

NOTICE OF MEETING

Meeting: CORPORATE OVERVIEW AND SCRUTINY PANEL

Date and Time: THURSDAY, 21 JANUARY 2021, AT 9.30 AM*

Place: MS TEAMS - ONLINE

Enquiries to: Email: andy.rogers@nfdc.gov.uk
Tel: 023 8028 5070

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 no later than **12.00 noon on Tuesday, 19 January 2021**. This will allow the Council to provide public speakers with the necessary joining instructions for the Microsoft Teams Meeting.

Bob Jackson
Chief Executive

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

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

AGENDA

Apologies

1. 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.

2. PUBLIC PARTICIPATION

To note any issues raised during the public participation period.

3. FREEPORTS BID (Pages 5 - 10)

To consider the proposal to submit a Freeport Bid to Government.

4. ASSET MAINTENANCE AND REPLACEMENT PROGRAMME 2021/22 (Pages 11 - 20)

To consider the Asset Maintenance and Replacement Programme 2021/22.

5. CAPITAL STRATEGY 2021/22 (Pages 21 - 30)

To consider the Capital Strategy 2021/22.

6. WORK PROGRAMME (Pages 31 - 38)

To review the Panel's work programme and note performance data in relation to portfolios under this Panel.

7. PORTFOLIO HOLDERS' UPDATES

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

8. STAFF EFFICIENCY/INNOVATION IDEAS SURVEY

Chairman to report

9. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

NEW FOREST DISTRICT COUNCIL – VIRTUAL MEETINGS

Background

This meeting is being held virtually with all participants accessing via Microsoft Teams.

A live stream will be available on YouTube to allow the press and public to view meetings in real time and can also be found at the relevant meeting page on the Council's website, with this published agenda.

Principles for all meetings

The Chairman will read out Ground Rules at the start of the meeting for the benefit of all participants. All normal procedures for meetings apply as far as practicable, as the Government Regulations do not amend any of the Council's existing Standing Orders.

The Ground Rules for all virtual meetings will include, but are not limited to, the following:-

- All participants are reminded that virtual public meetings are being broadcast live on YouTube and will be available for repeated viewing. Please be mindful of your camera and microphone setup and the images and sounds that will be broadcast on public record.

- All participants are asked to mute their microphones when not speaking to reduce feedback and background noise. Please only unmute your microphone and speak when invited to do so by the Chairman.
- Councillors in attendance that have not indicated their wish to speak in advance of the meeting can make a request to speak during the meeting by using the “raise hand” feature in Microsoft Teams. Requests will be managed by the Chairman with support from Democratic Services. Please remember to “lower hand” when you have finished speaking.
- The chat facility should not be used unless raising a point of order or providing the wording for a motion.
- All participants are asked to refer to the report number and page number within the agenda and reports pack so that there is a clear understanding of what is being discussed at all times.

Voting

When voting is required on a particular item, each councillor on the committee will be called to vote in turn by name, expressing their vote verbally. The outcome will be announced to the meeting. A recorded vote will not be reflected in the minutes of the meeting unless this is requested in accordance with the Council’s Standing Orders.

By casting their vote, councillors do so in the acknowledgement that they were present for the duration of the item in question.

Technology

If individuals experience technical issues, the meeting will continue providing that it is quorate and it is still practical to do so. The Chairman will adjourn the meeting if technical issues cause the meeting to be inquorate, the live stream technology fails, or continuing is not practical.

Public Participation

Contact details to register to speak in accordance with the Council’s Public Participation Procedures are on the front page of this agenda.

In order to speak at a virtual meeting, you must have the facility to join a Microsoft Teams Meeting. Joining instructions will be sent to registered speakers in advance of the meeting.

The Council will accept a written copy of a statement from registered speakers that do not wish to join a Microsoft Teams Meeting, or are unable to. The statement will be read out at the meeting and should not exceed three minutes. Please use the contact details on the agenda front sheet for further information.

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

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CORPORATE OVERVIEW AND SCRUTINY PANEL– 21 JANUARY 2021

FREEPORTS BID

1. INTRODUCTION

- 1.1 On 10 February 2020 the Government ran a consultation on proposals to establish Freeports across the UK. It outlined the government's proposals covering tax, customs, planning and encouraging innovation, and asked for views. The District Council were 1 of the 364 responses received to the consultation.
- 1.2 In the consultation response published in October 2020 the government set out a developed vision for UK Freeports and invited potential bidding coalitions (ports, businesses, academic institutes, local authorities and LEPs).
- 1.3 Freeports are a flagship government programme that will play an important part in the UK's post Covid economic recovery and contribute to realising the levelling up agenda, bringing jobs, investment and prosperity to some of the most deprived communities across the four nations of the UK.
- 1.4 The government has the following objectives for UK Freeports:
 - Establish Freeports as national hubs for global trade and investment across the UK
 - Promote regeneration and levelling up
 - Create hotbeds for innovation
- 1.5 The Freeport Bid Prospectus has now been launched with the submission deadline of 5 February 2021 for bids from bidding coalitions. It is understood that there is likely to be 7 winning Freeports in England, and 1 or more in each devolved administration. Successful bidders will be asked to set out a full business case to be submitted in late Summer 2021.

