

**19 SEPTEMBER 2024**

**NEW FOREST DISTRICT COUNCIL**

**RESOURCES AND TRANSFORMATION OVERVIEW AND SCRUTINY PANEL**

Minutes of a meeting of the Resources and Transformation Overview and Scrutiny Panel held on Thursday, 19 September 2024

- \* Cllr Alan O'Sullivan (Chairman)
- \* Cllr Barry Dunning (Vice-Chairman)

**Councillors:**

- \* Alan Alvey
- \* Jack Davies
- Jacqui England
- \* Barry Rickman

**Councillors:**

- \* Alex Wade
- Christine Ward
- \* Phil Woods
- John Sleep

\*Present

**In attendance:**

**Councillors:**

**Councillors:**

**Also In Attendance:**

**Officers Attending:**

Alan Bethune, Kate Ryan, Rebecca Drummond, Clive Tritton, Josie West, Paul Whittles and Joe Tyler

**Apologies**

Apologies were received from Cllrs Dunning and Ward.

**16 MINUTES**

The minutes of the meeting held on 25 July 2024 were confirmed as a correct record.

**17 DECLARATIONS OF INTEREST**

There were no Declarations of Interest.

**18 PUBLIC PARTICIPATION**

There was no public participation.

**19 CITIZENS ADVICE NEW FOREST UPDATE AND FUTURE FUNDING**

The Panel received a report on the future funding for Citizen's Advice New Forest (CANF) and the Revenue and Benefits Service Manager introduced the item.

The Panel were reminded that New Forest District Council (NFDC) provided a three-year funding agreement to the CANF since 2019. The latest and final year of funded, commencing from 1 April 2024, totalled £195,306 (+2.5%). The agreement over the past three years had enabled the CANF to plan and budget ahead with a level of certainty while also providing them with a platform to apply for further funding elsewhere.

The Chief Officer of CANF provided a summary of what the Citizens Advice organisation was, along with an overview of the works undertaken by them. Members heard of the various ways in which the CANF had supported residents of the New Forest through the various advice programs and projects. The main points raised during this summary were as follows:

The CANF is an independent organisation, whose mission as a charity working within the New Forest was to be a sustainable and adaptable service that continually reflects the demands and needs of the community.

In terms of priorities, the organisation's three-year business plan was launched in 2023. The four main priorities are: to build the organisation's services, to work in collaboration with partners, to grow the staff and voluntary base, and to deliver programmes of growth across Hampshire.

The CANF attend community hubs across the District and liaise with Council departments, such as housing benefit and council tax. Work also takes place in partnership with local food banks and where possible the CANF will signpost people to other support channels across the New Forest.

In 2023, 6500 people were assisted by the CANF and around 19500 total cases were answered on a range of issues. Typically, users of the CANF would have an average of 3.5 issues to raise including housing debt, benefits, employment.

41% of all people who accessed CANF services last year were met face to face, with 23% taking place on the telephone and 36% over webchat or email.

60% of users reported lower levels of stress, anxiety and depression as a result of the assistance received from the CANF.

Of all the cases last year, 1483 related to benefits and tax credits, 985 concerned food banks and charitable support, 829 were debt-related and 805 were housing matters.

The CANF had worked, using a treasury-approved model of finance, to place a financial value on all of the work undertaken. Alongside this, robust internal management assessments found the financial benefits to the people in the area to be positive and for every pound that the CANF receive in funding results in £2.98 saved to public services.

65 volunteers gave around 17000 hours of service to the CANF last year. those trained volunteers saves £444,000 a year.

The CANF employs 30 members of staff, the majority of which work on the CANF's various projects.

One of the organisation's largest funding streams is the national lottery project.

Financial planning over the next three years will see the CANF working in a deficit budget through 2024/2025 (due to an IT upgrade and a review of services), before seeing a balanced budget in 2025-26 and then again in 2026-27.

Some of the main challenges to the CANF's budget are: project funding, future office space, investment in income generation projects, identifying new funding streams and developing and implementing new technology to help deliver advice.

One of the CANF's major projects is the Macmillan project (which is supported by the MacMillan charity) to provide support for people affected by Cancer. Further major projects include energy advice, cost of living support, financial Inclusion works with food banks and schools to support people in poverty, money and debt projects to help people manage money, home and wellbeing support for people returning home from hospital and the widely used general advice which provides information on a range of issues including welfare, housing and consumer rights.

