

NOTICE OF MEETING

Meeting: CABINET

Date and Time: WEDNESDAY, 2 FEBRUARY 2022, AT 10.00 AM*

Place: COUNCIL CHAMBER - APPLETREE COURT, BEAULIEU ROAD, LYNDHURST, SO43 7PA

Enquiries to: democratic@nfdc.gov.uk
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PUBLIC PARTICIPATION:

Members of the public may watch this meeting live on the [Council's website](#).

*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 Cabinet'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 Friday, 28 January 2022.

Kate Ryan
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. MINUTES

To confirm the minutes of the meeting held on 1 December 2021 as a correct record.

2. DECLARATIONS OF INTEREST

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

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

3. PUBLIC PARTICIPATION

To note any issues raised during the public participation period.

4. FINANCIAL MONITORING (Pages 3 - 12)

5. AIR QUALITY SUPPLEMENTARY PLANNING DOCUMENT (Pages 13 - 32)

6. SOLENT FREEPORT - SITE SPECIFIC AGREEMENTS (Pages 33 - 54)

7. COMMUNITY GRANTS 2022/23 (Pages 55 - 76)

8. ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND GENERAL FUND CAPITAL PROGRAMME 2022/23 (Pages 77 - 86)

9. CAPITAL STRATEGY 2022/23 (Pages 87 - 96)

To:

Councillors

Edward Heron (Chairman)
Jill Cleary (Vice-Chairman)
Diane Andrews
Geoffrey Blunden

Councillors

Steve Davies
Michael Harris
Jeremy Heron
David Russell

CABINET – 2 FEBRUARY 2022

PORTFOLIO: FINANCE, INVESTMENT &
CORPORATE SERVICES / ALL

FINANCIAL MONITORING REPORT (based on Performance April to December 2021 inclusive)

1. RECOMMENDATIONS

- 1.1 It is recommended that Cabinet notes the latest budget forecasts of the General Fund (section 4), Capital (section 5) and Housing Revenue Account (section 6);

2. INTRODUCTION

- 2.1 This report provides an update on the General Fund, Capital and Housing Revenue Account budgets, adjusting for any budget changes now required.

3. BACKGROUND

- 3.1 Financial Monitoring is an important feature in the management of the Council's finances as it gives an opportunity to reflect on variations as against the latest set budget and reflect on the impact that these variations may have over the period covered by the Council's Medium Term Financial Plan.

4. GENERAL FUND REVISED PROJECTION

- 4.1 A General Fund budget of **£19.291m** for 2021/22 was agreed by Council in February 2021. Budget Equalisation Reserves of £138,000 were required to balance the original 2021/22 budget
- 4.2 Net additional budget requirements of £95,000 were reported to Cabinet in September and net budget savings of £45,000 reported to Cabinet in November, increasing the total budget requirement to **£19.341m**.
- 4.3 Excluding rephasing items (as these are placed in earmarked reserves in any case), total net new expenditure budget requirements identified in this report are £24,000 and reported net income increases are £228,000, resulting in an updated General Fund Budget of **£19.130m**; a reduction of £211,000 from the November report and an overall reduction of £161,000 from the original estimate. The variations as now reported result in a minor contribution (£23,000) to reserves instead of the need to use £138,000 as originally planned.
- 4.4 The revised General Fund Budget 2021/22 can be seen at Appendix 1, with further details on the ongoing (required to be reflected upon in the proposed 22/23 budget) and material variations being reported in paragraphs 4.5 – 4.13. All variations (including non-material and one-off) are included within Appendix 2. Inevitably there will be further variations reported at outturn as we move into the final period of the financial year. Information on the ICT Work Programme rephasing required from 2021/22 to 2022/23 (£394k split between GF and HRA) is included at paragraph 4.14.

- 4.5 **Economic Development (£50,000)** – On 19 July 2021 the Council approved a £50,000 contribution to support the delivery of the Solent Freeport. The Council has pre-approved further contributions towards the delivery of the freeport for the next 2 financial years, with payments being considered if third party contributions and use of retained business rates aren't sufficient to meet expenditure in these early stages.
- 4.6 **Refuse & Recycling (net £3,000)** – The continued adjustment to the collection frequency of the Garden Waste service will result in an estimated reduction in income of £83,000. The council is working on achieving the delivery of the regular service for 2022/23.
- The reduced service and so income loss to 2021/22 has however largely been offset by anticipated additional income of £80,000 from recycling, principally due to an increase in £ per tonne. As this commodity market is fluid and heavily supply and demand led, no assumption has been made that the increased £ per tonne will continue into 2022/23.
- 4.7 **Hythe Marina (-£35,000)** – Latest financial accounts received from Hythe Marina identify anticipated additional annual income contributions to the Council of £21,000, with a further £14,000 relating to 2020/21. The 2022/23 budget will reflect the new level of income.
- 4.8 **New Forest Enterprise Centre (-£55,000)** – The conclusion of a backdated rent review will generate additional income in 2021/22 of £55,000 and an additional £27,000 per annum ongoing.
- 4.9 **Economic Sustainability and Regeneration (-£38,000)** – The recent purchase of additional Commercial premises in Totton providing employment and supporting the local economy will result in new rental income of £38,000 to 2021/22, and net additional income of £120,000 per annum from 2022/23 onwards.
- 4.10 **Staffing (-£61,000)** – Vacancies in the Revenues and Benefits and Planning Policy teams will result in salary savings to 2021/22 of £61,000.
- 4.11 **Housing Standards Enforcement (£39,000)** – The number of Houses in Multiple Occupation (HMO's) requiring licensing has been significantly less than expected and therefore an income budget shortfall of £39,000 is anticipated. This reduction is expected to be ongoing and so has been reflected in the proposed 2022/23 budget.
- 4.12 **Planning, Land Charges and Building Control Income (-£165,000)**
Planning Applications (-£100,000) – Largely due to the submission of some large planning applications in respect of sites identified for development in the Local Plan, development control income is predicted to exceed the 2021/22 budget by £100,000.
Pre-application Charges (-£20,000) – fees from 'pre-application charges' have also exceeded forecasts by £20,000.
Land Charges (-£25,000) – Income from Searches is predicted to exceed the budget by £25,000
Building Control (-£20,000) – Building control income is predicted to exceed the budget by £20,000.

- 4.13 **Interest Earnings (-£31,000)** – Anticipated interest earnings from Appletree Property Holdings are anticipated to be £31,000 greater than budget, reflecting the number of properties now acquired. This additional and on-going income has been factored into the 2022/23 budget.
- 4.14 **ICT Work Programme Rephasing (-£394,000 Total: -£315,000 to General Fund) –** The work programme budget is being adjusted to fit in with the latest expectations in terms of delivery of projects. The projects underway, that will continue into 2022/23 include, project RS (the project related to Planning, Environmental Health, Licencing and Building Control), the newly formed Operations Project, and the project to improve how the Council interacts digitally with residents and customers. The ICT work programme spend is split across the General Fund and Housing Revenue Account on approximately an 80% / 20% basis respectively.

5. CAPITAL EXPENDITURE (General Fund and Housing Revenue Account)

- 5.1 A Capital Programme budget of **£36.197 million** for 2021/22 was agreed by Council in February 2021.
- 5.2 Revisions to the programme, reported to Cabinet in September, increased anticipated spend by £3.118 million but this was reduced by £2.507 million in the November report to Cabinet, resulting in an updated approved programme of **£36.808 million**.
- 5.3 The latest forecast confirms net budget reductions of £1.378 million and rephasing of £3.602 million into later years, as against the revised budgeted position. The variations are summarised below:

Variations

- **Economic Sustainability and Regeneration (£2.174m)** – The purchase of additional units, providing employment and supporting the local economy, has been completed in Totton. In addition, equity funding of £204,000 has been allocated for Residential Property Acquisitions.
- **Lymington Quay Public Convenience Refurbishment (£48,000)** – the project to refurbish the Public Conveniences located on Lymington Quay is underway. The project is forecast to cost an additional £48,000 in comparison to the original earmarked budget, with additional contributions being made by both the Council and Harbour Commissioner.
- **Housing Development Strategy (-£3.5m)** – Latest estimates show that anticipated spend for the year will be c £9.5m, a reduction of £3.5m from the approved (indicative, as opposed to programme based) original budget.
- **Disabled Facilities Adaptions (HRA Stock) (-£100,000)** – the cost of adaptions is forecast to be £900,000 in 2021/22, £100,000 less than the original budget.

Rephasings

- **Health and Leisure Centres (-£2.1m)** – Funding of £2.4m was allocated in September to the delivery of the Capital Programme of works to be undertaken by Freedom Leisure, with £300,000 of this is currently anticipated to be incurred this financial year.

- **Crow Lane Ringwood (-£800,000)** – The Council has been working on the delivery timeline with the appointed contractor and expenditure of £800,000 is anticipated to be rephased into 2022/23.
- **Open Space/Mitigation Schemes (-£702,000)** – A review of anticipated spend this year has resulted in rephasing of a number of projects.

5.4 The changes, as above, result in an updated Capital Programme Budget of **£31.828 million** (Appendix 3).

6. HOUSING REVENUE ACCOUNT

- 6.1 A break-even HRA budget for 2021/22 was agreed in February 2021, with a Revenue Account operating surplus of £9.120 million supporting the financing of the £20.250 million HRA Capital Programme. Budget adjustments totalling £605,000 were included on the first monitoring report to Cabinet in September and an additional £45,000 in the second report to Cabinet in November.
- 6.2 **Dwelling Rents (£80,000)** – The net growth in property numbers has been less than anticipated, due to increased Right to Buy Sales and the timing of completions from the Development Strategy, resulting in a reduction in budgeted income of £80,000.
- 6.3 **Non-Dwelling Rents (£40,000)** – Income is anticipated to be £40,000 less than budget, largely due to site management in preparation for planned development of garage sites.
- 6.4 **Service Charges (£20,000)** – Income will be £20,000 less than budget due to increased void levels arising from a higher level of turnover of lettings.
- 6.5 **Council Tax on Void Properties (£40,000)** – While properties are vacant the HRA is required to pay the Council Tax charge for those properties. Earlier reports identified increased levels of voids and the anticipated additional costs of Council Tax is now estimated to be £40,000 greater than budgeted.
- 6.6 **ICT Work Programme Rephasing (-£79,000)** – The HRA share of the ICT Work Programme rephasing as outlined in paragraph 4.14 is £79,000.
- 6.7 Excluding rephasing items (as these are placed in earmarked reserves in any case), combining these new budget pressures (£180,000) with those previously reported (£650,000) results in additional budget pressures in the year of £830,000. Efforts will be made to mitigate these additional costs from within the HRA but any shortfall can be balanced by reducing the revenue contribution to fund the capital programme, given the underspend in the Development Strategy Programme detailed in the Capital Section of this report.
- 6.8 The relevant on-going expenditure and income variations from 2021/22 have been reflected in the proposed 2022/23 budget where applicable. Management will continue to target the most efficient use of property and financial resources to support a financially sustainable Housing Revenue Account.

7. CRIME AND DISORDER / EQUALITY AND DIVERSITY/ENVIRONMENTAL IMPLICATIONS

- 7.1 There are no Crime & Disorder, Equality & Diversity or Environmental implications arising directly from this report.

8. PORTFOLIO HOLDER COMMENTS

- 8.1 When setting a budget one must accept that there will be changes however it is pleasing to see that 9 months into the year, despite variations across services, that we remain on track to deliver a General Fund budget close to that initially set.
- 8.2 It is clear that the HRA has faced some pressures this year resulting in additional expenditure and pressure on income, and I'm pleased to see that matters have been addressed in the proposed 2022/23 budget to mitigate against these variations occurring again into the new financial year.