2. WHAT WOULD MAKE UP A FREEPORT?

- 2.1 The Freeport would be limited to a geographical area covering up to 45km. There must be a clear economic rationale for the boundary size.
- 2.2 Within a Freeport boundary there would be;
 - Customs sites which are a primary customs site and multiple additional customs subzones –
 - Tax Sites
 - i. which can be up to 3 single, individual areas
 - ii. total area not exceeding 600 ha (the guidelines are that each site should be between 20-200 ha)

- iii. located in areas with i) below national GDP ii) above average national unemployment
- iv. should be underdeveloped defined by i) underutilised land ii) potential investment growth and iii) job creation

3. **WHAT DOES A BID NEED TO DEMONSTRATE?**

3.1 To be successful the bid will need to demonstrate it meets the policy objectives through six key outcomes:

Objective 1 - Trade and investment Outcomes:

Trade: increase in trade throughput through designated Freeport area

Investment: increase in investment within the Freeport boundary area, surrounding area, and nationally

Objective 2- Regeneration and levelling up Outcomes:

Employment: increased number of jobs and average wages in deprived areas in and around the Freeport

Economic activity: increase in economic specialisation in activities high in GVA (Gross Value Added) relative to the current makeup of the local economy. Key themes to consider: i) support for emerging industrial clusters ii) property iii) transport and iv) skills

Objective 3 – Creating hotbeds of innovation Outcomes:

Innovation: increased local involvement and funding in Research & Development and innovation

Productivity: increased productivity in each target region, through increased capacity to absorb innovation

3.2 The type of incentives businesses in a Freeport can access to achieve these outcomes are:

- within Customs areas incentives could include
 - i. Duty Deferral
 - ii. Duty Inversion
 - iii. Customs duty exemptions
 - iv. Suspend import VAT
 - v. Simplified import procedures
- Within tax areas incentives could include
 - i. Stamp Duty land tax relief
 - ii. Enhanced structures and building allowances
 - iii. Enhanced capital allowances
 - iv. Employer National Insurance contributions rate relief
 - v. Business Rate Relief
- Local retention of business rates – it is intended that the Council or Councils in which the Freeport tax sites are located will retain business rates growth

for that area, above an agreed baseline (following example of Enterprise Zones). This will be guaranteed for 25 years. Bidders will need to set out a process for agreeing how retained rates are reinvested in providing infrastructure. Retained receipts should cover borrowing costs; reinvest in the tax sites to generate growth; or offset effects of displacement from deprived areas.

4. PLANNING

- 4.1 The government has confirmed that it will encourage local authorities and prospective bidders to consider how certain planning freedoms, in particular, Local Development Orders could be used to support appropriate development in Freeport areas. The government commits to providing support for local authorities to help implement Local Development Orders.
- 4.2 The government recognises the advantages that wider planning reforms can bring Freeports development. In addition, the government is actively exploring a new, simpler framework for environmental assessment, as well as intending to review the National Policy Statement for Ports in 2021.

5. THE FREEPORT BID

- 5.1 The Solent LEP has helpfully convened a task and finish group made up of both private and public sector stakeholders. The Task and Finish Group was formed to co-ordinate dialogue around this opportunity and is supported by consultants Vivid Economics.
- 5.2 Since the bid was launched Vivid have been co-ordinating discussions. In order to identify the 'offer' landowners were asked to identify possible sites for the customs site and the tax sites. Out of this work preferred sites have now been identified.
- 5.3 The preferred tax sites currently are:
- ABP/Marchwood Port/Marchwood Industrial Estate with Exxon and Fawley
 - Southampton Airport (Eastleigh)
 - Dunsbury Industrial Estate (PCC own but in Havant Borough)

The preferred Custom site is Southampton.

- 5.4 As part of the assessment process bidders will need to outline how their Freeport ambitions support decarbonisation and how they aim to reach Net Zero carbon emissions by 2050 or earlier. Freeport bids must also outline how their proposals will ensure compliance with all applicable environmental regulations and standards. The government will welcome bids which voluntarily demonstrate environmental benefits beyond regulatory baselines.
- 5.5 Bids are also required to set out what steps will be taken to ensure that customs and tax sites in their proposed Freeport will be secure against illicit activity.

6. FREEPORT GOVERNANCE

- 6.1 To deliver the Freeport, involvement of local authorities is key to the Freeports bidding process. At a minimum, bids should include firm written commitment from the port and the associated local authority and local political leaders. While no formal governance structure needs to be in place at bid stage bidders are requested to set out their proposals for a future Freeport Governance Body to oversee the Freeport.
- 6.2 Bids will need to meet government's three core standards on governance: effective structure, effective personnel and effective functions. At a minimum the Freeport Governance Body must include the port(s) involved and the Council where the Freeport is located.

7. CONCLUSION

- 7.1 There are significant economic and financial benefits to the immediate and wider economy of an area resulting from Freeport status. The bid would be in line with the current Local Plan, the likely impact of any future development on the district and its communities and how any negative impacts can be resolved, mitigated or compensated would need to be considered regardless of Freeport status. What Freeport status may change is the process for considering future development and the way this work is funded.

8. FINANCIAL IMPLICATIONS

- 8.1 There are no immediate financial implications. If the initial bid is successful there will be £2m seed funding to support preparing a Full Business Case.

9. CRIME & DISORDER, ENVIRONMENTAL, DATA PROTECTION IMPLICATIONS

- 9.1 There are no crime and disorder, environmental or data protection issues arising directly from this report.