The CANF is focused on building for the future and adapting its service to support the residents of the New Forest.

A Panel member praised the financial inclusion project in schools across Ringwood and Fordingbridge and requested that this be expanded to cover schools across more of the District. It was explained that the funding for this project was provided by a charity in the Ringwood area called STAFF and was being run as a three-year project. For this project to be delivered to more schools in the District, further funding would need to be obtained, and it was hoped that the positive outcomes of the three-year period in Ringwood and Fordingbridge would provide evidence for future funding bids.

On training, the Panel were informed that there was a whole stream of training programmes offered to volunteers in order for them to develop the necessary skills to provide advice.

The Hampshire Debt Project funding was due to finish in 2025 and was managed in partnership with the Hampshire Citizens Advice Consortium, who will seek further funding from the National Lottery in order to deliver the project going forward beyond this date.

On winter fuel allowance queries, it was explained that CANF worked closely with NFDC to communicate annually with people who may be entitled to pension tax credits, normally this is to around 100 people on average. It was reported that the CANF was seeing more people concerned with winter fuel payments and it was hoped that work at the national level from Government in order to signpost people to pension support schemes would have a positive impact.

The ongoing CANF service review would seek to address the various needs of the District's diverse communities and aimed to better reach people who needed support. One consistent issue across the District was debt and the demand for food support vouchers, although plateauing in recent months, was still high and whilst not appearing to lower.

Face to face meetings with CANF advisors had increased gradually since the end of the COVID pandemic as people's confidence in re-entering public increased. On this, the Panel heard that the new CANF office in New Milton, for example, had been open for three weeks and this was to be communicated to encourage access by residents.

The Panel discussed the length of funding certainty that the Council should award the CANF. Some members suggested a five-year period of funding, following on from the £195,306 given in 2024/2025, whilst continuing to increase alongside inflation. Whilst the potential merits of this were acknowledged, other Panel members expressed that a three-year certainty period would provide security to the CANF whilst also allowing the Council to adapt to any potential changes that may arise in the future. The Portfolio Holder acknowledged the various points raised and reported that he would consider this with Cabinet when they came to resolve the matter.

## **20 PROCUREMENT - REVIEW OF CONTRACT STANDING ORDERS**

The Panel received a report on the Council's updates to Contract Standing Orders following a review in alignment with the upcoming changes to procurement regulations.

The Strategic Procurement Manager summarised the report and explained that the UK's public procurement regulations were being replaced with one set of regulations under the Procurement Act 2023 and that a new regime would come into force, following a delay from government, in February 2025. The Council's current Contract Standing Orders document was introduced in March 2018 and had not been subject to major scrutiny or review since, therefore the Panel were now asked to consider the proposed changes to the Contract Standing Orders and provide their comments to Cabinet.

The Panel were informed that the key proposed changes to the Contract Standing Orders were to increase the transparency threshold (at which we advertise contracts openly to the market) from £50,000 to £100,000. To require all requests for quotation to include at least one supplier from the local and surrounding areas. To increase scrutiny through a Breaches order, in which all known or discovered breaches of the Contract Standing Orders are reported to the Statutory Officers Group and the Audit Committee.

It was explained, on the requirements for quotations to include at least one local supplier, that these suppliers would be sought from the BH, SO and SP postcodes and that 'where possible' these local suppliers would be used.

On quality control and prevention of corruption, the Panel heard that the procurement team run spend analysis reports three times a year whereby all service managers scrutinise expenditure within their services. When the new regulations go live, the Council will legally be required to complete conflict of interest assessments for procurement above the national threshold. Furthermore, there are quarterly contract reviews of contractors undertaken and these are measured alongside the Council's Key Performance Indicators.

Following a question on the new maximum percentage value of contract modification, the Strategic Procurement Manager relayed the percentages permitted by the regulations, and explained that all contract modifications must go back through the service manager, be signed and recorded and meet all of the relevant financial regulations. It was requested that, should a contract modification result in the contract value exceeding the next threshold, the relevant authorisation for that threshold should be obtained.

On breaches, it was reported that these, along with waivers, will be reported annually through the Audit Committee for transparency and would form part of the internal audit work programme, if approved. From this, the reporting of breaches would be firmed up and regularised, starting with reports to senior officers.