For Further Information Please Contact:

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Background Papers:

Fin Mon - Sept '21 Cabinet
Fin Mon – Nov '21 Cabinet
MTFP – Dec '21 Cabinet

FINANCIAL MONITORING 2021/22

REVISED GENERAL FUND BUDGET 2021/22

	Nov-21 2021/22 £'000's Latest Budget	Feb 22			
		2021/22 £'000's New Variations Expend.	2021/22 £'000's New Variations Income	2021/22 £'000's New Variations Rephasings	2021/22 £'000's Updated Budget
PORTFOLIO REQUIREMENTS					
Business, Tourism and High Streets	281	50	0	0	331
Environment and Coastal Services	3,655	0	43	0	3,698
Finance, Investment and Corporate Services	2,805	-158	-141	-315	2,191
Housing and Homelessness Services	2,046	0	39	0	2,085
Leader	435	0	0	0	435
Partnering and Wellbeing	6,010	128	20	0	6,158
People and Places	3,506	25	0	0	3,531
Planning, Regeneration and Infrastructure	2,565	-21	-165	0	2,379
	21,303	24	-204	-315	20,808
Reversal of Depreciation	-1,426				-1,426
Contribution (from) / to Earmarked Revenue Reserves	-1,257		0	315	-942
Contribution to Revenue Reserves	1,250				1,250
NET PORTFOLIO REQUIREMENTS	19,870	24	-204	0	19,690
Minimum Revenue Provision	1,165				1,165
Interest Earnings (Net)	-569		-31		-600
Sales/Fees and Charges Grant Reimbursement	-849				-849
New Homes Bonus	-276				-276
GENERAL FUND NET BUDGET REQUIREMENTS	19,341	24	-235	0	19,130
COUNCIL TAX CALCULATION					
Budget Requirement	19,341	24	-235	0	19,130
Less:					
Settlement Funding Assessment					
Lower Tier Service Grant	-170				-170
Council Tax Reduction Support Grant	-209				-209
Business Rates Baseline	-3,997				-3,997
	-4,376	0	0	0	-4,376
Locally Retained Business Rates	-2,134				-2,134
Use of (-) Budget Equalisation & Variation Reserves	-188	-24	235	0	23
Estimated Collection Fund (Surplus)/Deficit Business Rates	424				424
Estimated Collection Fund (Surplus)/Deficit Council Tax	94				94
Irrecoverable Tax Loss Grant	-44				-44
Use of General Budget Reserve	0				0
COUNCIL TAX	13,117	0	0	0	13,117
TAX BASE NUMBER OF PROPERTIES	71,538.70				71,538.70
COUNCIL TAX PER BAND D PROPERTY	183.36				183.36
GENERAL FUND BALANCE 31 MARCH	3,000				3,000

FINANCIAL MONITORING 2021/22					
VARIATION ANALYSIS GENERAL FUND 2021/22					
	Nov-21	Feb-22			
	2021/22	2021/22	2021/22	2021/22	2021/22
	£'000's	£'000's	£'000's	£'000's	£'000's
	Previous	New	New	New	Updated
	Variations	Variations	Variations	Variations	Budget
		Expend.	Income	Rephasings	
PORTFOLIO ADJUSTMENTS					
Business, Tourism and High Streets					
Previously Reported	-15				
Solent Freeport (Economic Development)		50			
	-15	50	0	0	35
Environment and Coastal Services					
Previously Reported	67				
Recycling - Garden Waste further suspension - income loss			83		
Recycling - Project Integra recyclables income projection			-80		
Keyhaven River - Projected income budget shortfall			40		
	67	0	43	0	110
Finance, Investment and Corporate Services					
Previously Reported	83				
ICT Work Programme Rephasing				-315	
Environment Health & Safety to Partnering & Wellbeing		-108			
Hythe Marina Rent 20/21 and 21/22			-35		
New Forest Enterprise Centre - backdated rent review			-55		
Hardley Industrial Estate - Supplies/ Additional Rent		-10	-13		
New Acquisition - 27 Salisbury Road rents			-38		
Salary Savings - Revenues Service		-20			
Salary Savings - Benefits Service		-20			
	83	-158	-141	-315	-531
Housing and Homelessness Services					
Previously Reported	255				
Houses in Multiple Occupation Income Shortfall			39		
	255	0	39	0	294
Leader - No Variations					
	0	0	0	0	0

FINANCIAL MONITORING 2021/22		Feb-22			
VARIATION ANALYSIS GENERAL FUND 2021/22		2021/22	2021/22	2021/22	2021/22
		£'000's	£'000's	£'000's	£'000's
		New	New	New	Updated
		Variations	Variations	Variations	Budget
		Expend.	Income	Rephasings	
PORTFOLIO ADJUSTMENTS					
Partnering and Wellbeing					
Previously Reported	116				
Taxi - private hire operator licence - income shortfall			20		
Public Lighting - Increased energy costs		20			
Environment Health & Safety from Finance, Inv & Corp		108			
	116	128	20	0	264
People and Places					
Previously Reported	-67				
Public Conveniences - Various expenditure overspends		25			
	-67	25	0	0	-42
Planning, Regeneration and Infrastructure					
Previously Reported	53				
Building Control additional estimated income			-20		
Planning Income			-120		
Land Charges Additional estimated income			-25		
Policy - vacancy saving		-21			
	53	-21	-165	0	-133
TOTAL PORTFOLIO ADJUSTMENTS	492	24	-204	-315	-3
NON-PORTFOLIO ADJUSTMENTS					
Interest Earnings			-31		-31
Contribution to/from(-) Earmarked Reserves	-442				-442
TOTAL NON-PORTFOLIO ADJUSTMENTS	-442	0	-31	0	-473
GRAND TOTAL ADJUSTMENTS (Credited to (-) / Debited from (+) Bu	50	24	-235	-315	-476

FINANCIAL MONITORING 2021/22

REVISED CAPITAL PROGRAMME 2021/22

	Portfolio	Nov-21	Feb-22		2021/22
		2021/22	2021/22	2021/22	2021/22
		£'000	£'000's	£'000's	£'000
		Latest	New	New	Updated
		Budget	Variations	Variations	Budget
			Expend.	Rephasing	
Disabled Facilities Grants	HSG (GF)	1,200			1,200
South East Regional Coastal Monitoring Prog (22-27)	ENV & COAST	2,118			2,118
South East Regional Coastal Monitoring Prog (18-21)	ENV & COAST	399			399
South East Regional Coastal Monitoring Prog (12-17)	ENV & COAST	291			291
Barton Drainage Test (19-21)	ENV & COAST	200			200
Westover Phase 2 Scheme Development	ENV & COAST				
Emergency Works - Milford Sea Wall	ENV & COAST	15			15
Public Convenience Modernisation Programme	PEOPLE & PL	30			30
Public Convenience Additional Enhancements	PEOPLE & PL				
Public Convenience Refurbishment Scheme - Lym Quay	PEOPLE & PL	150	48		198
Health & Leisure Centres	PART & WELL	2,400		-2,100	300
New Depot Site: Hardley	F, I & CS	100			100
New Depot Site: West	F, I & CS	100			100
V&P; Replacement Programme	F, I & CS	3,145			3,145
Commercial Property Acquisition	F, I & CS	1,300	1,970		3,270
Residential Property Acquisition			204		204
Smarter Working; Future Delivery	F, I & CS	250			250
Economic Sustainability & Regeneration Projects					
- Crow Lane Ringwood (provisional sum)	F, I & CS	4,000		-800	3,200
Open Space Schemes	P, R & I	265		-177	88
Transport Schemes	P, R & I				
Mitigation Schemes	P, R & I	595		-525	70
TOTAL GENERAL FUND CAPITAL PROGRAMME		16,558	2,222	-3,602	15,178
HRA - Major Repairs	HRA	6,050			6,050
Estate Improvements	HRA	200			200
Development Strategy	HRA	13,000	-3,500		9,500
Disabled Facilities Grants	HRA	1,000	-100		900
TOTAL HRA CAPITAL PROGRAMME		20,250	-3,600		16,650
GRAND TOTAL CAPITAL PROGRAMME		36,808	-1,378	-3,602	31,828

FINANCIAL MONITORING 2021/22

REVISED HOUSING REVENUE ACCOUNT BUDGET
2021/22

	Feb-21	Nov-21	Feb-22	
	2021/22	2021/22	2021/22	2021/22
	£'000	£'000	£'000	£'000
	Original	Latest	New	Updated
	Budget	Budget	Variations	Budget
INCOME				
Dwelling Rents	-27,276	-27,096	80	-27,016
Non Dwelling Rents	-713	-713	40	-673
Charges for Services & Facilities	-730	-730	20	-710
Contributions towards Expenditure	-64	-64		-64
Interest Receivable	-15	-15		-15
Sales Administration Recharge	-33	-33		-33
Shared Amenities Contribution	-242	-242		-242
TOTAL INCOME	-29,073	-28,893	140	-28,753
EXPENDITURE				
Repairs & Maintenance				
Cyclical Maintenance	1,346	1,391		1,391
Reactive Maintenance	3,418	3,718		3,718
Supervision & Management				
General Management	5,546	5,671	-79	5,592
Special Services	1,290	1,290		1,290
Homeless Assistance	76	76		76
Rents, Rates, Taxes and Other Charges	77	77	40	117
Provision for Bad Debt	150	150		150
Capital Financing Costs - Settlement Adjustment	8,270	8,270		8,270
Capital Financing Costs - Internal Borrowing	130	130		130
TOTAL EXPENDITURE	20,303	20,773	-39	20,734
HRA OPERATING SURPLUS(-)	-8,770	-8,120	101	-8,019
Contribution to Capital - supporting Housing Strategy	9,120	9,120	-830	8,290
HRA Total Annual Surplus(-) / Deficit	350	1,000	-729	271
Use of HRA Reserve for Major Projects	-350	-350		-350
Return to Earmarked Reserves (ICT Rephasing)			79	79
HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT	0	650	-650	0

DRAFT SUPPLEMENTARY PLANNING DOCUMENT – AIR QUALITY ASSESSMENTS IN NEW DEVELOPMENT

1. RECOMMENDATION

- 1.1 That the Cabinet agree that the draft Supplementary Planning Document (SPD) “Air Quality Assessments in New Development” be published and subject to a six-week period (or equivalent) of public consultation.
- 1.2 That prior to publication, the final editing of the draft document (attached in Appendix 1 to this report) be agreed by the Executive Head for Planning, Regeneration and the Economy in consultation with the Portfolio Holder for Planning, Regeneration and Infrastructure.

2. INTRODUCTION

- 2.1 This draft Supplementary Planning Document (SPD) sets out an approach to Air Quality in new development including:
 - the type of air quality assessment required to assess the impact of development on local air quality in terms of human health and ecological receptors. Links are provided to further guidance and access to air quality data and information;
 - how to manage and where possible reduce or mitigate activities that unacceptably impact on air quality.
- 2.2 This is a planning document prepared jointly between Planning and Environmental Health, accordingly the views of the Environment and Sustainability Overview and Scrutiny Panel have also been sought in advance of the Cabinet report.

3. BACKGROUND

- 3.1 Air pollution impacts on everyone’s health and is a major public health concern with the young, elderly and those with chronic health conditions being particularly susceptible. Whilst the New Forest District has the lowest deaths of people over 25 attributed to long term exposure to particulate matter in Hampshire nevertheless it is a material planning consideration.
- 3.2 In broad terms the air quality in the New Forest is generally good and is reflected in the air quality statistics reported by New Forest District Council¹ and Public Health England². The main concerns regarding impacts on local air quality in the New Forest are from:
 - increases in vehicles on the local road network (nitrogen dioxide (NO₂) and particulate matter (PM))
 - industrial developments (NO₂, PM and sulphur dioxide (SO₂))
 - mineral extraction sites (NO₂ and PM)
 - construction sites (PM)

¹ [Air pollution - New Forest District Council](#)

² [Air Quality Library - Defra, UK](#)

- 3.3 Air quality is a material consideration within the planning regime. All development will have some impact on local air quality and therefore public health and deterioration of the natural environment and nature. To make development acceptable the Council will expect mitigation measures to be implemented by the applicant to reduce emissions to air from all proposed development. The mitigation measures implemented should be proportionate and dependent on the determined impact of the proposed development.

4. CONTENT OF THE SUPPLEMENTARY PLANNING DOCUMENT

- 4.1 The draft SPD provides supplementary guidance to the Local Plan for the New Forest District Council area. In particular it provides guidance to support Objective SO2 (Biodiversity and environmental quality) and Policy CCC1 (Safe and healthy communities) which aims to prevent pollution or hazards which prejudice the health or safety of communities.
- 4.2 The draft SPD provides guidance on when an Air Quality Assessment will be needed to support a planning application and what the assessment needs to address. It also confirms when an Air Quality Statement is required. Where necessary to enable development to take place, appropriate mitigation measures will be required, the document contains suggested mitigation measures.

5. CONCLUSIONS

- 5.1 The views of the Panel on the draft Supplementary Planning Document were sought in advance of the matter being reported to Cabinet to seek authority to carry out a 6 week consultation.

6. FINANCIAL IMPLICATIONS

- 6.1 No direct financial implications for NFDC.

7. CRIME & DISORDER IMPLICATIONS

- 7.1 There are none.

8 ENVIRONMENTAL IMPLICATIONS

- 8.1 Poor air quality can have a significant impact on both the health of the public and the natural environment. It is important that the Council ensure that when granting planning permission for new development it is satisfied that the development will have a neutral impact or through infrastructure delivered through the development will improve air quality.

9. EQUALITY & DIVERSITY IMPLICATION

- 9.1 Poor air quality tends to occur in more densely populated areas of the District, there is often a link between air quality and economic, social and health inequalities. Ensuring air quality is made no worse through development or is improved supports addressing some of these inequalities.

10. DATA PROTECTION IMPLICATIONS

- 10.1 There are none.

11. PORTFOLIO HOLDERS COMMENTS

11.1 As Portfolio Holder for Planning, Regeneration and Infrastructure and Portfolio Holder for Partnering and Wellbeing we are both encouraged by this draft Air Quality SPD as a way of ensuring that the developers within the District are clear about the information they need to submit to enable our officers to fully assess the impact proposed development will have on air quality. Further it clearly sets out infrastructure that can be put in place to reduce emissions and ensure that sustainable development is delivered in our District.