10. EQUALITY & DIVERSITY IMPLICATIONS

- 10.1 There are no equality or diversity implications arising directly from this report.

11. DATA PROTECTION IMPLICATIONS

- 11.1 None

12. RECOMMENDATION

That the Overview and Scrutiny Panel advise Cabinet of its views on a Freeport bid that includes a tax site including land at Marchwood Industrial Estate/Marchwood Port/ABP land/Exxon and Fawley.

Further Information

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CORPORATE OVERVIEW & SCRUTINY PANEL – 21 JANUARY 2021

ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND GENERAL FUND CAPITAL PROGRAMME 2021/22

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 2021/22 and outline budgets to 2023/24.

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 2020/21 totalled £1.8M (shown within appendix 1), with a further £826k of one-off requirements funded by the General Fund and HRA;

	General Fund £'000	HRA £'000	TOTAL £'000
ICT Strategy 2018-2022	604	124	728
Community Grants	98		98
	702	124	826

- 2.2 The November 2020 Medium Term Financial Plan included a General Fund revenue budget allowance to cover the AMR programme of £1.7M for 2021/22 (£1.9M programme total less £200,000 rechargeable to the HRA). There are currently no planned adjustments to the overall programme budget over the period covered by the current Medium Term Financial Plan although increases in Vehicle and Plant prices and increases to maintenance requirements at the Health and Leisure centres are likely to put additional pressure on these sums over the medium term.
- 2.3 Service Managers were asked to come up with their proposed projects for 2021/22 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 exceeds the budgeted sum by £6k.
- 2.4 The proposed Capital Programme for 2021/22 totals £18.247M and projects are funded by NFDC resources (capital reserve and receipts received), various grants / funds and Developer Contributions / CIL.

3. Proposed Asset Maintenance and Replacement Programme 2021/22

- 3.1 The bid categories for the submitted programme for 2021/22 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 2020/21 – 2023/24 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 2021/22 proposed programme at project level is included as appendix 2.
- 3.4 **Further Information Relating to Projects**

Refurbishment of Communal Areas of ATC

A programme of works to bring communal areas and meeting rooms up to a modern corporate standard, to include, for example, painting & decorating, replacement worn carpet and fire doors in corridors & linked areas.

Solar PV Upgrade / Repairs

Due to the length of time since installation, reports were commissioned which showed the systems required repairs and upgrades which included:-

- Emergency shut down procedures and mounting systems in need of attention
- DC sensitive RCDs need installing
- String cables need to be identified and numbered

In addition, Technology has moved on since the systems were installed and the existing inverters need to be replaced with solar edge inverters.

Payback will be 3 years due to improved FiT and electricity savings.

New Milton Info Office Air Handling Unit

The Offices heating, cooling and fresh air circulation is supplied by an AC system made up of a chiller, boiler and Air Handling unit located in the external plant room these supply constant fresh air and either heating or cooling as required to the building via several FCU's (fan coil units). The boiler and chiller have already been replaced and the AHU is now 16 years old and so at the end of its useful life.

The cost of the AHU will be shared between NFDC and the tenants (NMTC and PCC).

Replacement Roller Shutter Doors Marsh Lane Depot

The doors to the vehicle workshop have reached the end of their useful life, and so are in need of replacement.

Replacement Life Cables at Lymington Town Hall

The lift cables have become worn and stretched and are now in need of replacement.

CCTV Camera Replacement

The proposal is to replace around 12 cameras per year to ensure a full and effective service coverage, mitigating any service loss or significant expenditure in any one financial year. This will ensure that cameras are replaced within their expected lifecycle enabling the council to deliver on its community safety priorities. As cameras age, they become unstable and unserviceable, therefore when a fault occurs replacement is necessary. Failing to replace results in a camera not fulfilling its operational purpose - including no movement, control or loss of zoom function. If cameras are not working, there may be an impact on delivery of community safety objectives or system objectives, including the prevention and detection of crime. Ageing cameras also lead to an increase in maintenance costs and an unwillingness for prospective contractors to offer comprehensive cover.

Vehicles & Plant Replacement Programme

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.

For 21-22 the replacement programme for the refuse and recycling part of the fleet focuses in the main on vehicles which can be utilised on our current service, whilst also being suitable for a future service, albeit in some cases with some retrospective modifications likely (these and other issues will be explored more fully in the final waste strategy). The vehicles in the programme will in some cases reach 9 year's old in 2021 and are at the end of their economic life.

ICT Equipment Replacement Programme

The Council invested significantly in new devices over the period 2017-2019. Some of the earliest devices will reach their 4 year suggested useful life during 2021/22, and so a replacement programme will need to commence during this financial year.

Demolition of 2 Public Conveniences

Barton Beach public conveniences are situated on the foreshore and have been closed since March 2020 due to Covid restrictions as it is not able to be met by the layout and condition of this PC. The building is temporary structure installed just over 10 years ago is seeing serious corrosion due to the coastal environment and is at the end of its life span. The location of the current beach

toilet's falls within a site of special scientific interest as well as near to significant coastal cliff fall. Which will impact on any future planning application There are alternative facilities on the cliff top that serve residents and visitors using the beech area. The Barton Court Ave Public toilets are 300m away from the Beach toilets and are conveniently located near the Fisherman's walk & Hoskins gap entrances to Barton Beach.

The removal of this asset will require consultation, as the building is no longer viable to retain.