On the proposed thresholds for works, goods and services between £25,000 to £100,000, it was heard that this would be undertaken, as a minimum, by way of an e-quotation from three suppliers, via procurement, where a panel would then score the bids alongside a scoreboard. This would enable more time and focus to be given on the higher risk contracts of over £100,000.

On emergency works, the Council has a number of framework agreements set up, whereby the procurement process has been complete but the Council can call off from that framework agreement at any time depending on emergency work requirements.

Following a question on indemnity, the Panel were reassured that as part of the evaluation stage, a financial health check is undertaken on the supplier, whereby they must ensure that they have appropriate assurances in place. Also, a contract could be terminated if the contract managing process finds that the supplier fails to meet its KPI targets for two quarters. Feedback on suppliers from staff and residents would also be captured and evaluated.

The Panel were reassured that the Council had indemnity clauses in place.

Following a question from a Panel member, it was heard that contracts issued under the value of £15,000 would fall under the review of the normal, annual cycle through the accountancy team and all budget holders who sign off the contracts.

The Panel were informed that those staff members who were nominated as contract administrators, who undertake both the procurement and management of contracts, would receive further training to understand and deliver the changes in the legislation.

## **21 TRANSFORMATION PROGRAMME UPDATE**

The Panel received the normal update report on the Transformation Programme. The Assistant Director for Transformation gave a presentation on the key updates to the Transformation Programme.

The Panel heard that the business case had been approved by Cabinet at their meeting in August and that all of the posts within the Transformation Team had now been filled. Detailed programme and implementation planning was now in progress.

There were positive updates on all of the programme's main themes, which were as follows:

On customer and digital services, the Panel heard that the Customer Strategy had been approved and that the Digital Strategy was being reviewed, with a view for consideration at Panel in the coming months, to ensure alignment with the overarching strategies. The ICT Work programme, informed by the business case, had also been approved, and the project to specify and procure a new digital platform had commenced.

On People and Capabilities, the people strategy development was underway (overseen by SEE) and that the completion of the staff survey saw 57% of all NFDC staff respond, which was an increase from 41% in 2023. The next tier of management development was commencing in September 2024 with 60 staff members taking place.

On Asset and Accommodation, the asset review was in progress through a commissioned piece with MACE. The MACE team were interviewing key officers and initial findings were expected in mid-September with a final report in October. An Action plan would then be developed as part of the review to determine retention, redesign or disposal of operational assets.

On Finances and Delivery, the benchmarking on fees and charges had commenced and identified opportunities. A benefits realisation tracker was being developed based on the Local Government Association (LGA) transformation network example. The Change champions group recently met, of which a Portfolio Holder was a member, and terms of reference for this group were being re-established.

A set of quick wins were currently being explored, such as improved technology in the taxi driver licensing process. Many of these quick wins would see improvements and efficiencies taking place across the Council throughout a range of departments.

The Transformation and Improvement Manager then informed the Panel on the next steps for the programme. It was explained that the new Transformation team were setting up their processes for working effectively and the proper recording of the programme's delivery. This process involved the identifying of gaps within the team's knowledge base to ensure that there is the best delivery possible of the wider programme. Following this, the Project Management team must align with the ICT department and facilities, as well as other areas of business, in order to most efficiently work. Close-working with the Change champions would be imperative, with the first meeting taking place next week.

Following a member question on recruitment to transformation roles, the Panel were informed that three transformation and improvement specialists had been recruited from across the private and public sector.

On the closure of the existing app where residents could report issues, it was explained that the technology behind the app was outdated and that it was not particularly well used. The longer-term, strategic view would be for contact to be made directly through customer services with an easy-to-use digital platform to assist residents in reporting issues and seeking guidance.

Following a question on Lymington Town Hall, the Strategic Director Corporate Resources S151 and Transformation explained that the lease for the Town Hall would expire in March 2027 and that early conversations have started between NFDC and Lymington Town Council. There were, as yet, no firm proposals and it was too early in the process to provide detailed answers to specific questions. The Panel were reassured that consultation with key stakeholders, including ward councillors and town councillors, and transparency of decision making would take place throughout the process.

Following a question from a Panel member, the Assistant Director of Transformation explained what 'transformation' meant for NFDC in regard to the

current programme. It was heard that transformation was a programme centred on customers and their experience, making sure that the Council was as efficient as possible when using Council Tax money. This would be achieved through investing in staff, developing skills and implementing new technology to support the process and provide residents with the services they need, as quickly and efficiently as possible.