FURTHER INFORMATION

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Service Manager - Environmental & Regulation
Tel: 023 8028 5325

Andrew Herring / Rachel Higgins
(Planning) / (Environmental Protection)
Tel: 023 8028 5471 / Tel: 023 8028 5339

Background Papers:

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New Forest District outside the National Park

Air Quality in New Development

Draft Supplementary Planning Document

DRAFT

Contents

1. Introduction
2. National Air Quality context
3. Air Quality in the New Forest District
4. National Policy and Practice
5. Planning Policy Guidance
6. Local Plan Policy background
7. Development Management
8. Assessment of Air Quality
 - Staged Approach
 - Section 1 – Development Design
 - Section 2 – Requirement for an Air Quality Statement or Assessment
 - Section 3 – Air Quality Statement
 - Section 4 – Prior to Submission of an Air Quality Assessment
 - Section 5 – Air Quality Assessment
 - Section 6 – Dust Impact Assessment
 - Section 7 – Dust Management Plan
9. Air Quality and the Natural Environment
 - Appendix 1 - Suggested mitigation measures

1. Introduction

1.1 The quality of the air we breathe can have an effect on human health and quality of life. It can also impact upon local ecosystems and the area's micro-climate.

1.2 The Council has to weigh up economic, social and environmental factors when deciding whether to grant or refuse planning permission and if conditions are required.

1.3 The determination of planning proposals must be made in accordance with the development plan unless material considerations indicate otherwise. Air quality is a material consideration that planners must take into account when making plans and when taking planning decisions.

1.4 This Supplementary Planning Document (SPD) explains how development plan policies are to be applied in respect of air quality. It sets out an approach to air quality impact assessment of development schemes including:

- the type of air quality assessment required to assess the impact of development on local air quality in terms of human health and ecological receptors. Links are provided to further guidance and access to air quality data and information.
- how to manage and where possible reduce or mitigate activities that unacceptably impact on air quality.

The SPD covers the New Forest District (outside the National Park) Local Plan Area, shown in the figure below.



Figure 1: The Plan Area

2. National Air Quality Context

2.1 Air pollution impacts on everyone's health and is a major public health concern with the young, elderly and those with chronic health conditions being particularly susceptible. The impacts on human health are well [documented](#) with up to 36,000 annual deaths in the UK attributed to long term exposure to man-made pollution with the science continuing to evolve.

2.2 In 2014 Public Health England published a report to estimate the number of deaths associated with the long term [exposure to particulate matter](#). New Forest District has the lowest reported figures compared to the other local authorities in Hampshire, (4.9% of deaths of people over 25 are attributed to long term exposure to particulate matter, Hampshire = 5.3%, England = 5.6%).

3. Air Quality in the New Forest District

3.1 In broad terms the air quality in the New Forest is generally good and is reflected in the air quality statistics reported by New Forest District Council¹ and Public Health England².

3.2 The Council has a duty to continually review and assess the air quality in its district following Government guidance under the Local Air Quality Management regime. The Council, in accordance with Government guidance, reports on local air quality on an annual basis in the Annual Status Report. This includes reporting on the monitoring undertaken across the district using automatic and passive monitoring sites.

The main concerns regarding impacts on local air quality in the New Forest are from:

- increases in vehicles on the local road network (nitrogen dioxide (NO₂) and particulate matter (PM))
- industrial developments (NO₂, PM and sulphur dioxide (SO₂))
- mineral extraction sites (NO₂ and PM)
- construction sites (PM)

3.3 Local air quality is assessed against air quality objectives set by Government for named pollutants and over noted assessment periods. If air quality objectives are being, or are likely to be breached, the Council has a duty to declare an Air Quality Management Area (AQMA) and produce an Action Plan to reduce pollutant concentrations in pursuit of the objective being breached.

3.4 There is currently one declared AQMA in Lyndhurst (outside the planning area covered by this SPD) for the likely exceedance of the nitrogen dioxide annual mean objective due to emissions from vehicles.

3.5 The latest report which includes the most recent and validated monitoring results can be found at: <https://www.newforest.gov.uk/airquality>

¹ [Air pollution - New Forest District Council](#)

² [Air Quality Library - Defra, UK](#)

4. National Policy and Practice

4.1 National Planning Policy Framework

4.1 National planning policy is set by the National Planning Policy Framework (NPPF). The current NPPF places a general presumption in favour of sustainable development, stressing the importance of local development plans. Air quality is a material consideration in the planning process, in line with the following paragraphs of the NPPF:

170. Planning policies and decisions should contribute to and enhance the natural and local environment by [...]:

e) preventing new and existing development from contributing to, being put at unacceptable risk from, or being adversely affected by, unacceptable levels of soil, air, water or noise pollution or land instability. Development should, wherever possible, help to improve local environmental conditions such as air and water quality, taking into account relevant information such as river basin management plans;

181. Planning policies and decisions should sustain and contribute towards compliance with relevant limit values or national objectives for pollutants, taking into account the presence of Air Quality Management Areas and Clean Air Zones, and the cumulative impacts from individual sites in local areas. Opportunities to improve air quality or mitigate impacts should be identified, such as through traffic and travel management, and green infrastructure provision and enhancement. So far as possible these opportunities should be considered at the plan-making stage, to ensure a strategic approach and limit the need for issues to be reconsidered when determining individual applications. Planning decisions should ensure that any new development in Air Quality Management Areas and Clean Air Zones is consistent with the local air quality action plan.

4.2 The following paragraphs recognise the impact of traffic on air quality and health and the benefits of sustainable transport modes:

102. Transport issues should be considered from the earliest stages of planmaking and development proposals, so that: [...]

d) the environmental impacts of traffic and transport infrastructure can be identified, assessed and taken into account – including appropriate opportunities for avoiding and mitigating any adverse effects, and for net environmental gains; [...]

105. If setting local parking standards for residential and non-residential development, policies should take into account: [...]

e) the need to ensure an adequate provision of spaces for charging plug-in and other ultra-low emission vehicles.

5. Planning Policy Guidance

5.1 Whether air quality is relevant to a planning decision will depend on the proposed development and its location. Concerns could arise if the development is likely to have an adverse effect on air quality in areas where it is already known to be poor, particularly if it could affect the implementation of air quality strategies and action plans and/or breach legal obligations. Air quality may also be a material consideration if the proposed development would be particularly sensitive to poor air quality in its vicinity. It is important that applicants

engage early on with the local planning and environmental health departments to establish the need and scope of any assessment to support an application.

5.2 The PPG sets out what specific issues may need to be considered when assessing air quality impacts. These include: changes in vehicle emissions; the introduction of new point sources of air pollution; exposure of people to harmful concentrations of air pollutants, for example, by introducing further development in places with poor air quality; potential adverse effects on biodiversity. It also sets out guidance on the approach to assessment.

5.3 The PPG advises that mitigation options will:

- Need to be specific to the location
- Depend on the proposed development
- Need to be proportionate to the likely impact.

5.4 Planning conditions and obligations can be used to secure mitigation where the relevant tests are met. Examples of mitigation include: maintaining adequate separation between sources of air pollution and receptors; using green infrastructure; appropriate means of filtration and ventilation; electric vehicle charging points; contributing funding to measures designed to offset the impact of air quality arising from new development.

6. Local Plan Policy Background

6.1 This Supplementary Planning Document to the Local Plan provides guidance to support Objective of Policy SO2 (Biodiversity and Environmental Quality) and Policy CCC1 (Safe and Healthy Communities) which aims to prevent pollution or hazards which prejudice the health or safety of communities. Where necessary to enable development to take place, appropriate mitigation measures will be required to prevent, control, mitigate or offset the impacts of development on community health and safety.

7. Development Management

7.1 Threshold, Assessment and Mitigation

The assessment of air quality for relevant planning applications should follow a three stage process;

1. Determining if the development proposal falls within one of the identified thresholds;
2. If it does, assessing and quantifying the impact on local air quality and finally
3. Determining if, applying mitigation measures, the proposal can be made acceptable

Pre-application discussions between developers and the local authority is encouraged to ensure an application is complete and meets the necessary requirements. Planning applications must contain sufficient detail to allow the impacts of development to be properly assessed.

Air quality is a material planning consideration. Consideration will be given to:

- the significance of the impact on (local) air quality;
- the current air quality in the area of the proposed development;

- the likely use of the development, (i.e. the length of time people are likely to be exposed at that location);

Most forms of development will have an impact on local air quality and therefore public health. To make development acceptable mitigation measures will need to be implemented by the applicant to reduce emissions to air. The mitigation measures implemented should be proportionate to the scale of the impact.

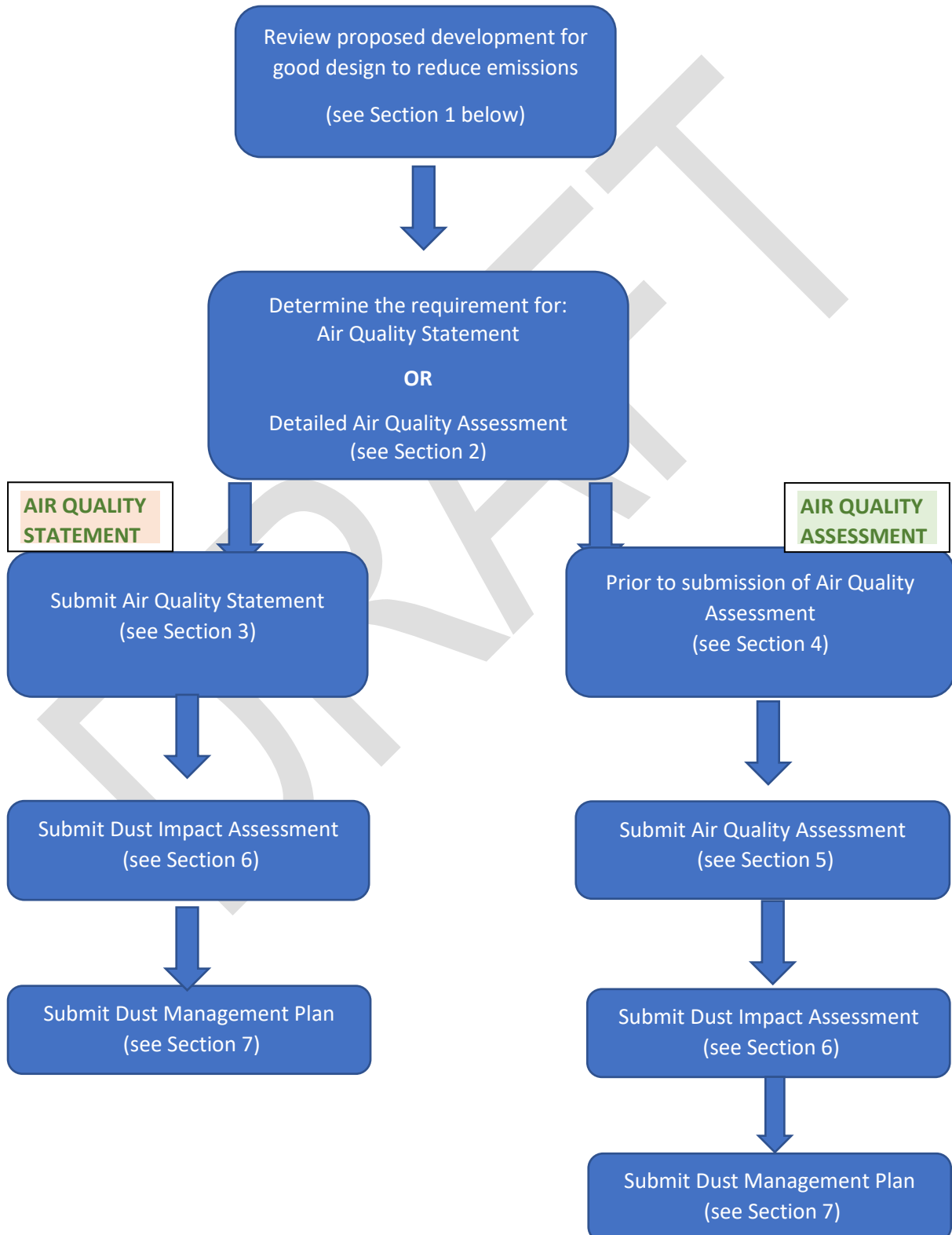
Impacts on air quality will be determined as 'significant' or 'not significant'.

DRAFT

8.ASSESSMENT OF AIR QUALITY

Figure 1 - Staged Approach

In order to ensure air quality is adequately and proportionately assessed in terms of the planning regime, a staged approach should be taken using relevant guidance and accepted methodologies:



Staged Approach

Section 1 - Development Design

8.1 New Forest District is characterised by generally high environmental quality with towns and villages set within attractive countryside with significant visual, recreational, heritage and ecological value. The qualities of the area and the sensitivities of its landscapes and habitats demand commensurate care and attention to quality in new development.

8.2 Developers should seek ways in which the places and spaces that are created can be sustainable. As Policy ENV3 of the Local Plan sets out, the Council expects development to offer a high-quality living environment for current and future residents.

8.3 Whilst it is acknowledged the design of a proposed development has to consider a number of parameters such as landscaping, property design and layout, the design stage should also consider how emissions could be reduced. This could include the following mitigation measures:

- Minimising the number of vehicles on site
- Removing street canyons by design
- Minimising public exposure to pollutants, for example by siting outside space away from busy roads / industrial sites
- Installation of electric vehicle charging points or a production of an electric vehicle charging scheme
- Energy efficient properties, reducing the need for heating
- Easy connections to public transport, walking and cycling networks to encourage the use of alternatives to cars
- Green Infrastructure, landscaping and planting

Section 2 - Requirement for an Air Quality Statement or Assessment

Air Quality Statement OR Assessment?