Calshot Beach public conveniences are situated on the foreshore and have been closed since March 2020 due to Covid restrictions as it is not able to be met by the layout and condition of this PC. There are alternative facilities in at the entrance to Calshot foreshore car park that serve residents and visitors using the beech area. The two buildings are 660m apart with easy access via walking and or parking. The Calshot activity Centre also has accessible toilets for cafe visitors. The site could be reviewed with the possibility of a new structure for a purpose-built kiosk or café.

The removal of this asset will require consultation, as the building is no longer viable to retain.

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 maintenance required at the Leisure Centres. The maximum the Council can afford to fund during 2021/22 is £500k. The prioritised programme of works will be agreed with the Executive Head with responsibility for Leisure.

Stillwater Park

The project approved last year (to address reported water leaks on the site, necessary to upgrade windows, doors and electrics to the fixed buildings and repair/replace boundary fencing) will now be completed in 2021/22. The funding has been carried forward from 2020/21.

- 3.5 The programme as outlined above totals £2.003M. Of this total, approximately £214,000 is rechargeable to the HRA and £15,000 is rechargeable to NMTH tenants. The resultant programme to be funded from the 2021/22 General Fund therefore totals £1.774M.
- 3.6 As outlined in paragraph 2.2, the sum available within the MTFP is £1.7M, this is supplemented with the £68,000 of carried forward funding from 2020/21, resulting in a total resource availability of £1.768M. The current programme totalling £1.774M exceeds the resource available by £6,000. This can be covered within the MTFP.

3.7 Other One-Off Funded Programmes

The ICT Strategy and Budget Update Report presented to the panel in November covered 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.

3.8 Other non one-off projects for consideration in the MTFP

Coastal Recharge - £100,000 (Per Annum: 3 to 4 years)

Typically an annual recharge is undertaken on the Milford frontage with the aim to try and maintain beach levels to protect the existing seawall and other assets. This is a challenging site as the general trend is for reducing beach volumes, until a major coast protection scheme can be delivered this work will need to continue. Insufficient revenue maintenance budgets (£213k) cannot continue to meet the cost of this work.

4. General Fund Capital Programme 2021/22

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 2021/22 totalling £18.247M 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 2021/22 are gaining approval to proceed at this stage.

4.3 Further Information Relating to NFDC Funded Projects

Public Convenience Modernisation Programme

The Public Convenience task & finish group determine which Public Conveniences are deemed as suitable for renovation and when. The next scheduled and recommended replacement is Lymington Quay. The standard sum of £300,000 has been allowed for within the Capital Programme.

Public Convenience Additional Enhancements

The Public Convenience due for renovating in 2020/21 is Lymington Quay (delayed from 2020/21). A broader project to enhance the quay as a visitor attraction has been drawn up. To achieve this outcome, an additional £75,000 is allowed for within the Capital Programme by way of 'additional enhancements'.

It is envisaged the wider scheme will also require investment from the Council's Commercial Property fund (herein referred to as the Council's 'Economic Sustainability and Regeneration fund') with the scheme progressing subject to meeting the Council's expected requirements of a revenue return as against the capital employed.

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.

A budget has also been set aside to commence initial work on a suitable site to the west of the District.

Vehicles & Plant

The significant Capital Outlay required will result in older less efficient vehicles being replaced with the latest more efficient models. More detail is covered in para 3.4.

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 members appointed to the Smarter Working Project board will ratify and approve any future phases and requirement for additional spend beyond the £1.75M already committed. The learning from 2020/21 as a result of the forced move to remote working will no doubt be significant in shaping the way in which the Council operates going forward and is likely to be 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 General Fund budget requirement for 2021/22 is £1.706m, broadly 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 2021/22 after Vehicle & Plant internal borrowing is taken into account is £6.850m.

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 2021/22 budget.

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Background Papers

	2020/21	2021/22	2022/23	2023/24
	£'000's	£'000's	£'000's	£'000's
ASSET MAINTENANCE & REPLACEMENT PROGRAMME				
Asset Maintenance				
Health & Leisure Centres (including Equip)	500	500		
Dibden Golf Centre	72			
Offices, Depots & Outlying Buildings	118	112		
Stillwater Park	75	68		
CCTV Camera Replacement	31	38		
Demolition of 2 x Public Conveniences		60		
	796	778	-	-
ICT Replacement Programme	150	100		
V&P; Deferred Expenditure (Depreciation / MRP)	1,082	1,125		
	2,028	2,003	-	-
Rephased Budget from previous year	- 28	- 68		
Less: Proportion rechargeable to Third Party Tenants		- 15		
Less: Proportion allocated to HRA	- 200	- 214		
Total Revenue Programme	1,800	1,706	1,700	1,700

APPENDIX 2

Portfolio(s)	Category Key (1 - 3)	Location	Project Name	AMR Prog. Value 21/22 £
F, I & CS	2	ATC	Refurbishment of Communal Areas	20,000
F, I & CS	2, 3	ATC	Solar PV Upgrade / Repairs	20,000
F, I & CS	1	New Milton Town Hall	New Milton AHU	30,000
F, I & CS	1	MLD	MLD Roller Shutter Doors	30,000
F, CS & I	1	LTH	Lymington Town Hall -Replacement Lift Cables	12,000
			TOTAL OFFICES AND DEPOTS	112,000
Community Affairs	1,2	Multiple	CCTV Update	38,000
F, CS & I	1,2	District Wide	V&P Replacement Programme	1,125,000
F, CS & I	1		ICT Device Replacement	100,000
			TOTAL CYCLICAL REPLACEMENT	1,238,000
E & R	1	New Milton	demolish building	30,000
E & R	1	Calshot	Demolish building	30,000
			TOTAL PUBLIC CONVENIENCES	60,000
L&W	1,2	5 Leisure Centres	Maintenance Programme	500,000
			TOTAL HEALTH & LEISURE	500,000
Housing (GF)	1	Stillwater Park	Stillwater Park Improvements – DEFERRAL*	68,000
			TOTAL NON-CORE PROJECT FUND	68,000
				2,003,000