On the Staff Survey, the Panel heard that the response rate had improved, and was up from 41% in 2023/2024 to 57% this year. A lot of work had been done at the Council's depots, such as providing paper copies of the survey and officers visiting and discussing the matter with various operations teams. Work on how to best communicate and assist the operations teams was ongoing.

The Panel were reminded of the governance processes for the Transformation Programme and how they would receive an update at each meeting, as well as passing through the various governance structures such as the Transformation Steering Board, the Transformation Board, Cabinet and Council. The Panel were reminded that they were able to request updates on specific elements of the Programme. The normal thresholds, key-decision requirements and financial regulations all applied to the Transformation Programme.

On certain large-scale matters, like asset disposals, Council would be the deciding body and that the relevant Portfolio Holder would have their respective remit on those matters as provided by the financial regulations.

## **22 SOLENT FREEPORT UPDATE**

The Panel received an update on the Solent Freeport. The Strategic Regeneration Advisor gave a presentation on the key updates, which were as follows:

Members were reminded of the Freeport guidance which sets out that Freeports are special areas within the UK's borders where different economic regulations apply. By delivering investment on specific sites benefitting from tax and customs incentives, Freeports are expected to create thousands of high-quality jobs in some of the country's most disadvantaged communities. The guidance sets out that sites have been carefully selected for their suitability for development by local authorities and key private partners and sit within the outer boundary.

The main national objectives of the Freeport programme are to create hubs for global trade and investment, to create hotbeds for innovation and to promote regeneration and sustainable economic growth.

The key tools available to achieve these objectives are:

Tax sites, where eligible businesses have access to tax reliefs including Business Rates, Stamp Duty, Employer National Insurance Contributions and Building Allowance and Enhanced Capital Allowances.

Council areas in which tax sites are located will retain 100% of business rates growth above an agreed baseline for 25 years, allowing Freeports to invest in regeneration and other priorities.

Each Freeport has been granted up to £25m in seed capital funding, primarily to be used to address infrastructure gaps in tax and/or custom sites that are holding back investment.

Businesses operating within Freeport customs sites will have access to simplified customs arrangements.

There are eight Freeports created across England. The Panel were advised that Freeports have outer boundaries which reflect the wider economic geography of the area and clarity was provided that the only places where there is legislation change, and therefore the Freeport's only regulatory role, is in relation specifically to tax sites. The expectation is that the reinvestment of business rates, and subsequently the benefits, will be in the wider economic area.

The Panel heard that four of the parcels of land make up the Southampton Water tax site which falls predominantly within the District. A full business case was put to the Government in 2022 and the vision for Southampton Water included port centric manufacturing, green energy, logistics and automotive industries with ready access to national and global markets.

It was explained that investment in the New Forest tax sites would increase port capacity at Southampton by up to 40%. This means the unlocking of additional capacity for three key port offers - the cruise terminal, the container port and the automotive sector.

The Freeport Full Business Case forecasts that the Solent Freeport will see the creation of up to 16,000 jobs, 7000 of which are expected to be in the New Forest. The retained business rates could reach £511m, with 57% (£290m) of this figure being realised from the New Forest tax sites. Of 430 hectares of developable land within the Solent Freeport, 303 hectares is within the New Forest. The tax site benefits that were originally set until 2027 have been extended to 2032 and the timeframe for the business rate investment is still set at 25 years.

The Solent Gateway tax site (which comes under the remit of ABP) had planning permission in place and has moved forward with the first 21 acres of hard standing. £4.4million of their seed capital had been allocated and a further 50 acres of development is expected by April 2025.

The ABP land reserve is less progressed than Solent Gateway in its development process. The next stages of this process are expected to involve an options study, master plan and concept design prior to a Development Consent Order which it is expected will take two years with a final decision taking a further 18 months and therefore expected around 2028-2029.

The Fawley Complex (Exxon) had been announced in November 2023 with a major investment on site of low sulphur diesel facility and the development of a hydrogen plant with £1billion investment in the site. The new plant would be in use around the first Quarter of 2025.

The owners of the Fawley Waterside tax site have withdrawn their previous planning application. Therefore, NFDC and the Freeport are continuing to have discussions, however seed capital was a concern due to the unobtained planning permission.

There is some concern regarding underspend of the Solent Freeport's seed capital allocation as these funds must be spent by March 2026. There has been a recent call for projects which would represent capital expenditure, such as the creation, acquisition, or enhancement of an asset, and this must deliver Freeport outputs such as jobs or skills innovation.