8.4 New Forest District Council use air quality planning guidance (*Land-Use Planning & Development Control: Planning for Air Quality. January 2017*. Environmental Protection UK, Institute of Air Quality Management) to determine whether a detailed air quality assessment is needed as part of the planning application. An air quality assessment is a detailed assessment to predict the impact of a proposed development on local air quality.

8.5 If there is no requirement to provide an air quality assessment, then an air quality statement will be needed. An air quality statement will include a commitment to implement measures to reduce emissions from the proposed development.

Table 1 summarises the development criteria for an air quality statement or assessment. The criteria are provided as guidance there maybe circumstances where an air quality assessment is needed due to local sensitivities outside the criteria.

Table 1 - Air Quality Statement or Assessment

STEP 1		Air Quality Statement	Air Quality Assessment
Development type			
Residential			
Less than 10 residential units or site less than 0.5ha		√	
More than 10 residential units or more than 0.5ha, plus: <ul style="list-style-type: none"> • More than 10 parking spaces or • Centralised energy facility or combustion process 			√
Other use classes			
Less than 1,000m ² of floor space or site less than 1ha		√	
More than 1,000m ² of floor space or site more than 1ha, plus: <ul style="list-style-type: none"> • More than 10 parking spaces or • Centralised energy facility or combustion process 			√
STEP 2			
Specific Criteria			
Traffic numbers			
Developments which generate less than 500 annual average daily traffic flows (AADT) for light goods vehicles (including cars) for outside AQMA or less than 100 AADT in or adjacent to* an AQMA – these figures will be produced from a transport assessment and agreed by the highway authority		√	
Developments which generate more than 500 annual average daily traffic flows (AADT) for light goods vehicles (including cars) for outside AQMA or 100 AADT in or adjacent to* an AQMA – these figures will be produced from a transport assessment and agreed by the highway authority			√
Developments which generate less than 100 AADT for heavy duty vehicles for outside AQMA or less than 25 AADT in or adjacent to* an AQMA – these figures will be produced from a transport assessment and agreed by the highway authority		√	
Developments which generate more than 100 AADT for heavy duty vehicles for outside AQMA or 25 AADT in or adjacent to* an AQMA – these figures will be produced from a transport assessment and agreed by the highway authority			√
Other			
Developments with 25m of A35 (Totton – Redbridge Causeway)			√
New bus stations			√
New road junction close to relevant receptors such as housing or schools			√
Developments within an AQMA			√
New substantial combustion plant including biomass boilers and standby emergency generators			√

26

Notes:

* '**adjacent to**' can also include a location where the majority of traffic from a proposed development is travelling through an AQMA even if the development is not physically adjacent to the AQMA. The determination of 'adjacent to' will be at the discretion of the Local Planning Authority.

Section 3 – Air Quality Statement

Content of an Air Quality Statement

An air quality statement should include the following:

- why an air quality statement rather than an assessment is being submitted, with reference to relevant guidance
- statement confirming 3 mitigation measures to be implemented as part of the development from the list detailed in Appendix 3.

An Air Quality Statement will be submitted as part of the application.

Section 4 – Prior to submission of an Air Quality Assessment

It is strongly recommended that the applicant agrees the following points with the Local Planning Authority prior to submission of a planning application to reduce the need to request further information during the application process:

- **The requirement to undertake an air quality assessment** – if there is uncertainty of the potential impact of the proposed development
- **Details of assessment model.**
This includes:
 - i. *relevant air quality model.*
This depends on what is being modelled for example road or industrial / point emissions.
 - ii. *emission data.*
If roads are being modelled the most up to date vehicle emission factor should be used
 - iii. *transport data(need to be agreement with HCC/LPA)*
 - iv. *meteorological data*
 - v. *pollutants being assessed*
 - vi. *baseline pollutant concentrations*
 - vii. *background pollutant concentrations*
 - viii. *choice of baseline year*
 - ix. *use of local monitoring data*
 - x. *verification of air quality model*
- **Agreement of extent of assessment** – whether the assessment includes the development alone, other locations and / or other local developments (cumulative impacts). It should be noted that a route / location of interest may be some distance from the development but is still considered relevant to the proposed development.
- **Cumulative Impact the NPPF(paragraph 181)** recognises that a number of individual developments proposals within close proximity of each other require planning policies and decisions to consider the cumulative impact of them. Difficulties arise when

developments are permitted sequentially, with each individually having only a relatively low polluting potential, but which cumulatively result in a significant worsening of air quality. This will occur where:

- A single large site is divided into a series of units, such as an industrial estates
- A major development is broken down into a series of smaller planning applications for administrative ease; and
- There are cumulative air quality impacts from a series of unrelated developments in the same area

The first to cases the cumulative impact will be addressed by the likelihood that a single developer will bring forward an outline application for the whole site which should include an air quality assessment as part of an Environmental Assessment. For major developments that are broken down into a series of smaller planning applications, the use of a Master or Parameter Plan that includes an air quality assessment will address the cumulative impact.

- **Agreement of the traffic figures, fleet composition and routes.** This will require agreement from the highway authority. If these traffic figures change, the air quality model is inaccurate and requires to be re-run. The traffic figures must be agreed with the relevant highway authority, in consultation with the LPA prior to submission of an air quality assessment.

Section 5 - Air Quality Assessment

Expectations

An air quality assessment is a detailed assessment which predicts the potential impact of the proposed development on local air quality. An air quality assessment will;

- follow current air quality / planning guidance;
- utilise current air quality assessment methodologies, which have ideally been agreed with the Local Planning Authority in advance of an application being submitted;
- effectively assess the significance of the potential impact of the proposed development on local air quality;
- use professional judgement; and,
- commit the applicant to implementing proportionate mitigation measures to minimise air quality emissions from the proposed development. The types of mitigation measures will be dependent on the outcome of the agreed air quality assessment.

An air quality assessment is expected to include:

- **Details of the proposed development.**
- **Policy context for the assessment.** This should include local and national policies
- **Description of relevant air quality standards and objectives.**
- **Details of assessment methodologies** – as advised in Section 4.
- **Identify relevant receptors.** This is dependent on the emissions of concern and relevant air quality objectives.
- **Description of baseline conditions**
- **Use appropriate mathematical verification of the model in accordance with guidance**
- **Provide results of the model outputs for all pollutants of concern at all relevant receptors locations.** All modelled results should be presented as;
 - baseline pollutant concentrations (current air quality concentrations)*
 - pollutant concentrations without development (at development completion year)*

- iii. *pollutant concentrations with development (at development completion year) and if appropriate;*
- iv. *pollutant concentrations with development plus identified cumulative impacts*
- v. *appropriate sensitivity test*
- **Provide robust determination of the significance of the likely impact of the proposed development at all relevant receptor locations.** This should follow relevant guidance and use professional judgement when required.
- **Provide details on mitigation measures based on the determination of significance with regards to the impact on local air quality**
- **Summary of the Air Quality Assessment**

The methodology to be used for the determination of pollution concentration change should meet the requirement of the Department for the Environment, Food and Rural Affairs (DEFRA) Technical Guidance Note LAQM TG (16) or any subsequent guidance.

Section 6 – Dust Impact Assessment

An air quality statement or assessment must also consider the impact of the operational phase of a proposed development on local air quality. In addition, an applicant must also assess the potential impact from dust from the construction phase of the development on local relevant receptors.

Requirement for a Dust Impact Assessment

A dust impact assessment **is required** where there is a human receptor within:

- 350m of the site boundary, or
- 50m of the route(s) used by construction vehicles on the public highway, up to 500m from the site entrance(s)

The assessment of dust from construction sites (dust impact assessment) can be undertaken within the air quality statement or assessment, or as a separate assessment, but in either case should follow current relevant guidance (*Guidance on the assessment of dust from demolition and construction*. Institute of Air Quality Management. February 2014).

The significance of the impact of construction dust is determined as a human health and dust soiling (nuisance) impact, and should be assessed for the following construction phases:

- Demolition
- Earthworks
- Construction
- Track out

The dust impact assessment will identify the potential impact at each phase of construction work against each type of impact (human health and / or dust soiling). The outcome of which may recommend mitigation measures to reduce the predicted impact to an acceptable level.

The Council advise that only a dust impact assessment is submitted as part of the application process. A Dust Management Plan (see Section 7), if required, will be agreed as part of a Construction Environmental Management Plan (CEMP) planning condition.

Section 7 - Dust Management Plan

Should the Dust Impact Assessment identify the likelihood of a dust impact either to human health and/or from dust soiling at relevant receptors the applicant will be required to submit an appropriate Dust Management Plan.

Expectations

A Dust Management Plan will:

- follow current air quality/planning guidance;
- include the Dust Impact Assessment which will identify the locations of potential impact and specific works requiring mitigation;
- be site specific, taking into account site layout, machinery and equipment to be used on site, vehicle emissions and any occupiers of the site as development continues; and,
- commit the applicant by a planning condition to implement appropriate mitigation measures to minimise dust and particulate emissions from the development site. Appropriate mitigation measures are provided in the guidance and should be adopted where appropriate. This may include the need to monitor the dust from the construction site.

Submission of Dust Management Plan

You may be required to submit of a Dust Management Plan as part of a CEMP condition should planning permission be granted. If you submit a Dust Management Plan as part of the application the Plan will not be reviewed or commented on.

Operational Phase

For proposed developments requiring an air quality statement there will be a requirement to include a minimum of 3 mitigation measures. A list of suggested mitigation measures is available in Appendix 3.

For proposed developments requiring an Air Quality Assessment, the level of required mitigation is dependent on the outcome of the assessment:

- A. Proposed developments determined to have a significant impact on local air quality – the applicant will be required to put in place mitigation measures which can demonstrate compliance with current air quality objectives. This may include an agreed reduction in emissions from the development site that is retained and maintained, and the installation of real time monitoring of pollutants to assess the impact on local air quality.
- B. Proposed developments determined to not have a significant impact will be required to include mitigation measures. A list of suggested mitigation measures is available in Appendix 3, other mitigation measures can be proposed by the developer.

9.AIR QUALITY AND THE NATURAL ENVIRONMENT

9.1 Modelling of traffic emissions from cumulative traffic growth over the Local Plan period has identified potential for significant adverse effects of parts of the New Forest SPA and SAC and Ramsar from nitrogen deposition and ammonia, particularly near main road corridors through the New Forest in areas lacking screening woodlands.

9.2 The Habitat Regulations Assessment which accompanied the Local Plan Part 1 concluded that implementation of the Local Plan and New Forest National Park Local Plan alone will not have an adverse effect on the integrity of any European site. While there is no evidence of current negative effects from traffic related air pollution, uncertainty remains about whether in-combination traffic growth and related air pollution could adversely affect the integrity of New Forest SAC, SPA and Ramsar site during the Local Plan period up to 2036.

9.3 With this uncertainty in the data, the precautionary principle applies requiring a modest financial contribution from development for ongoing monitoring of the effects of traffic emissions on sensitive locations, to trigger management or mitigation measures and developer contributions to implement them if harmful effects are confirmed in the future.

9.4 The Council has instigated a monitoring regime to monitor the condition of sensitive vegetation within the New Forest SPA, SAC and RAMSAR sites, to assess whether or not nutrient nitrogen deposition, acid deposition and ammonia levels from traffic emissions are having an adverse effect on these designated European sites.

9.5 If air quality monitoring identifies that significant adverse effects are occurring or likely, legal agreements or other appropriate mechanisms will be put in place to ensure that homes subsequently permitted would be required to make reasonable and proportionate developer contributions for air quality management or mitigation.

9.6 The project is monitoring any adverse impacts on short habitats (wet and dry heaths) and tall habitats (woodland) at selected sites and the air quality levels at those same sites. This establishes a monitoring framework and evidence base for measuring any adverse impacts on the integrity of New Forest designated internationally protected sites.

10.RELEVANT GUIDANCE

Includes guidance noted above for general air quality and planning and dust assessments:
<http://iaqm.co.uk/guidance/>

Technical guidance for air quality monitoring and modelling (LAQM technical guidance):
<https://laqm.defra.gov.uk/supporting-guidance.html>

CONTACT

For further advice on the planning process or air quality assessments please contact:

APPENDIX 1 – SUGGESTED MITIGATION MEASURES

An Air Quality Statement OR an Air Quality Assessment with a determined insignificant impact on local air quality.