*Funded via rephased budget from 2020/21

CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

Portfolio	PROJECT REQUIREMENTS £				ORIGINAL 2021/22 PROJECT FINANCING £				
	2020/21 £ Budget Revised (essential Schemes)	2021/22	2022/23	2023/24	NFDC Resources / Loan	Better Care Fund	Grant	DC / CIL	
Disabled Facilities Grants	HOU	620,000	1,200,000	1,200,000	1,200,000	1,200,000			
Strategic Regional Coastal Monitoring (15-21)	ENV	1,495,000	2,300,000	2,161,000	1,966,000		2,300,000		
Barton Drainage Test (19-21)	ENV	225,000	125,000	50,000			125,000		
Westover Phase 2 Scheme Development	ENV		275,000		25,000		250,000		
Public Convenience Modernisation Programme	ENV		300,000	300,000	300,000				
Public Convenience Additional Enhancements	ENV/LEADERS		75,000		75,000				
Emergency Works - Milford Sea Wall	ENV	1,825,000							
Emergency Works - Milford Sea Wall S151 Contingency	ENV/F,CS&I	300,000							
New Depot Site: Hardley	F,CS&I	250,000	5,300,000		5,300,000				
New Depot Site: West	F,CS&I		100,000		100,000				
V&P; Replacement Programme	F,CS&I	841,000	3,462,000	2,992,000	692,000	3,462,000			
Smarter Working; Future Delivery	F,CS&I	250,000	250,000	250,000	250,000				
Economic Sustainability & Regeneration Projects	F,CS&I	3,000,000							
- Crow Lane Ringwood	F,CS&I		4,000,000	2,395,000	5,000	4,000,000			
Residential Acquisitions	F,CS&I	1,500,000							
Open Space Schemes	P&I	155,000	265,000	300,000	200,000			265,000	
Transport Schemes	P&I	150,000							
Mitigation Schemes	P&I	199,000	595,000	475,000	250,000			595,000	
TOTAL GENERAL FUND CAPITAL PROGRAMME		10,810,000	18,247,000	10,123,000	4,613,000	13,512,000	1,200,000	2,675,000	860,000
									18,247,000
LOAN FINANCED					V&P	-3,462,000			
					80% of Economic Regeneration	-3,200,000			
RESIDUAL NFDC RESOURCES						6,850,000			

CORPORATE OVERVIEW AND SCRUTINY PANEL – 21 JANUARY 2021

CAPITAL STRATEGY 2021/22

1. RECOMMENDATIONS

- 1.1. The Corporate Overview and Scrutiny Panel is recommended to request Cabinet approve the Capital Strategy 2021/22, including the adoption of the MRP statement.

2. INTRODUCTION

- 2.1. 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.
- 2.2. By producing this strategy report, the Council is following statutory guidance issued by the Government in January 2018.

3. OVERVIEW OF WHAT IS INCLUDED IN THE CAPITAL STRATEGY

- 3.1. 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 2021/22 to 2023/24, total capital expenditure is forecast at around £124m.
- 3.2. As demonstrated throughout the report, the Council is initially intending to utilise the cash balances it has accrued to deliver the various adopted strategies, including the acquisition and development of Commercial Property which aims to provide a sustainable and buoyant economy within the New Forest and present options for regeneration, Residential Property Ownership, and additional Council owned Housing.
- 3.3. The Council will supplement internal resources when necessary with external borrowing and in accordance with advice it receives from its contracted Treasury Management experts. Based on the current set of prudential indicators, external borrowing is not envisaged during 2021/22, but is necessary in 2022/23 and 2023/24.
- 3.4. 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.
- 3.5. 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.

4. MINIMUM REVENUE PROVISION

- 4.1. 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.
- 4.2. 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 and dwellings, shall be to charge revenue an amount equal to the depreciation of any asset financed by loan. The MRP policy specific to investment properties and dwellings financed by loan, shall be to charge revenue an amount equivalent to the sum of borrowing utilised, over a repayment period of 50 years.”

5. ENVIRONMENTAL / CRIME AND DISORDER IMPLICATIONS

- 5.1. There are no implications arising from this report.

