off Contract (Apr2020-23 + 2-year extension) <i>Under national framework</i></p>	<p>4-year framework (Apr2020-24) <i>NFDC tendered framework</i></p>	<p>4-year frameworks & contracts (Jan2019-24) <i>NFDC tendered frameworks / contracts</i></p>
<p>Single-Supplier (one stop shop) to supply ALL building materials required by HM Reactive Repairs (Inc. Voids) based on “pull” demand model to eradicate stocks held in MLD (or other locations). Delivery direct to job site (via courier), NFDC logistics hub (job kits) and van stock replenishment. Open to ALL NFDC Service teams needing materials.</p>	<p>Multi-Contractor Framework to support HM reactive works programme via specialist trade categories. Jobs allocated by rotation taking availability, capacity and skill set consideration. Open to other NFDC Services teams that need minor works contractor from time to time.</p>	<p>A range frameworks and contracts (single or multi-supplier) for specialist services required to maintain and improve NFDC Housing stock. Open to other NFDC Services teams that require a specialist services contractor from time to time.</p>
<p>Material Category ‘Lots’</p> <ul style="list-style-type: none"> ▪ Heating and Gas; ▪ Plumbing and Sanitary Ware; ▪ Electrical; ▪ Mechanical; ▪ General building supplies; ▪ Timber & fencing; ▪ Paint ▪ Consumables; ▪ Special item sourcing 	<p>Multi-contractor Minor Works Framework</p> <ul style="list-style-type: none"> ▪ Trade lots ▪ Responsive contractors; ▪ Support NFDC customer focus; ▪ Fixed £/hr rates; ▪ Fixed overhead/profit %; ▪ Materials uplift % ▪ Open book cost management; ▪ Job allocation (Rotation or Mini Competition) <p><i>Related projects</i></p> <p>Professional Services Framework:</p> <ul style="list-style-type: none"> ▪ Design / Architect service; ▪ Construction Project Management (CPM) ▪ Quantity Surveying (QS) ▪ Cost Management (CM) 	<p>Single/Multi Contractor contracts for:</p> <ul style="list-style-type: none"> ▪ Gas Servicing (commercial); ▪ Air conditioning; ▪ Scaffolding; ▪ Lift Maintenance; ▪ Legionella; ▪ Asbestos; ▪ Fire Equipment; ▪ Fire Risk Assessment; ▪ Door entry systems & automatic door openers <p>Frameworks:</p> <ul style="list-style-type: none"> ▪ Kitchen refurbishments; ▪ Bathroom refurbishments; ▪ PVCu Windows; ▪ Doors & Fire Doors; ▪ Roofing; ▪ Cyclical Decorating Services (due 2020) ▪ Low Maintenance Eaves (due 2020)

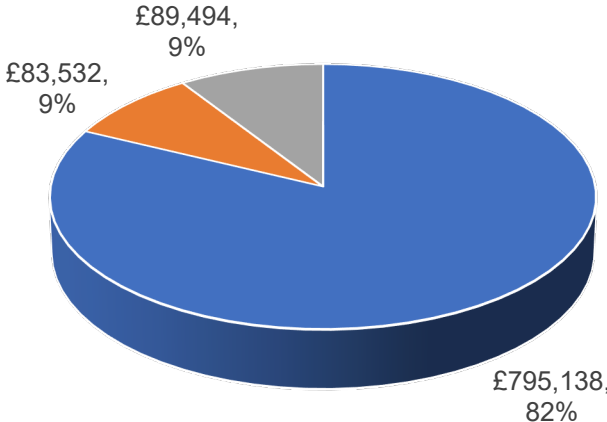
HOUSING MAINTENANCE SUPPLY CHAIN MODEL MAP