- Development designed to reduce site user's exposure to pollutants, such as:
 - No kerbside development
 - No openable windows on domestic properties adjacent to emission release points
 - Internal layout designed to reduce number of windows on elevations facing emission release points
 - No installation of solid fuel (wood or coal) domestic appliances or open fires to be provided at any property
 - Where provided, gas boilers shall meet the minimum standard of <math><40\text{mgNO}_x/\text{kWh}</math>.
 - Preference should be given to domestic heating systems that utilise low carbon heating technologies
- Development includes cycling / walking infrastructure
- Modal shift -encourage or require travel by vehicles other than the car including measures to improve public transport and promote use
- Car Clubs
- Cycling Hubs and corridors, including hire of bikes and E Bikes
- Installation of an electric vehicle charge point at each property or implementation of an electric vehicle charging scheme
- Implementation of a travel plan for residential or commercial site users including documentation of public transport options
- Public transport provisions provided / supplemented
- Provision of a delivery strategy (commercial development)
- Directions and Signage – advertise and encourage vehicular travel to locations using alternative routes subject to the capacity and convenience of those alternative routes
- Low emission vehicles - use of low emission vehicles
- Green Infrastructure – Green networks and infrastructure, planting trees within or adjacent to development, use of green roofs and walls, Biodiversity net gain in developments
- Provide a fleet emission reduction strategy/Low Emission Strategy, including low emission fuels and technologies, including ultra-low emission service vehicles.
- On larger scale development provide a range of facilities including retail and employment uses to reduce the need to travel

CABINET – 2 February 2022

PORTFOLIO: LEADER / ALL

SOLENT FREEPORT – SITE SPECIFIC AGREEMENTS

1. RECOMMENDATIONS

- 1.1 That Cabinet authorises the Chief Executive to enter into Site Specific Agreements with landowners and the Solent Freeport Consortium Company, the terms of which are set out in this report and in the draft template at Appendix 1.

2. INTRODUCTION

- 2.1 This report seeks Cabinet's approval to enter into Site Specific Agreements with the Solent Freeport Consortium Limited and the individual landowners, whose land is situated in the proposed tax site within the District, as part of the new Solent Freeport.

3. BACKGROUND

- 3.1 The Cabinet, at its meeting on 3 February 2021, agreed that the Council support the bid to Government for the creation of a Freeport within the Solent and that the Leader of the Council write a letter confirming NFDC support to the bid. At the Council meeting of 19 July 2021, the Council then agreed to support the submission of an Outline Business Case to Government supporting the establishment of the Solent Freeport which includes a proposed tax site within the Council's Waterside area covering 4 specific landholdings; the former Fawley Power Station, Exxon Mobil, ABP's Strategic Land Reserve and Solent Gateway. The remaining tax sites fall within the respective administrative boundaries of Eastleigh Borough Council (The Navigator Quarter), Havant Borough Council (Dunsbury Park) and Southampton City Council (Redbridge). The reports to Cabinet and Council can be found at the following links:-

<https://democracy.newforest.gov.uk/ieListDocuments.aspx?CId=133&MId=6995>

<https://democracy.newforest.gov.uk/ieListDocuments.aspx?CId=193&MId=7273>

- 3.2 Since that time, work has continued to develop the creation of the Solent Freeport which has involved a number of parties and bodies working together, including the Solent LEP, New Forest District Council, Eastleigh Borough Council, Havant Borough Council, Southampton City Council and Portsmouth City Council, relevant landowners of proposed tax sites and the Solent Freeport Board. A number of workstreams have been set up to progress the necessary work which are supported by senior officers of the respective Councils and other advisers and representatives,
- 3.3 As work evolves, Members of the Council have received a number of briefings on the emerging Solent Freeport, what it means for the District and wider economic area, including the implications for the Council in its capacity as Rating Authority.
- 3.4 Approval of the Solent Freeport Outline Business Case is expected imminently from the Department of Levelling Up, Housing and Communities (DLUHC), whereupon the process will proceed to a Full Business Case following tax site designation. A report will be taken through the Council's decision making procedures, including Cabinet and Council in Spring this year, to seek approval for the Full Business Case.

- 3.5 In order for the Government to sign off the Outline Business Case and to be able to move to the next stage, the relevant parties involved in the Solent Freeport are required to reaffirm their commitment to working together by entering into Site Specific Agreements for each proposed landholding within the specific proposed tax sites. Taking the Waterside tax site as an example, there is a requirement for 4 separate Site Specific Agreements to be entered into; the parties being the relevant landowner(s), the Council and the Solent Freeport Consortium Limited. Section 4 below gives further information on the contents of the Site Specific Agreements.

4. SITE SPECIFIC AGREEMENTS

- 4.1 These are the agreements which the Government requires landowners, Councils (in their capacity as Rating Authorities) and the Freeport Consortium Limited to enter into, prior to proceeding to the next stage of preparation for the Full Business Case. They are a precursor to sites being designated as tax sites.
- 4.2 A draft template of the Site Specific Agreement is attached at Appendix 1 to this report.
- 4.3 The Site Specific Agreement (SSA) sets out the high level principles of how the landowners, the Council and the Freeport Company will work together, in good faith, to achieve the Freeport's objectives which are to:-
1. Establish the Solent Freeport as a hub for global trade and investment across the UK.
 2. Promote regeneration and job creation.
 3. Create hotbeds of innovation and skills, pioneer approaches to climate change adaptation and decarbonisation and accelerate the transition to a 'Net Zero' economy.
- 4.4 The SSA requires landowners to use their 'best endeavours' to use the land in line with one or more of the Freeport Objectives (including their end users) as this is necessary to give the Government assurance that the tax benefits associated with the tax site will be used to achieve their intended aims.
- 4.5 The SSA sets out provisions how the parties will receive reports from owners on progress in achieving the Freeport Objectives, how information will be shared between the parties and provisions to ensure that opportunities for seed funding and retained rates funding are notified to owners, who in turn, will be able to make representations in support of any applications for such funding.
- 4.6 In recognition of one of the main principles of Freeports that retained business rates (resulting from new business growth within tax sites) will be shared across the whole of the Freeport and related economic area, the SSA obligates the Council and the Freeport Company to work together to agree protocols by which retained rates (collected by different rating authorities) within the Solent Freeport area, may be pooled and how seed capital funding and retained rates funding will be distributed and spent.
- 4.7 The SSA does not stipulate the criteria for business rate relief, which will be a decision for the Council, as Rating Authority, although there is a requirement for the Council to consult with the Freeport Company over proposals in this regard. However, the ultimate decision on the criteria to be applied for business rate relief will be a matter for the Council.

- 4.8 The SSA, once signed, will run to 30 September 2036 unless terminated earlier in accordance with the provisions of clause 9 of the template agreement.
- 4.9 All the Councils with tax sites falling within their administrative areas, are required to sign Site Specific Agreements with landowners, before moving to Full Business case. The terms of these agreements are to accord with the draft template attached at Appendix 1.
- 4.10 Senior officers of the Council have carefully considered the terms of the SSA and consider that they are reasonable. Nothing in the agreement fetters the Council's discretion to make decisions in respect of the criteria to be applied when granting business rate relief to new businesses attracted to the new Freeport. Nor does entering into the SSAs give any specific consent to landowners to use the land in a particular way; this will be determined in accordance with the planning regime.

5. CONCLUSIONS

- 5.1 Before work can move to the next stage of developing the Full Business Case for Government's approval, there is a requirement for all the parties involved in the Solent Freeport, to enter into agreements reconfirming their commitment to work together to achieve the Freeports Objectives. These agreements take the form of Site Specific Agreements with the signatories being landowners, the relevant Councils and the Freeport Company.
- 5.2 The terms of the agreements are considered reasonable and will enable work to advance to the next stage, where a Full Business Case will be prepared, led by the Solent LEP and Solent Freeport Board, in consultation with the relevant Councils and landowners. A full report will be taken to Cabinet and Council in Spring this year in order to obtain the Council's final approval for the Full Business Case.

6. FINANCIAL IMPLICATIONS

- 6.1 By signing the Site Specific Agreements, the Council is committed to drawing up and publishing a Freeport Tax Site Business Rate Relief policy and is aligning to the fundamental principle of the pooling of retained business rates from within the Tax Site areas falling inside the New Forest district boundary. The granting of business rate relief to businesses operating within said tax sites, within the appropriate time parameters, will be fully funded by the UK government.
- 6.2 Full Financial Implications surrounding the wider Freeport project will be included within the Full Business Case and associated documents, for Council approval.

7. CRIME & DISORDER IMPLICATIONS

- 7.1 There are none directly arising from this report

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 The Solent Freeport Greenprint Framework has a number of key priorities to bring about greater environmental benefits. They include the following themes:-
- **Net zero with nature** – providing the leadership necessary to reduce carbon emissions and build zero carbon economy and communities.

- **Natural health service** – improving physical and mental health and wellbeing and tackling health inequalities through greater access to world class natural environments.
- **World class blue/green environments** – protecting, restoring and improving distinctive environments, enabling their eco-system services to contribute to a strong economy and a healthy inclusive society.
- **Creating great places through equality in design and build** – encouraging an innovative approach to creating high quality, inclusive and sustainable places for people and nature.
- **Centre for excellence in green skills and jobs** – tackle local skills gaps and economic inequalities by building a future workforce which can seize the opportunities offered by innovation in key sectors of the economy.

9. EQUALITY & DIVERSITY IMPLICATIONS

- 9.1 The Freeport designation will bring about positive economic and social benefits to the area, through the creation of a whole new growth agenda in an area where pockets of deprivation exist. There will be new job opportunities in constructing facilities and infrastructure within the freeport's boundaries, employment in the new industries and businesses that take root and drive innovation, economic growth, urban regeneration and environmental improvements which in time, will bring about better local job prospects including improved schooling, healthcare and amenities and new housebuilding for local people.

10. PORTFOLIO HOLDER COMMENTS

- 10.1 The Solent Freeport offers an exciting opportunity to maximise the benefits of economic development within the Waterside to our residents by promoting the sustainable use of allocated employment sites. As stated within the report, neither the entering into Site Specific Agreements nor the designation of the Freeport by the Government will alter the requirement for sites to obtain required planning consents before development can take place. By entering into these agreements the Council ensures that landowners, their successors and tenants, use their best endeavours to deliver development that meets the Freeport objectives, which includes promoting job creation and pioneering approaches to climate change adaptation and decarbonisation.
- 10.2 If designated the Solent Freeport will deliver new jobs, and importantly access to the training and up-skilling required to enable local residents to access them, investment in needed infrastructure and commit site owner to achieving the Freeport objectives. I support the recommendation in paragraph 1.1.

For further information contact:
 Kate Ryan
 Chief Executive
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Background Papers:
 Draft Site Specific Agreement
 Cabinet – 3 February 2021
 Council – 19 July 2021

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Dated

2022

OWNER (1)

COUNCIL (2)

SOLENT FREEPORT CONSORTIUM (3)

SITE SPECIFIC AGREEMENT RELATING TO LAND AT [ADDRESS]

Paris Smith LLP
No 1 London Road
Southampton
Hampshire
SO15 2AE

Tel: 023 8048 2482
Ref: CMD

TABLE OF CONTENTS

1	Interpretation.....	3
2	Term.....	8
3	Freeport Objectives	8
4	Obligations of Owner in relation to the Land	9
5	End Users of the Land.....	10
6	Business Rates Relief.....	10
7	Retained Rates Funding and Seed Capital Funding.....	10
8	Remedies.....	11
9	Termination.....	11
10	Confidentiality	12
11	Force Majeure.....	12
12	Council Functions	12
13	No Partnership.....	13
14	costs	13
15	Waiver.....	13
16	Notices	13
17	Third party rights.....	14
18	Disputes.....	14
19	Governing Law.....	14
	Annex 1 Solent Freeport Area.....	15

DRAFTING NOTES:

Tax Site Designation. This Agreement is drafted to encourage Owners of land within designated tax sites to use the land in the manner envisaged in the Outline Business Case and in line with the Freeport Objectives. At the moment, the drafting assumes that there will be one agreement per owner (not one per tax site).

Customs Site Designation. The Agreement is not intended to regulate the use of land within designated customs sites (save to the extent that such sites are also tax sites).

Seed Capital Funding. The Agreement does not seek to allocate potential seed capital funding or the regulate the manner in which seed funding is to be spent and accounted for. Rather, it is envisaged that each owner will be required to apply to the Freeport Company for seed capital funding after the Full Business Case has been approved and that successful applicants will be required to enter into agreements with the Freeport's accountable body at the time any such seed funding is granted to them. The agreement with the accountable body will regulate the way in which that funding is to be spent and accounted for.

Business Rates Relief. The Agreement does not stipulate detailed eligibility criteria for business rates relief. It is envisaged that ratings authorities (in consultation with the Freeport) will publish criteria separately, and when a business occupying premises on a Tax Site applies for business rates relief, they will be required to demonstrate that they meet these criteria.

Retained Business Rates. The Agreement does not stipulate or guarantee whether owners will be eligible for a share of the retained business rates arising from new business rates revenue arising at the tax sites. Rather, it is envisaged that Owners wishing to receive a share of such retained business rates will need to apply to the Freeport Company (which will operate in conjunction with the ratings authorities) for the funds when the Freeport Company and ratings authorities advertise opportunities to apply for such funds and that successful applicants will be required to enter into agreements with the Freeport's accountable body at the time any such retained rates funding is granted to them. The agreement with the accountable body will regulate the way in which that funding is to be spent and accounted for.