6. OVERVIEW AND SCRUTINY PANEL COMMENTS

7. PORTFOLIO HOLDER COMMENTS

For Further Information Please Contact:

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Background Papers:

Capital Strategy 2021/22

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 2021/22, the Council is planning capital expenditure of £44.112m as summarised below:

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

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
General Fund services	3.442	5.015	12.237	5.883	2.961
Council housing (HRA)	17.751	15.300	20.250	27.320	27.520
Capital investments	4.777	5.000	11.500	13.300	3.000
TOTAL	25.970	25.315	43.987	46.503	33.481

The General Fund capital programme includes the cyclical replacement of Vehicles and Plant, Smarter Working and a New Depot Facility. The Council also plans to incur £28m of capital expenditure on economic sustainability and regeneration projects within the District, the majority of which will also generate a revenue return. These 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 Chief Finance Officer and reviewed collectively 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 2021 Cabinet papers (Medium Term Financial Plan / Annual Budget 2021/22)

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

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
External sources (Grants / DC's)	1.722	3.949	4.050	4.341	3.969
Capital Receipts	3.910	2.000	3.800	2.000	2.000
Capital Reserves	6.844	2.752	9.455	5.910	3.400
Revenue Contributions	9.574	8.473	9.120	9.420	9.620
Debt / Loan	3.920	8.141	17.562	24.832	14.492
TOTAL	25.970	25.315	43.987	46.503	33.481

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 2021/22. 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

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Capital Expenditure Financed by Debt / Loan	3.920	8.141	17.562	24.832	14.492
Own resources - Debt Repayment	-4.100	-4.100	-4.100	-4.100	-4.100
Own resources - MRP Provision	-1.223	-1.419	-1.701	-2.138	-2.414
Movement in CFR	-1.403	2.622	11.761	18.594	7.978

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 £11.761m during 2021/22. 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

	31.3.2020 actual	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
General Fund services	2.920	2.573	4.847	6.651	6.155
Council housing (HRA)	132.301	131.729	132.653	140.137	147.381
Capital investments	4.829	8.370	16.934	26.240	27.470
Total CFR at Year End	140.050	142.672	154.434	173.028	181.006
Movement in CFR from one year to the next	-1.403	2.622	11.761	18.594	7.978

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 and dwellings, shall be to charge revenue an amount equal to the depreciation of any asset financed by loan. The MRP policy specific to investment properties and dwellings 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

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Asset sales	3.332	1.500	2.000	2.000	2.000
Loans repaid	0.201	0.101	0.201	0.201	0.201
TOTAL	3.533	1.601	2.201	2.201	2.201

- The majority of 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 (31/03/20), the Council had £131.2m borrowing at an average interest rate of 3.25% (due to the HRA refinancing settlement in 2012), and held £57.9m treasury investments earning an average rate of 1.73%.

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 0.70%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).

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

	31.3.2020 actual	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Debt	131.2	126.9	122.6	133.6	141.5
Capital Financing Requirement	140.1	142.7	154.4	173.0	181.0

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

	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit
Authorised limit – total external debt	176.9	206.3	225.6	234.3
Operational boundary – total external debt	159.8	188.9	207.8	216.1

- 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

	31.3.2020 actual	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Near-term investments	38.3	35.8	9.6	1.4	0.0
Longer-term investments	19.6	13.6	13.6	10.0	10.0
TOTAL	57.9	49.4	23.2	11.4	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 for the Purpose of Economic Sustainability, Regeneration and Income

The Council intends to invest in commercial and residential property to support a sustainable local economy within the New Forest and encourage regeneration projects. The Council will invest in, and will lend to its Wholly Owned Trading Company and will in return receive an income. Total commercial investment properties were valued at £9.5m as at 31/03/20. In 2020/21, the Council purchased a shop Parade in Totton and an industrial unit in New Milton.

To support the wider objective of economic sustainability and regeneration 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 £131.2m detailed above, the Council is committed to making future payments to cover its pension fund liability (valued at £99m as at 31/03/20), It has also set aside £3.9m in provisions, with £3.8m of this to cover risks of business rate appeals.

Governance: Decisions on incurring new discretionary liabilities are taken by the Chief Finance Officer. 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 2019/20 Annual Financial Report, further supported by notes to the accounts (https://newforest.gov.uk/media/1025/Annual-Financial-Report-2019-20/pdf/statement_acs1920_excelerator_AUDITED_with_Audit_Opinion_AGS.pdf?m=637423408221800000)

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

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
General Fund; Financing costs (£m)	0.20	0.57	0.93	1.60	1.79
General Fund; Proportion of net revenue stream	1.1%	3.0%	4.9%	8.9%	9.9%
HRA; Financing costs (£m)	3.9	3.9	3.9	4.2	4.6
HRA; Proportion of net revenue stream	14.2%	13.9%	13.6%	14.5%	15.4%

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 Chief Finance Officer 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 Chief Finance Officer 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.

Leaders and Corporate Affairs - Portfolio Performance Dashboard

Relevant Service Area(s)	Portfolio Holder
HR, Environmental & Regulation (Emergency Planning), Democratic Services.	Cllr Barry Rickman