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HOUSING MAINTENANCE MATERIALS SUPPLIER SPEND ANALYSIS

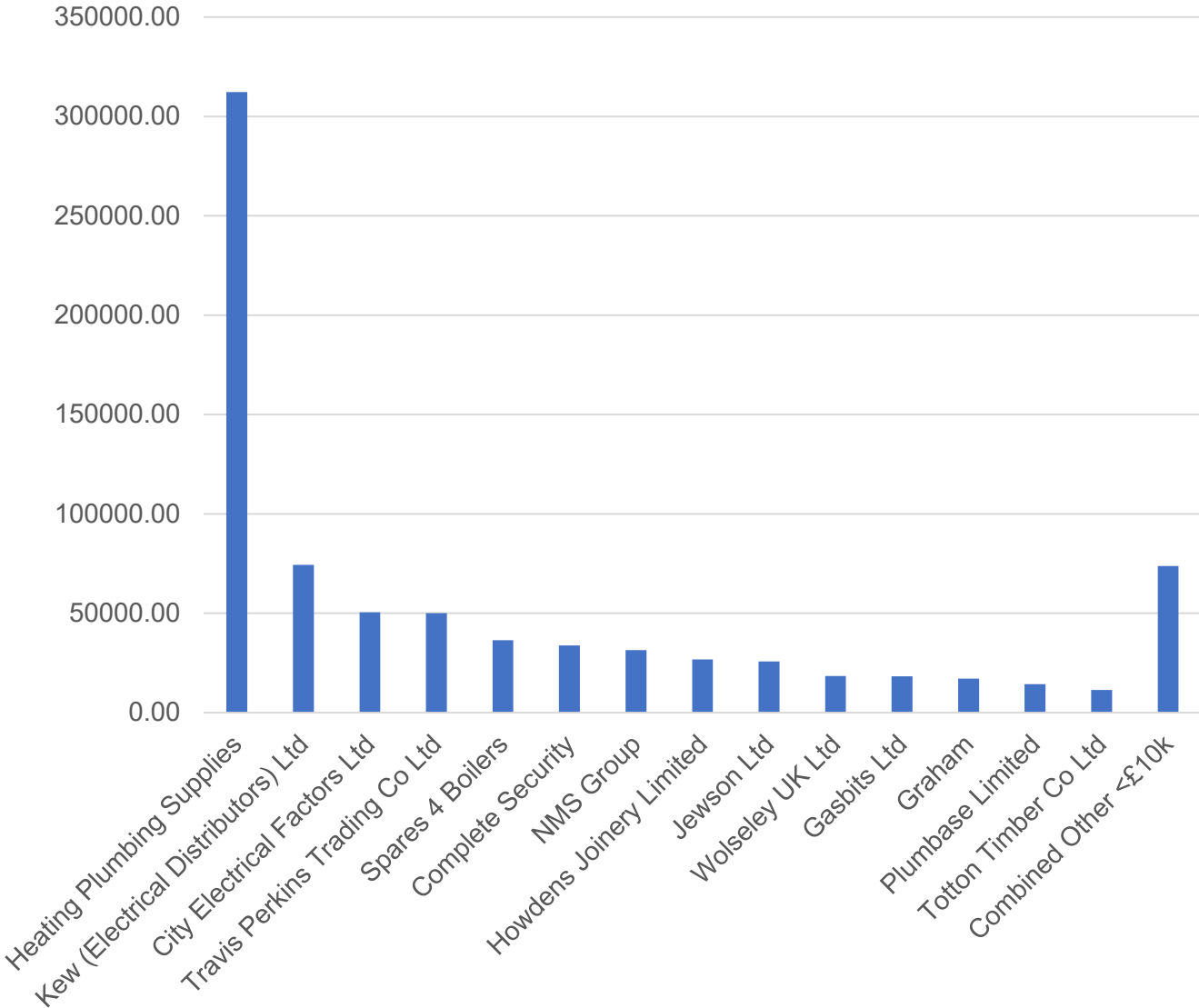
Analysis of Spend



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- NON STORES
- STORES
- STORES - VAN REPLENISHMENT

Non Stores Expenditure by Supplier



TRAVIS PERKINS (MASTER VENDOR) DISTRIBUTION



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CORPORATE OVERVIEW AND SCRUTINY PANEL – JANUARY 2020

ICT INFRASTRUCTURE RENEWAL PROJECT

1. PURPOSE

- 1.1. The purpose of this report is to provide members with an update on the major project of replacing virtually all components of NFDC's ICT infrastructure.
- 1.2. The report consists of a narrative timeline of the project, a summary of the major deliverables, and a financial commentary.