Use of Land. The Agreement sets out the broad intentions in relation to the use and development of the land, but does not seek to nail down firm commitments in relation such development or timeframes, which may be contingent on various factors that are liable to change. However, the landowner is required to use Best Endeavours to use the land in line with the Freeport Objectives. This is necessary to give reassurance to HM Government that the tax benefits of a tax site designation will be used to achieve their intended aims, and not be used purely to provide a short term commercial benefit to the landowner. Best Endeavours falls short of an absolute obligation and is likely to be the minimum that HM Government will accept in return for a tax site designation. The scope of the term Best Endeavours is further defined in the Agreement.

Agreements with End Users. Where the land will be used and occupied by third parties (referred to in the Agreement as End Users), the Agreement requires land owners to enter into agreements with those End Users to pass on any obligations necessary to ensure that the Freeport Objectives are met. The form of the agreements with End Users is not prescribed in this Agreement and will be at the discretion of the landowner. The Solent Freeport Company and the ratings authorities will not be a party to those End User Agreements.

THIS DEED IS DATED [DATE] 2022

PARTIES

- (1) [NAME OF OWNER] of [ADDRESS OF OWNER] (the "**Owner**");
- (2) [NAME OF COUNCIL] of [ADDRESS OF COUNCIL] (the "**Council**"); and
- (3) **SOLENT FREEPORT CONSORTIUM LIMITED** incorporated and registered in England and Wales with company number 13266664 whose registered office is at 1 London Road, Southampton, United Kingdom, SO15 2AE (the "**Freeport Company**").

BACKGROUND

- (A) The Owner is the freehold owner¹ of the Land, which is located within the Solent Freeport Area.
- (B) The Freeport Company has been incorporated to co-ordinate the activities of the local authorities and landowners within the Solent Freeport and promote the Solent Freeports objectives.
- (C) The Council is the local rating authority for the area in which the Land is situated.
- (D) The Freeport Company has applied to HM Government to have the area within which the Land is situated formally designated as a freeport tax site, meaning that businesses operating on the Land (and the wider tax site) will benefit from certain tax reliefs and benefits.
- (E) The application for tax site designation has been made on the basis of proposals to promote the occupancy and use of the Land in ways meet one or more of the objectives of the Solent Freeport, as more particularly outlined in the Outline Business Case submitted to HM Government by the Freeport Company.
- (F) The purpose of this Agreement is to set out the high level principles about how the Owner, the Council and the Freeport Company intend to work together with a view to achieving the Freeport Objectives once tax site designation has been granted in respect of the area in which the Land is situated.

AGREED TERMS

1 INTERPRETATION

The following definitions and rules of interpretation apply in this Deed:

1.1 Definitions:

- 1.1.1 "**Accountable Body**" means the local authority that will act as the accountable body on behalf of the Freeport Company for the purposes of [*legislation ref TBC*] when the Freeport Company (in conjunction with the relevant local authorities) makes grants of Seed Capital Funding and Retained Rates Funding, which, as of the Commencement Date, shall be Portsmouth City Council;
- 1.1.2 "**Additional**" means in relation to activity by an End User on the Land, activity which:
 - 1.1.2.1 was not being performed on the Land by that End User prior to the Commencement Date and does not displace activity currently being performed by that End User elsewhere in the United Kingdom; and
 - 1.1.2.2 would not have been sufficiently Viable elsewhere in the Solent Freeport outer boundary without the benefits of the Tax Site Designation, or which

¹ If a person other than the freehold owner has exclusive possession of the Land (eg. under a long lease), then that person may also need to be a party to this Agreement.

might have occurred without a Tax Site Designation but at a much later date; or

- 1.1.2.3 the Freeport Company and the Council otherwise agree meets one or more of the Freeport Objectives.

Additional activity may include (without limitation) an expansion of an activity currently being performed elsewhere by the End User (whether in the UK or otherwise), activity commenced on the Land after the date of this Agreement where contracts for the use of that land were signed prior to the Commencement Date in anticipation of the Tax Site Designation being granted and activity in unoccupied buildings that already exist on the Land.

- 1.1.3 **“Affected Party”** has the meaning given to it in clause 11;
- 1.1.4 **“Affiliate”** means, in respect of a Party, any member of that Party's Group except the Party itself;
- 1.1.5 **“Applicable Law”** means all laws, regulations, directives, statutes, subordinate legislation, common law together with all codes of practice having force of law or statutory guidance applicable to a Party in connection with its activities under this Agreement;
- 1.1.6 **“Best Endeavours”** means, in relation to an intended outcome, pro-actively, energetically and expeditiously taking all such steps as are reasonable and necessary to achieve the intended outcome including, where relevant:
- 1.1.6.1 applying for any planning permission required to achieve that outcome and complying with any reasonable requests made by the planning authorities as a condition of granting such planning permission;
- 1.1.6.2 requesting consent from any relevant mortgagee or other person having a security interest over the Land and complying with any reasonable requests that such mortgage or other person may make as a condition of granting such consent;
- 1.1.6.3 using a Party's own funds to facilitate the achievement of that outcome to the extent that the provision of such funding was envisaged in the Outline Business Case (provided that a party shall not be required to provide such funding if other sources of funds that were intended to be pooled with the Party's own funds to achieve such outcome are not forthcoming);
- provided that no Party shall be required to pursue an outcome that, due to a material change in circumstances arising after the Commencement Date, is no longer sufficiently Viable.
- 1.1.7 **“BRR Criteria”** means the criteria to be used by the Council in determining whether or not to grant Business Rates Relief to an End User, which criteria shall be set by the Council in consultation with the Freeport Company and with reference to guidance published by HM Government and all applicable statutory criteria and which will be notified to the Owner and End Users;
- 1.1.8 **“Business Rates”** means [the levy charged on non-domestic properties by local ratings authorities under the Local Government Finance Act 1988]; **[Definition TBC]**
- 1.1.9 **“Business Rates Relief”** means relief from Business Rates granted by the Council under section 47 of the Local Government Finance Act 1988 (as amended) to End-User

Businesses occupying Relevant Premises in accordance with the terms of this Agreement and Applicable Legislation;

- 1.1.10 **"Commencement Date"** means the date on which the Tax Site receives a Tax Site Designation;
- 1.1.11 **"Confidential Information"** means all confidential information disclosed (whether in writing, orally or by another means and whether directly or indirectly) by a Party or a member of its Group to another Party under or in connection with this Agreement including information relating to the operations, processes, plans or intentions, trade secrets, market opportunities, commercial information, information about rents, or business affairs, of the person making the disclosure or any member of its Group or any of its subcontractors, suppliers, customers, clients or other contacts;
- 1.1.12 **"control"** means, in relation to a party:
- 1.1.12.1 the holding or possession of a beneficial interest in more than 50% of the shares or other securities in that party (whether directly or indirectly);
 - 1.1.12.2 the ability to exercise, in aggregate, more than 50% of the voting rights applicable to shares or other securities in that party (whether directly or indirectly)
 - 1.1.12.3 the ability to ensure that the affairs of that party are conducted in accordance with a person's wishes, whether through contractual rights or otherwise;
- 1.1.13 **"Disclosing Party"** means, in respect of any Confidential Information, the Party:
- 1.1.13.1 which discloses that Confidential Information; or
 - 1.1.13.2 whose Affiliate discloses that Confidential Information;
- 1.1.14 **"Disposal"** means:
- 1.1.14.1 a transfer of the freehold title to the Land (if the Owner is the freeholder);
 - 1.1.14.2 an assignment of the Owner's leasehold interest in the Land (if the Owner is a long leaseholder); or
 - 1.1.14.3 the grant by the Owner of a leasehold interest in the Land having a duration in excess of seven years;
- in each case to a third party (including an Affiliate);
- 1.1.15 **"Eligible Premises"** means commercial premises on the Land the developers and occupants of which are eligible for certain tax benefits as a result of the Tax Site Designation;
- 1.1.16 **"End User"** means any person occupying Eligible Premises on the Land, whether such person is the Owner themselves or a third party that acquires a right to occupy the Eligible Premises;
- 1.1.17 **"End User Agreement"** means an agreement between the Owner and (where the End User is not also the Owner) the End User of Eligible Premises entered into for the purposes of ensuring the End-User's use of the Eligible Premises meets one or more of the Freeport Objectives;
- 1.1.18 **"Freeport Objectives"** means the objectives set out in clause 3;

- 1.1.19 **"Force Majeure Event"** means an event beyond the reasonable control of the Affected Party which prevents that Party from performing its obligations under this Agreement, including any strike, lock out or labour dispute (not involving employees of the Affected Party), act of God, disease, epidemic war, riot, civil commotion, malicious damage, compliance with a law or governmental order, rule, regulation or direction, accident, breakdown of plant or machinery, fire, flood and storm;
- 1.1.20 **"Group"** means in relation to an undertaking, that undertaking and its group undertakings from time to time;
- 1.1.21 **"Individual Recipient"** means any director, other officer, employee, subcontractor, advisor or consultant of the Receiving Party;
- 1.1.22 **"Land"** the land at [DESCRIPTION OR ADDRESS] shown edged red on the Plan and registered at HM Land Registry with absolute title under title number(s) [NUMBER[S]];
- 1.1.23 **"Outline Business Case"** means the Outline Business Case submitted by the Freeport Company to HM Government on 26 November 2021;
- 1.1.24 **"Partial Disposal"** means a Disposal in respect of a part of the Land;
- 1.1.25 **"Plan"** means the plan of the Land which is attached as Annex 3;
- 1.1.26 **"Receiving Party"** means, in respect of any Confidential Information, the Party:
- 1.1.26.1 to whom that Confidential Information is disclosed; or
- 1.1.26.2 to whose Affiliate that Confidential Information is disclosed;
- 1.1.27 **"Retained Rates"** means the aggregate of:
- 1.1.27.1 Business Rates Relief granted by ratings authorities in the Solent Freeport Area to (i) End Users; and (ii) eligible end users of premises at other tax sites in the Solent Freeport Area which, are reimbursed to the applicable ratings authorities by HM Government during the term of this Agreement; and
- 1.1.27.2 Business Rates paid to ratings authorities in the Solent Freeport Area by such end users (once eligibility for Business Rates Relief has expired) and by any other end users of the tax sites in the Solent Freeport Area for a period of up to 25 years from the Commencement Date (to the extent that such Business Rates exceed the baseline level of rates received at those tax sites prior to the Commencement Date);
- which, in each case, local authorities are entitled to retain to fund local investment and infrastructure projects for the purposes of furthering the Freeport Objectives;
- 1.1.28 **"Retained Rates Funding"** the funding distributed or available for distribution from the pool of Retained Rates to fund local investment and infrastructure projects for the purposes of furthering the Freeport Objectives;
- 1.1.29 **"Seed Capital Funding"** means the funding referred to as seed capital funding that will be made available to the Solent Freeport Company (via its Accountable Body) by HM Government following approval by HM Government of the Freeport Company's full business case, which funding will be distributed by the Freeport Company (via its Accountable Body) to fund local investment and infrastructure projects for the purposes of furthering the Freeport Objectives;

- 1.1.30 “**Solent Freeport Area**” means the area in the Solent region designated by HM Government as a freeport, as set out on the map attached to this Agreement as Annex 1;
- 1.1.31 “**Tax Site**” means the area(s)² hatched in red on the map attached as Annex 2.
- 1.1.32 “**Tax Site Designation**” means the formal designation of the Tax Site as a freeport tax site by HM Government [under the Finance Act 2020]; **[Legislation reference TBC]**.
- 1.1.33 “**Term**” means the term of this Agreement set out in clause 2.
- 1.1.34 “**Transferee**” means a person acquiring a freehold interest or leasehold interest having a duration in excess of seven years in the Land, or a part of the Land, pursuant to a Disposal or a Partial Disposal (as applicable);
- 1.1.35 “**Viable**” means an instance where activity takes place as the benefits and/or revenues outweigh the costs; and
- 1.1.36 “**Working Day**” any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in England.
- 1.2 Clause headings shall not affect the interpretation of this Deed.
- 1.3 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.4 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.5 a “**group undertaking**” means a “**parent undertaking**” or a “**subsidiary undertaking**”, and those terms shall have the respective meanings given to them in sections 1161 and 1162 Companies Act 2006;
- 1.6 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.7 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.8 A reference to any party shall include that party's personal representatives, successors and permitted assigns and in the case of the Council the successors to its respective statutory functions.
- 1.9 Unless the context otherwise requires, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.10 Unless the context otherwise requires, a reference to a statute or statutory provision shall include any subordinate legislation made from time to time under that statute or statutory provision.
- 1.11 A reference to **this Deed** or **this Agreement** or to any other deed or document referred to in this Deed is a reference to this Deed or such other deed or document as varied or novated (in each case, other than in breach of the provisions of this Deed) from time to time.
- 1.12 An obligation on a party not to do something includes an obligation not to allow that thing to be done.

² For the Southampton Water Tax Site, the Tax Site consists of multiple (non-contiguous) areas.

1.13 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.14 Where an obligation falls to be performed by more than one person, the obligation can be enforced against every person so bound jointly and against each of them individually.

2 TERM

This Deed shall come into force on the Commencement Date and shall continue, unless terminated earlier in accordance with clause 8, until 30 September 2036.

3 FREEPORT OBJECTIVES

3.1 The “**Freeport Objectives**” are to:

- 3.1.1 establish the Solent Freeport as a hub for global trade and investment across the UK;
- 3.1.2 promote regeneration and job creation; and
- 3.1.3 create hotbeds of innovation and skills, pioneer approaches to climate change adaptation and decarbonisation and accelerate the transition to a “Net Zero” economy.