Key Priorities	Key Activities	Key Actions		
Portfolio Priorities 2020 - 24	Key Activity 2020 - 24	Key Actions 2020	Target Date	Status Update
Excellence in services to our residents and continuing to maintain front line services.	Deliver the Organisational Strategy and continued roll out of the smarter working initiative.	Implement actions to make the council an employer of choice.	Ongoing	By the end of 2019, the Council had distributed to all appropriate staff the right technology so that they had the ability to work remotely. The smarter working initiative has been key in enabling our staff to continue to provide the essential services to our community during a very challenging year. Engaging our staff during this very challenging year has been key. We undertook 2 employee surveys one before COVID 19 and one in the summer. We have taken steps to respond to key concerns including ensuring staff had the right tools at home which now includes an ICT Bundle (Screens and keyboards). Staff have continued to work from home where it is effective for them to do so and we have ensured that managers have regularly communicated with their staff with wellbeing support being a key priority.
	Being an employer of choice.			
Working with regional partners to ensure the prosperity of the New Forest area.	Annual review of the economic investment in the New Forest.	Annual review of the economic investment in the New Forest.	Ongoing	This priority has become even more significant as a result of the COVID 19 pandemic and although action has been limited as a result, it will form a key part of the recovery efforts.
		In partnership with the LEP support funding bids to government to enable improvements in infrastructure.	Ongoing	This priority has become even more significant as a result of the COVID 19 pandemic and although action has been limited as a result, it will form a key part of the recovery efforts.
Ensuring effective democratic engagement and representation.	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.	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.	Jan-21	The Council submitted its Council Size submission to the Local Government Boundary Commission for England (LGBCE) in October 2019, recommending a reduction in the number of councillors which was consequently agreed at 48. The Council went on to submit warding pattern proposals in February 2020 to support the Council size of 48. Following the publication of Draft Recommendations by the LGBCE, the Council responded to the consultation process in September 2020 and await the final decision which will be published by the LGBCE in January 2021.

Key Performance Indicators									Financial Information - Budgets £'000				
KPIs	Unit	Freq.	Desired DOT	Target	Last Period	Actual	Actual DOT	Status	Budget Description	Original Budget	Emergency Budget Adjustments	December Financial Monitoring	Revised Budget
Proportion of service performance indicators above or on target	%	Monthly	↑	TBC		TBC	TBC		General Fund Revenue Position	68	100	7	175
Increase in vacancies filled first time	%	Quarterly	↑	TBC		13%	TBC		Variation Percentage		147%	10.30%	157.30%
Increase in infrastructure investment in the New Forest	£	TBC	↑	TBC		TBC	TBC		Support funding to Town & Parish Councils (£107k)				
									General Fund Capital Programme	0	0	0	0
									Variation Percentage				

High Risks			
High Risk Area	Risk	Mitigation actions	New Risk
Sickness levels increasing due to COVID		Where appropriate some staff have been able to self isolate and work from home, minimising the impact on service delivery. We were also able to redeploy staff during lockdown from health and leisure to Refuse to minimise the impact on service delivery.	

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Finance, Investment and Corporate Services - Portfolio Performance Dashboard

Relevant Service Area(s)		Portfolio Holder		
Finance, Revenue & Benefits, Estates & Valuation, ICT		Cllr Jeremy Heron		
Key Priorities	Key Activities	Key Actions		
Portfolio Priorities 2020 - 24	Key Activity 2020 - 24	Key Actions 2020	Target Date	Status Update
Protecting front line services through sound financial planning, including the collection of taxation with appropriate support for individuals and businesses.	Deliver the Council's Medium Term Financial Plan (MTFP).	Balanced budget agreed annually in February.	Feb 21	Updated MTFP initially presented in Sept, and then again in November. Plans are progressing to achieve a balanced budget for 2021/22.
Modernisation and innovative use of ICT to enhance operational efficiencies across all services.	Modernise our corporate and line of business ICT applications.	Deliver the ICT strategy to modernise applications and infrastructure with an annual update to Corporate Overview and Scrutiny Panel.	2021	Annual update given to COSP November 2020.
Using investments to support financial resilience and the local economy.	Identify sites and opportunities in line with the Commercial Property Investment Strategy.	Identify opportunities and progress the Commercial Property Investment and the Residential Property Investment Strategies for monitoring by Corporate Overview and Scrutiny Panel.	14/04/2020 - 31/03/2021	1.To date during this period, 2 commercial properties purchased and a third is under offer. 2.The Crow Lane Ringwood development has been delayed by Covid but certain key infrastructure works have been completed and the procurement of the key Technical Adviser and Letting Agent consultants has been completed; 3.The lettings at South Wing LTH have been completed (save for a small amount of office space on the first floor) with completion of the Police station letting on the ground floor. 4.The property investment strategy has also been impacted by Covid. To date, Appletree Property Lettings have purchased 5 properties with offers accepted on a further 4 properties. NFDC approved additional £2M tranche of funding (£4M released altogether). Regular reports are provided to the Property Investment Panel on these matters.
	Commence trading and acquire properties through the Council's Residential Property Company.			
	Deliver improved infrastructure to support operational services.			
Supporting the migration to universal credit.	Continue to manage the impact of Universal Credit and related welfare reforms and the migration from Housing Benefit.	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.	Ongoing	Due to COVID-19 the migration date for Universal credit has been deferred, anticipated commencement date in 2022/3. We continue to liaise with DWP and local organisations.

Key Performance Indicators									Financial Information - Budgets £'000				
KPIs	Unit	Freq.	Desired DOT	Annual Target	Last Period	Actual	Actual DOT	Status	Budget Description	Original Budget	Emergency Budget Adjustments	December Financial Monitoring	Revised Budget
Maintain high level of Council Tax collected *	%	Monthly	↑	98.24%		-1.36%	↓		General Fund Revenue Position	3863	-459	-329	3075
NNDR collected *	%	Monthly	↑	98.19%		-3.84%	↓		Variation Percentage		-11.9%	-8.5%	-20.4%
Achieve a balanced budget with reasonable Council Tax increases.		Annual		Greater of 3% or £5		£5 / 2.88%			New Burdens Funding (-£170k) Emergency Assistance Grant (-£134k) ICT Project Rephasings (-£354k)				
Increase the value of commercial investment.	£M	Annual	↑	20		9	↑		General Fund Capital Programme	5182	3308	-2649	5841
Increase the value of residential investment.	£M	Annual	↑	4		1.43	↑		Variation Percentage		63.8%	-51.1%	12.7%
Availability of NFDC Website.	%	Monthly	↑	100%		100%	→		Rephasings include delivery of new Depot Site, Vehicle and Plant Replacement Programme and Smarter Working.				
* 'Actual' figures for Council Tax and NNDR collection represent performance against figure for the same time last financial year.													