2. BACKGROUND

- 2.1. This project was started in 2017 to replace the old, unstable and 'out of support' ICT infrastructure that was posing a severe risk to the council of being unable to conduct its business.
- 2.2. The project has successfully designed, provisioned and installed all new central computing equipment (i.e. data centre, servers, storage) as well as increasing and replacing the network connections to our various sites and home-working locations.
- 2.3. This new ICT infrastructure enables all council staff to work on site or remotely using their personal computing devices (i.e. hybrids, smartphones) in a fast, secure and efficient way.
- 2.4. This has been a large and complex project taking the best part of 3 years and involving the ICT team, expert partners, and contract personnel.

3. TIMELINE

- 3.1 2017: We commenced the project in 2017 with a wide remit to replace the existing aged and unstable ICT infrastructure with a modern solution. The scope was broad with much detail to be filled in as we proceeded. For this reason, we deliberately selected a supplier (European Electronique or EE) and a contract that could be flexed as requirements were defined in detail.
- 3.2 2018: By early 2018 we had designed the initial solution at a high level. It was soon after this that NFDC's smarter working vision was defined and it became clear that more agile, mobile ICT would be required. For example, smarter working meant enabling remote connectivity for all (800) staff so the existing Checkpoint solution would not have adequate capacity. The office rebuilds also meant new network cabling, connections and cabinets were required. In order to future proof the secure data centre storage needs of the Council, Gosport was selected as a suitable site for this off-premise requirement. By the end of the year we had a new design and the solution procured moving towards implementation based on the new requirements.
- 3.3 2019: Early in 2019 we installed the new servers and storage at Gosport. We then experienced two items that delayed the project. Firstly, we had a four-month delay

from Virgin Media for the installation of the 10 GB connection from ATC to Gosport. Secondly, we had two major outages affecting access to systems and customer payments. By this stage the detailed planning of Office 365 / Skype rollout had taken place. This led to a reconsideration of the way the 800 hybrid devices had been built and deployed, and eventually to the recall, reconfiguration and rebuild of every hybrid device. At the same time, we had started the process of migration of the sixty-odd applications from our old servers in ATC and LTH to Gosport, while at the same time upgrading them all from Server 2008 to Server 2016 to meet Microsoft's deadline for this task. This has gone very smoothly and, with the exception of a small number of applications, all our systems were made live in Gosport. We also got the new Always On VPN live for all staff in November 2019 meaning staff can work from any location with Wifi connectivity.

- 3.4 2020: We have commenced the year with the successful 'repointing' of all network connections to fit in with the new infrastructure, improving connectivity for all staff. We have the final tasks now to bring live the monitoring of all NFDC servers using modern management dashboards and various other 'clean up' tasks such as decommissioning of old equipment. By end March 2020, this large and challenging project will have dealt with a multitude of legacy ICT issues. We are now in a very different place from the old ICT infrastructure. We have now put in place modern, robust, secure ICT infrastructure which is enabling NFDC to move forward with its corporate ambitions and should last for the next 5 years with self-sufficient in-house support.

4. MAJOR DELIVERABLES

4.1 New Professional Data Centre

NFDC has partnered with IOMart, a leading provider of secure data centre facilities, to set up a new NFDC primary data centre in their 'state of the art' site in Gosport. This holds our live production servers and storage and is a highly secure site with ISO27000 accreditation, dual power supplies, and back-up power through UPS and generators. As extra resilience, we have a secondary data centre at ATC, meaning that in the unlikely event that IOMart had problems, we still have access to all our data within the district.