3.2 All the parties agree to work together in good faith with a view to leveraging the Tax Site Designation to achieve one or more of the Freeport Objectives in the manner envisaged by this Agreement. The parties shall agree which of the Freeport Objectives are proposed to be met in relation to the various activities carried out on the Land.

3.3 The parties shall hold meetings together to discuss the progress in and strategy for achieving the Relevant Freeport Objectives as often as reasonably necessary and, in any event, at least once every quarter.

3.4 The Owner shall:

- 3.4.1 report to the Freeport Company and the Council in writing not less frequently than once every six months on the progress in achieving the Relevant Freeport Objectives on the Land (provided that the Freeport Company may reduce this frequency after the first five years of this Agreement to such frequency as it considers to be more appropriate);
- 3.4.2 from time to time provide such information as may be reasonably requested by the Freeport Company and/or the Council;
- 3.4.3 be available for and attend (together with its professional advisers) briefing meetings as may be reasonably requested by the Freeport Company or the Council; and
- 3.4.4 have due regard to reasonable representations made by the Freeport Company and the Council in relation to the use of the Land.

3.5 The Freeport Company shall:

- 3.5.1 give the Owner the opportunities to attend meetings to discuss the progress of the development and use of the Land and whether such development and use is Additional and meets one or more of the Freeport Objectives;
- 3.5.2 at the written request of the Owner, take reasonable steps as agreed by the Freeport Company’s board to promote and publicise the opportunities for potential End Users of Eligible Premises on the Land through such channels as the Freeport Company considers appropriate;
- 3.5.3 inform the Owner of opportunities to apply for Seed Capital Funding and Retained Rates Funding;

- 3.5.4 give the Owner reasonable opportunities to make representations in support of any application that the Owner submits for Seed Capital Funding or Retained Rates Funding, subject to compliance with Applicable Law;
 - 3.5.5 at the written request of the Owner, write such letters in support of planning applications for developments on the Land that meet the Relevant Freeport Objectives as the Freeport Company considers appropriate.
- 3.6 The Council shall promptly inform the Owner and the Freeport Company:
- 3.6.1 of the BRR Criteria after they are published;
 - 3.6.2 of any changes to the BRR Criteria from time to time; and
 - 3.6.3 of any material changes in the administration of the Council likely to have an impact on the ability of any Party to achieve the Relevant Freeport Objectives.

4 OBLIGATIONS OF OWNER IN RELATION TO THE LAND

- 4.1 The Owner warrants it owns and has exclusive possession of the freehold of the Land.³
- 4.2 The Owner shall use Best Endeavours to:
- 4.2.1 promote activity on the Land that is genuinely Additional; and
 - 4.2.2 ensure that the benefits of the Tax Site Designation flow to furtherance of one or more of the Freeport Objectives.
- 4.3 Without prejudice to the generality of the foregoing, the Owner shall use Best Endeavours to develop and use the Land in the manner and within the timeframes set out in the Outline Business Case, upon which the Tax Site Designation was based.
- 4.4 The Owner shall promptly inform the Freeport Company and the Council in writing if:
- 4.4.1 its plans in relation to the development or use of the Land change such that they are no longer consistent with either clause 4.2 or clause 4.3; or
 - 4.4.2 it becomes aware of any fact or circumstance that are likely to prevent the Owner from developing or using the Land in the manner required by clause 4.2 or clause 4.3.
- and in each case it shall inform the Freeport Company and the Council of the reasons why it is unable to comply with clause 4.2 and/or clause 4.3 (as applicable). Informing the Freeport Company and the Council under this clause 4.4 shall not relieve the Owner of its other obligations under this Agreement and shall be without prejudice to clause 8.
- 4.5 The Owner undertakes that:
- 4.5.1 in the event of a Disposal, it shall inform the Freeport Company and the Council and shall procure that its rights and obligations under this Agreement are novated to the relevant Transferee; and
 - 4.5.2 in the event of a Partial Disposal, it shall inform the Freeport Company and the Council and shall procure that its rights and obligations under this Agreement are novated to the relevant Transferee in respect of the part of the Land that has been disposed of (and its rights and obligations under this Agreement shall continue in relation to the part of the Land not subject to the Partial Disposal).

³ If there are other interested parties – eg. mortgagees or lessees, this can be acknowledged here and the warranty can be caveated accordingly.

- 4.6 If a Transferee takes a leasehold interest in the Land, the novation(s) referred to in clause 4.5 shall provide that the Owner's rights and obligations will transfer back to the Owner in the event of the termination or expiry of the Transferee's lease prior to the expiry of the Term.
- 4.7 Clauses 4.4 and 4.5 shall apply to the Transferee, and any subsequent Transferees.
- 4.8 Subject to their rights of termination under clause 9.5, the Freeport Company and the Council will enter into any novation entered into pursuant to clause 4.5 (provided that this clause does not oblige the Freeport Company and the Council to agree to any proposed changes to this Agreement in connection with the novation).

5 END USERS OF THE LAND

- 5.1 The Owner shall use Best Endeavours to identify End Users for the Land whose activities will meet one or more of the Freeport Objectives and be genuinely Additional. This may include use of the Land by the Owner itself in a manner consistent with the vision for the Tax Site as such vision is articulated in Outline Business Case.
- 5.2 The Owner shall enter into an End User Agreement with each End User that meets the criteria specified in clause 5.1 (where the End User is not the Owner itself). The Owner shall include such obligations in the End User Agreement as may be necessary as to ensure that the End User uses the Eligible Premises in a way that meets one or more of the Freeport Objectives and shall take reasonable steps to enforce those obligations.
- 5.3 The End User Agreement shall require the End User to impose those same obligations on any further End User deriving a right to occupy and use the Eligible Premises from the original End User.

6 BUSINESS RATES RELIEF

- 6.1 The Council shall be responsible for setting (in consultation with the Freeport Company) and publishing the BRR Criteria.
- 6.2 End Users may apply for Business Rates Relief when they acquire the right to occupy Relevant Premises.
- 6.3 The End User's application for Business Rates Relief shall be assessed by the Council for compliance with one or more of the Freeport Objectives and the BRR Criteria and the End User shall be eligible for the relief it meets these objectives and criteria.

7 RETAINED RATES FUNDING AND SEED CAPITAL FUNDING

- 7.1 Subject to clauses 7.2 and 7.3, the Freeport Company shall administer the process by which the Owner (and other applicants in the Solent Freeport Area) may apply for Retained Rates Funding and Seed Capital Funding.
- 7.2 The Freeport Company and the Council shall (along with other relevant ratings authorities) work together to agree:
- 7.2.1 protocols by which Retained Rates collected by different ratings authorities within the Solent Freeport Area may be pooled;
 - 7.2.2 the criteria for determining how Seed Capital Funding and Retained Rates Funding will be distributed and spent;
 - 7.2.3 a joint decision-making process relating to the assessment of applications for such funding; and

- 7.2.4 how the costs the Council, the other relevant ratings authorities and the Freeport Company incurred in administering such funding and Business Rates Relief will be funded.
- 7.3 Seed Capital Funding and Retained Rates Funding will be distributed via the Accountable Body, who may require the recipient of those funds to enter into an appropriate funding agreement with the Accountable Body to govern how those funds are spent and accounted for in line with the Freeport Objectives.

8 REMEDIES

- 8.1 If the Owner does not adhere to the terms of this Agreement then:
- 8.1.1 the Freeport Company shall have the right (under its Articles of Association) to remove the Owner's right to membership of the Freeport Company (if applicable) and/or representation on or attendance at the Freeport Company board of directors or sub-committees (if applicable), provided that the Freeport Company shall first give the Owner written notice of the breach and a reasonable period in which to remedy it if it is capable of remedy;
- 8.1.2 the Freeport Company and the Council shall have right to publish a finding that the Owner failed to use Best Endeavours to use the Land in accordance with one or more of the Freeport Objectives provided that the Freeport Company shall first give the Owner written notice of the breach and a reasonable period in which to remedy it if it is capable of remedy;
- 8.1.3 the Freeport Company and the Council may take account of the breach into account when in the context of Seed Capital Funding and Retained Rates Funding; and
- 8.1.4 the Council may take account of the breach when setting BRR Criteria and assessing applications for Business Rates Relief.

9 TERMINATION

- 9.1 This Agreement may be terminated by the mutual agreement of the parties.
- 9.2 Without prejudice to the Owner's obligations under clause 4.5, this Agreement shall automatically terminate if the Owner is dissolved or ceases to exist.
- 9.3 If the Freeport Company is dissolved or ceases to exist then, subject to clause 9.4, this Agreement shall continue as between the Owner and the Council who shall work together to agree such changes as may be necessary to take account of the fact that the Freeport Company no longer exists.
- 9.4 If, following a dissolution of the Freeport Company the Council and the Owner fail to agree any required changes to this Agreement to take account of the fact that the Freeport Company no longer exists and the Council considers that this Agreement has become unworkable, the Council may terminate this Agreement by giving prior written notice to the Owner within a reasonable time (not to exceed 9 months following the Freeport Company's dissolution).
- 9.5 This Agreement may be terminated by the Freeport Company and Council acting jointly by giving prior written notice to the Owner within a reasonable time (not to exceed 9 months) following:
- 9.5.1 a Disposal or a Partial Disposal of the Land by the Owner; or
- 9.5.2 a direct or indirect change of control of the Owner.
- 9.6 Clauses 8 and 10 to 19 shall survive termination of this Agreement.

10 CONFIDENTIALITY

- 10.1 The Receiving Party:
- 10.1.1 may not use Confidential Information for a purpose other than the performance of its obligations under this Agreement;
 - 10.1.2 may not disclose Confidential Information to a person except with the prior written consent of the Disclosing Party or in accordance with clause 10.2 or clause 10.3.3; and
 - 10.1.3 shall make every effort to prevent the use or disclosure of Confidential Information other than in accordance with clauses 10.1.1 and 10.1.2.
- 10.2 During the term of this Agreement the Receiving Party may disclose Confidential Information to any Individual Recipient to the extent that disclosure is reasonably necessary for the purposes of this Agreement (including, where the Receiving Party is the Freeport Company, disclosures required to be made to the Freeport Company's Accountable Body and disclosures required to be made to HM Government). The Receiving Party shall ensure that the Individual Recipient is made aware of and complies with the Receiving Party's obligations of confidentiality under this Agreement as if the Individual Recipient was a party to this Agreement.
- 10.3 Clause 10.1 does not apply to Confidential Information which:
- 10.3.1 is at the date of this Agreement, or at any time after that date becomes, publicly known other than by the Receiving Party's or Individual Recipient's breach of this Agreement; or
 - 10.3.2 can be shown by the Receiving Party to the Disclosing Party's reasonable satisfaction to have been known by the Receiving Party before disclosure by the Disclosing Party to the Receiving Party; or
 - 10.3.3 is required to be disclosed by Applicable Law.

11 FORCE MAJEURE

- 11.1 If a Party ("**Affected Party**") is prevented, hindered or delayed from or in performing any of its obligations under this Agreement by a Force Majeure Event:
- 11.1.1 the Affected Party's obligations under this Agreement are suspended while the Force Majeure Event continues and to the extent that it is prevented, hindered or delayed;
 - 11.1.2 as soon as reasonably possible after the start of the Force Majeure Event the Affected Party shall notify the other Party in writing of the Force Majeure Event, the date on which the Force Majeure Event started and the effects of the Force Majeure Event on its ability to perform its obligations under this Agreement;
 - 11.1.3 the Affected Party shall use its reasonable endeavours to mitigate the effects of the Force Majeure Event on the performance of its obligations under this Agreement; and
 - 11.1.4 as soon as reasonably possible after the end of the Force Majeure Event the Affected Party shall notify the other Party in writing that the Force Majeure Event has ended and resume performance of its obligations under this Agreement.

12 COUNCIL FUNCTIONS

- 12.1 Nothing (contained or implied) in this Deed shall fetter or restrict the Council's statutory rights, powers, discretions and responsibilities.
- 12.2 The Parties agree that:

- 12.2.1 nothing in this Deed constitutes a planning permission or an obligation to grant planning permission; and
- 12.2.2 nothing in this Deed grants planning permission or any other approval, consent or permission required from the Council in the exercise of any other statutory function.

13 NO PARTNERSHIP

- 13.1 Nothing in this Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the Owner and any other Party.

14 COSTS

- 14.1 Each party shall bear its own costs in connection with the preparation and negotiation of this Agreement.