High Risks			
High Risk Area	Risk	Mitigation actions	New Risk
Lack of suitable commercial property investment opportunities in the District.		Good links with local agents, responsiveness to opportunities that arise.	
Lack of suitable residential property opportunities.		Good links with local agents, responsiveness to opportunities, stronger residential property market than expected during the period of restrictions.	
Delays in the delivery of new depot facilities.		Contingent on operational needs being clarified as part of the proposed waste strategy.	

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Economic Development - Portfolio Performance Dashboard

Relevant Service Area(s)	Portfolio Holder
Economic Development	Cllr Michael Harris

Key Priorities	Key Activities	Key Actions		
Portfolio Priorities 2020 - 24	Key Activity 2020 - 24	Key Actions 2020	Target Date	Status Update
Continuing to work with partners and businesses to grow the New Forest economy.	Work in partnership to increase the uptake of apprenticeships and upskilling opportunities.	Work in partnership to increase the uptake of apprenticeships and upskilling opportunities, including Solent Apprenticeship Hub and New Forest Training Academy.	Ongoing	In wake of Covid-19 there has been an increasing focus on initiatives to promote training and skills opportunities. The Economic Development Team have worked closely with Solent Apprenticeship Hub and specific scheme like KickStart to ensure that takeup in New Forest District is maximised.
		Work with Development Management to roll out Employment and Skills Plans on all major development.	Ongoing	
	Identify all businesses within the district and target.	Using County Intelligence Unit identify all businesses within the District and prioritise engagement activity.	Ongoing	The Economic Development Team have from various sources now compiled a comprehensive employer database listing detailed information on local businesses. By definition, this work programme is ongoing and will continue to build providing an ever more detailed list.
	Establish one online point of entry to the council for businesses.	Establish an online single point of entry to the council for businesses by 2020.	31/12/2020	The ED Team has embarked upon the first phase of this work programme focused on engaging with Service Managers from other business facing services. This work programme has been paused as the focus has switched to supporting businesses in wake of the National Government Restrictions.
Supporting improvements in broadband and mobile connectivity.	Work with partners and other council services to improve broadband and mobile connectivity.	Identify options for improved connectivity in the District and develop an Action Plan.	Ongoing	The Economic Development Team continue to work with the Hampshire Superfast Broadband Team to promote community broadband funding programmes.
Helping businesses, industries and High Streets respond to social, environmental and technological changes and innovation.	Encourage inward investment for the New Forest.	Create an 'Invest in the New Forest' Website during 2020/21 to support inward investment to the area.	31/12/2021	The focus for this project has altered owing to the creation of the new NFDC website. As such the work programme has delivered a full review and fully updated content of the Economic Development web pages.
Continuing to promote the New Forest as a filming destination.		Continue to actively promote the New Forest as a filming destination for the wider creative digital industries.	Ongoing	Economic Development continue to attract high profile filming projects including but not limited to The Crown in February. Covid-19 has seen a downturn in enquiries through much of 2020 but work is now focused on broadening the scope of the Film New Forest project.

Key Performance Indicators									Financial Information - Budgets £'000				
KPIs	Unit	Freq.	Desired DOT	Target	Last Period	Actual	Actual DOT	Status	Budget Description	Original Budget	Emergency Budget Adjustments	December Financial Monitoring	Revised Budget
Increase in S106 agreements containing employment and skills plan.	Number	Annual	↑	TBC			TBC		General Fund Revenue Position	-11	-74		-85
Increase in apprenticeships within the District.	Number	Quarterly	↑	TBC		-29%	TBC		Variation Percentage		-672.70%		-672.70%
Increase in Businesses engaged in economic development programme.	Number	Quarterly	↑	TBC		24	TBC						
Increased uptake in investment platform.	%	Monthly	↑	TBC		0.0%	TBC		General Fund Capital Programme				
Increase in broadband connectivity.	%	Monthly	↑	TBC		0.0%	TBC		Variation Percentage				
Increase in subscribers to 'Helping local businesses grow' e-news.	Number	Monthly	↑	TBC		198	TBC						

High Risks			
High Risk Area	Risk	Mitigation actions	New Risk
COVID-19 impact on the local economy		Close liaison and working with the business partnership	

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WORK PROGRAMME 2020/21

WORK PROGRAMME 2020/21		
ITEM	TIMING	LEAD OFFICER
Performance Dashboard	January 2021	Rebecca Drummond
Capital Strategy	January 2021	Alan Bethune
Asset Maintenance and Capital Programme	January 2021	Alan Bethune
Staff Efficiency/Innovation Ideas Survey	TBC	TBC
Economic Development Performance Indicators	TBC	Claire Upton-Brown
Website/App Update	TBC	Matt Callaghan/Cllr Harris

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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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