4.2 All New Servers and Storage

We have purchased all new HP servers to replace the 'out of support' old servers, and an up to date storage solution called Nimble which is solid state rather than the Hitachi SAN 'spinning disks'. This not only provides faster system access for users but is less prone to mechanical failure as there are no moving parts to fail.

4.3 Virtualisation for Resilience

We have purchased new VMWare software that means that failure of individual servers will not take out any end users services because systems can be swapped to other virtual servers across our estate.

4.4 State of the Art Back Up Solution

We have moved from old fashioned tape backup on Commvault to modern virtualised back up using a product called Veeam.

4.5 Dynamic System Monitoring and Service Management

We have purchased and are configuring, as a final phase of the project, a product called Fortisiem which will enable us to monitor all ICT services and fix problems before they become critical and impact end users.

4.6 Network Renewal

We have increased the capacity of all network connections, both those to the outside world beyond NFDC and across our sites. This means that response times have markedly improved. We have also replaced all network equipment at ATC and MLD, again to improve speed and resilience. We have installed a 10 gigabyte connection to Gosport to ensure that we have excellent connectivity for users to our primary data centre.

4.7 Remote Access to all NFDC systems for all staff

We have implemented a new means of connection called 'Always On VPN' to replace Checkpoint/Cryptocards for all staff. This enables staff to connect from any Wifi service (e.g. home, partner sites, libraries, coffee shops) to all NFDC systems. This makes real NFDC's aim of an agile workforce able to work smartly at anytime from anywhere. It helps staff productivity, speed of turnaround of work, and also has the potential to reduce the council's carbon footprint by reducing staff travel.

4.8 Expertise is now in-house

Finally, we have worked with EE to ensure our in-house ICT team have picked up all the knowledge of our new systems they need to be able to support them independently. We have also used contract expertise to build up our capability as part of the project. This means that NFDC ICT is no longer dependent upon Status Ltd as it was for so long.

5. FINANCIAL IMPLICATIONS

5.1 The Council set aside £1.5M in it's Medium Term Financial Plan in 2017 as an indicative sum required to complete the necessary upgrades to its aged ICT infrastructure and unsupported application software. A significant element of that budget was set aside for the Infrastructure Renewal project.

5.2 As illustrated above the specification and scope of this project has changed and grown over the course of the last three years. Consequently, the original high level budget estimates were not entirely complete and have developed over time. However, unusually for such a large ICT project, this one has delivered with minimal disruption to daily business activity and within tolerable levels of budget variation.

- 5.3 Overall the project will exceed the budget at the end of this financial year by £120,000. This consists of £50,000 on additional expertise and £70,000 of additional equipment and software.

6 CONCLUSION

- 6.1 The Council has taken some very big strides to transform its ICT since 2017, moving from an ICT environment more reminiscent of the late 1990s to an up to date one that is delivering improvements today. The Infrastructure Renewal project is at the heart of this. In doing so, the Council has also positioned itself for tomorrow and beyond and will not need to make substantial investments in its core ICT infrastructure for another 5 years.

7 RECOMMENDATION

- 7.1 Members of the panel are recommended to note the contents of this report, which will be presented to the Cabinet in February.

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CORPORATE OVERVIEW AND SCRUTINY PANEL –23 JANUARY 2020

WORK PROGRAMME 2020/21

WORK PROGRAMME 2020/21		
ITEM	TIMING	LEAD OFFICER
Investment Strategy Update	June 2020	Andrew Smith
Economic Development Performance Indicators	TBC	Claire Upton-Brown
Broadband Update	TBC	Matt Callaghan/Cllr Harris
Website/App Update	TBC	Matt Callaghan/Cllr Harris
ICT Update	TBC	Rob Beere/Manjit Sandhu

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LIVE TASK AND FINISH GROUPS		
ITEM	TIMING	LEAD OFFICER

NOT YET TIMETABLED				
ITEM	OBJECTIVE	METHOD	TIMING	LEAD OFFICER
Universal Credit update	To be aware of issues arising	Regular update from Finance, Investment & Corporate Services Portfolio Holder/Service Manager – Revenues & Benefits	At appropriate times	TBC

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