Retained business rates will be pooled across the region and the use of funding determined by the Solent Freeport Retained Rates Investment Committee. Through the full business case, the Freeport has set out the indicative funding share into themes such as skills, net zero, hotbeds of innovation, regeneration and enabling activity and local investment priorities. The current first five-year forecast would see around £11million in the next five years, with these figures increasing rapidly in the following years. This means that there is time in which the Freeport can be influenced in how and where reinvestment should be targeted.

Cabinet agreed to develop a New Forest Freeport Delivery Plan at their meeting in April 2024. The four priorities identified were:

Transport and wider infrastructure.

Employment and skills.

Prosperous communities.

Environmental sustainability.

In relation to governance of the Freeport, NFDC has representation on the main board as well as the finance and resourcing sub-committee and the retained rates committee. Additionally, sub-groups are being established to develop programmes around-trade and investment, innovation, net zero and skills.

Following a member question on business rates, the Strategic Regeneration Advisor informed the Panel that the business rates forecasting model sets out the expected to be achieved against forecasts within the original full business case. It was expected that these receipts would be reinvested across the entire geographic area. The Panel were reassured that legacy benefits could roll out across entire area and that work would continue to take place on developing a detailed plan for reinvestment going forward.

Some members voiced their concerns over the achievability of several of the anticipated benefits of the Freeport's tax sites. The Panel were reminded that the Freeport did not have any powers outside of offering tax related incentives and that projected levels of investment into the District, via the tax sites, would be a benefit to the area. It was not considered a disadvantage for the Council or the District to be part of the Freeport, however it was acknowledged that NFDC must ensure that the drive for reinvestment and the expenditure of business rate receipts would meet the Council's priorities. The Council had contributed three lots of £50,000 towards the delivery of the Freeport alongside officer and member time on the various bodies.

Members heard that the Freeport's designation in offering incentives would not impact on other matters such as planning applications within the wider economic area.

On skills, the Council were looking at challenges within the New Forest that may prevent residents from obtaining skills and jobs. It is hoped that this will be a key area where funding from business rate receipts could be used to invest and drive improvement.

The Leader of the Council reassured the Panel that, following meetings with the new national government, that assurances had been given that the Freeport programme would still be continued.

## **23 PORTFOLIO HOLDER'S UPDATE**

The Panel received updates from Portfolio Holders on developments within their portfolios.

### **Cllr Cleary (Leader)**

The Council had approved funding for the Future New Forest Transformation Programme. The in-house model would be supported by the newly established Transformation team.

The new Corporate Plan had been approved by Council and the Key Performance Indicators (KPIs) to monitor the success of the new plan would be finalised shortly.

NFDC had been invited to discussions on Government's expression of a devolution deal. The Leader assured the Panel that the Council would represent the unique interests of the District throughout these conversations. Following a question from a Panel member, the Chief Executive and the Leader reassured the Panel that the information available at present suggests that power would not be stripped from NFDC and that the focus appeared to be on growth related areas and that there could be the joining together of more regional functions.

### **Cllr J Heron (Corporate and Finance)**

The Portfolio Holder for Corporate and Finance reported that there was a diversity of challenges facing the District and that these were all occurring at a fast pace.

However, as had been heard during the meeting, the CAB delivered a great service that would be imperative to adapt to the fast-moving matters in the District. The Portfolio Holder believed that a five-year settlement of funding to the CAB would commit the Council for too long a period whilst not allowing pragmatism in the fast-paced change of the District. This would, however, be reviewed by the Portfolio Holder in conversation with Cabinet colleagues.

On procurement, the Portfolio Holder explained that the Council did not want to delay any contracts with bureaucracy but would always manage money sensibly in line with all of the financial regulations.

The Portfolio Holder was pleased that the Transformation Programme was progressing and had adapted where necessary.

On Council Tax, it was explained that the Revenues and Benefits team had worked extremely hard to hit the targets, year on year, on collection rates whilst supporting the most vulnerable residents across the District.

Following a question on the funding settlement from government, the Panel were informed that there had not been a settlement at this point.

## **24 WORK PROGRAMME**

### **RESOLVED:**

That the Work Programme be approved.

**25 DATES OF FUTURE MEETINGS**

**RESOLVED:**

That the dates of future meetings be agreed.

CHAIRMAN