15 WAIVER

No failure or delay by a Party to exercise any right or remedy provided under this Deed or by law shall constitute a waiver of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

16 NOTICES

- 16.1 Any notice to be given under this Deed must be in writing and must be:
 - 16.1.1 delivered by hand;
 - 16.1.2 sent by pre-paid first class post or other next working day delivery service; or
 - 16.1.3 sent by email.
- 16.2 Any notice to be given under this Deed must be sent to the relevant party as follows:
 - 16.2.1 to the Council at [ADDRESS] marked for the attention of [NAME/POSITION];
 - 16.2.2 to the Owner at [ADDRESS] marked for the attention of [NAME/POSITION];
 - 16.2.3 to the Freeport Company at [ADDRESS] marked for the attention of [NAME/POSITION]]or as otherwise specified by the relevant party by notice in writing to each other party.
- 16.3 Any notice given in accordance with clause 16.1 and clause 16.2 will be deemed to have been received:
 - 16.3.1 if delivered by hand, on signature of a delivery receipt or at the time the notice or document is left at the address provided that if delivery occurs before 9.00 am on a Working Day, the notice will be deemed to have been received at 9.00 am on that day, and if delivery occurs after 5.00 pm on a Working Day, or on a day which is not a Working Day, the notice will be deemed to have been received at 9.00 am on the next Working Day;
 - 16.3.2 if sent by pre-paid first class post or other next working day delivery service, at 9.00 am on the second Working Day after posting; or
 - 16.3.3 If sent by email, at the time of transmission, provided that if transmission occurs before 9.00 am on a Working Day, the notice will be deemed to have been received at 9.00 am on that day, and if transmission occurs after 5.00 pm on a Working Day, or on a day which is not a Working Day, the notice will be deemed to have been received at 9.00 am on the next Working Day

16.4 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

17 THIRD PARTY RIGHTS

A person who is not a party to this Deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed.

18 DISPUTES

18.1 Any dispute, controversy or claim arising out of or relating to this Deed, including any question regarding its breach, existence, validity or termination or the legal relationships established by this Deed, shall be subject to the jurisdiction of the English courts.

19 GOVERNING LAW

This Deed and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

The common seal of **[NAME OF COUNCIL]**
was affixed to this document in the presence of:
Authorised signatory

Signed as a deed by **[NAME OF OWNER]** in the presence of:

.....
[SIGNATURE OF Owner]

.....
[SIGNATURE OF WITNESS]
[NAME, ADDRESS [AND OCCUPATION] OF WITNESS]

Executed as a deed by **SOLENT FREEPORT LIMITED**

.....
[SIGNATURE OF DIRECTOR]
Director

acting by **[NAME OF DIRECTOR]** a director, in the presence of:

.....
[SIGNATURE OF WITNESS]
[NAME, ADDRESS [AND OCCUPATION] OF WITNESS]

**ANNEX 1
SOLENT FREEPORT AREA**

[INSERT MAP OF SOLENT FREEPORT AREA]

**ANNEX 2
TAX SITE**

[INSERT MAP OF TAX SITE]

**ANNEX 3
THE LAND**

[INSERT PLAN OF THE LAND]

DRAFT

COMMUNITY GRANTS

1. RECOMMENDATIONS

- 1.1 That Community Grant awards, totalling £130,000 in revenue grants and £85,600 in capital grants, as set out in Appendix 1, and in more detail in Appendix 2, be approved for inclusion in the Medium-Term Financial Plan and proposed budget for 2022/23;
- 1.2 That Grant awards totalling £28,500 are made from the Clinically Extremely Vulnerable funding held by the Council as part of the COVID-19 funding support received by the Government; and
- 1.3 That the proposed changes as set out in section 5.2 be approved.

2. BACKGROUND

- 2.1 On 23, 24 and 25 November 2021 the Community Grants Task and Finish Group met to examine the Community Grant applications received for the 2022/23 financial year. We received 31 applications from 29 organisations who attended, each giving a presentation to the Task & Finish Group, followed by a question and answer session. The Group were pleased to see several applications from new groups and applications covering the whole district.
- 2.2 The value of applications had increased significantly from 2020/21, with Revenue grant applications totalling £307,513 (£199,500 in 2020) and Capital grant applications totalling £349,675 (£286,300 in 2020). Due to the increased number and value of applications the Group sought to prioritise applications which support our vulnerable residents and communities.
- 2.3 The Task and Finish Group comprised Cllrs Alvey, Davis, O'Sullivan, Corbridge, Dowd, Reid and Sevier, with input from key Council Officers. Meetings were also attended by Cllr D Russell, the Portfolio Holder for People and Places.

3. PROCESS

- 3.1 As part of their application, all Community Grant applicants were asked to provide details of their accounts, and how their application would meet the needs of, and benefit or support, residents in the District. Applicants were also asked to explain how their funding request linked to the priorities set out in the Council's Corporate Plan, how they supported residents through the pandemic, and their outcomes and key deliverables. Particular consideration was given to those organisations which supported issues that were highlighted in the Council's Community Engagement forums with partner organisations, e.g. mental health, and isolation.
- 3.2 Following the presentations, the Task and Finish Group thoroughly discussed and reviewed the information submitted with the applications and presented at interview and responses to the Groups specific questions. In formulating a recommendation for each grant request, members considered the agreed criteria, the Council's Corporate Plan priorities, and the value for money being offered. Due to the number

and value of applications the Group had to make difficult decisions and in some instances the Group recommended grants of less than the amount being requested so as to support as many groups as possible.

- 3.3 The recommendations, with reasons, for the determination of each of the grant requests, are summarised in **Appendix 1** and in further detail in **Appendix 2**.

4. FINANCIAL IMPLICATIONS

- 4.1 The Grants Panel were advised that the Council's Medium-Term Financial Plan had allowed for up to £130,000 to be awarded on Revenue Grants and up to £100,000 for Capital Grants. Additional funding from the Clinically Extremely Vulnerable (CEV) funding was utilised to directly support organisations applying for Revenue Grants that support CEV groups.
- 4.2 The proposals, as set out in Appendix 1, total £130,000 of Revenue grants (£127,000 in 2021/22) and £85,600 for Capital grants (£80,300 in 2021/22), with a further £28,500 of grants being applied from the CEV funding held by the Council.

5. REVIEW OF THE PROCESS

- 5.1 After completing the interviews, the Task and Group reviewed the process to discuss any changes. This included limiting grant funding for a maximum period of three years to an organisation, reviewing the policy and application form or capping the level of any capital grant award.
- 5.2 The Task and Finish Group recommend the following amendments to the Community Grants process:
- a) To confirm the Task and Finish Group composition in March Community, Partnership and Wellbeing Panel meeting and agree the dates for interviews so that when the application form is publicised on our website advance notice is given to applicants, members and officers
 - b) To include text on the website detailing the number of capital grants given and the average amount awarded to manage applicant expectations
 - c) To amend the approach so that it is clear that:
 - i. educational establishments can only apply for a Capital Community Grant where it can be clearly demonstrated to the Council that the project benefits the wider community.
 - ii. there is discretion to award a greater amount than the amount applied for where there is an additional benefit to residents and communities
 - iii. to allow in exceptional circumstances a change in application where eligibility criteria is still met and the application meets our priorities.
 - d) To amend the application form with:
 - i. a question on the amounts and expected decision date of other funding applications have been made by the applicant
 - ii. a question asking which other organisations, agencies, and groups the applicant work with and how this has benefited our communities

- e) To develop and agree a Service Level Agreement with Community First Wessex to formalise our working relationship and agree target outcomes.
- f) For recipients of revenue grants to provide information and updates on key achievements and how they have used the grant to support our residents and communities.
- g) To explore if certain Capital grants funded through the Community Grants process and reserves is the most appropriate way of funding projects.

6. COMMUNITY, PARTNERSHIP AND WELLBEING SCRUTINY PANEL COMMENTS

- 6.1 At their meeting of 18 January 2022, the Community, Partnership and Wellbeing Scrutiny Panel was supportive of the proposed grant awards and changes to our approach as outlined in this report.

7. PORTFOLIO HOLDER COMMENTS

- 7.1 The Council is committed to supporting our Community Grants programme and decisions were particularly difficult due to the number of applications received. I am pleased at the wide range of the grants awarded that will benefit our communities and support the aims of the Council, with the grants covering all areas of the New Forest and include grants to the Arts, Families and Young People, Sports, Mental Health and to charities that support our most vulnerable households. We are looking forward to working with Community First Wessex to develop a Service Level Agreement.

Further information:

Ryan Stevens
Service Manager - Revenue and Benefits
Tel: 023 8028 5693
ryan.stevens@nfdc.gov.uk

Background Papers:

Community Grants Appendix
1 and 2

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COMMUNITY GRANT APPLICATIONS: SUMMARY

Summary of Applications Received with Recommendations

A. REVENUE GRANTS

ITEM	APPLICANT	AMOUNT REQUESTED	RECOMMENDATION 2022/23	GRANT AWARDED IN 2021/22
1	New Forest Heritage Trust	£10,000	0	£5,000
2	Community First – Core costs	£35,000	£35,000	£35,000
3	Community First – Healthy Walks	£2,500	0	£2,500
4	Acts4Sharing	£6,000	£3,000	N/A
5	Yellow Door	£5,000	£5,000	£5,000
6	Youth and Families Matter	£10,000	£10,000	£7,500
7	The Green Gram	£8,000	0	N/A
8	Forest Arts Centre (Hants Cultural Trust)	£15,000	£15,000	£15,000
9	New Forest Disability Information Services	£18,500	£18,500*	£12,500
10	Hammersley Homes	£20,000	0	N/A
11	The Handy Trust	£7,000	£7,000	£5,000
12	Home Start Hampshire	£30,000	£10,000	N/A
13	Its Your Choice	£30,413	£20,000	N/A
14	MHA Communities New Forest	£16,000	0	N/A
15	Milton Heritage Society	£16,600	0	N/A
16	SPUD	£15,000	£10,000*	N/A
17	Ringwood RACE Against Time	£19,000	0	N/A
18	Ellingham Fabric Appeal Fund	£3,500	0	N/A
19	Compass Counselling	£5,000	£5,000	£5,000
20	St Barbes Museum	£10,000	£10,000	£5,000
21	Wessex Cancer Trust	£5,000	0	N/A
22	Forest Forge	£20,000	£10,000	£10,000
Total		£307,513	£158,500	

(* denotes the grant applicants funded through our CEV funding)

B. CAPITAL GRANTS

ITEM	APPLICANT	AMOUNT REQUESTED	RECOMMENDATION 2022/23
23	AFC Bournemouth	£100,000	0
24	Martin Club	£34,075	£20,000
25	CODA	£25,000`	£10,000
26	Fawley Rugby Club	£50,000	£25,000
27	Fawley Parish Council	£10,000	£10,000
27	Minstead	£95,000	0
29	Ellingham Water Ski Club	£13,100	£13,100
30	New Forest Heritage Trust	£15,000	0
31	Waterside Primary School	£7,500	£7,500
Total		£349,675	£85,600

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1	APPLICANT	SUMMARY
	New Forest Heritage Centre	The free entry New Forest Heritage Centre is the only museum dedicated to the social and natural history of the New Forest. Their aim is to inspire visitors to explore and value the New Forest by collecting, conserving, and interpreting collections and by providing educational activities and information to children, young people and adults visiting the Forest and living in the community. The Centre includes an accredited Museum, Reference Library, which preserves historical artefacts, shop, and Exhibition Gallery. The Education Team run year-round exhibitions and events programme, for example a Year in the New Forest aimed at school children.

Last Year's Request	Last Year's Award	Request
£10,000	£5,000	£10,000

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The Group took into consideration the work of the Heritage Trust but on reviewing the financial situation, the Heritage Trust appeared to be in receipt of substantial grant funding from other organisations and is financially secure at this moment in time. Therefore, the Group considered the limited funding available, the number of grants received, often working directly with vulnerable groups, and considered that this is regrettably not a current priority at this time.

2	APPLICANT	SUMMARY
	Community First Wessex	Community First Wessex (CFW) provides support across the whole of the voluntary sector in the New Forest with the aim to create a thriving and successful voluntary sector. This involves activities such as DBS checks, training, funding advice, volunteer recruitment and assistance with setting up and operating groups, building the voluntary sector capacity. With its work in training and operating the volunteer centre and volunteer placement, it also contributes to routes to work. It also acts as a representative voice for the sector and is involved in many working groups across the district. CFW works in partnership with many organisations to deliver a range of projects that support residents.

Last Year's Request	Last Year's Award	Request
£35,000	£35,000	£35,000

RECOMMENDATION:

That a grant of £35,000 be given.

REASON FOR DECISION:

CFW contributes to the Council's priorities by supporting organisations through working with many groups, including to support long-term unemployed, young carers, training, and skill development, advising groups on economic development, mental health and delivering services digitally. The Group were pleased to hear that CFW worked with numerous organisations and helped groups secure £135,000 in grants. CFW has continued to work closely with the council throughout the pandemic, via the Local Response Centre and in supporting existing and new

groups to support the vulnerable. CFW has contributed in Community Engagement conversations and the Group recognised the improved working relationship with CFW and discussions with Officers have already begun on developing this further to support our communities, including loneliness, economic hardship and digital inclusion.

3	APPLICANT	SUMMARY
	Community First Wessex	The Healthy Walks programme is a partnership between the National Park, NFDC and CFW and delivers walks at locations across the district. The walks are available to all levels and those with a disability.

Last Year's Request	Last Year's Award	Request
£5,000	£2,500	£2,500

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The Healthy Walks Scheme supports the Council's priorities by assisting the wellbeing of people whilst protecting the character of the area. The scheme works with others, e.g. Dementia support and GP's. The scheme is a partnership between the Council, Community First Wessex and the National Park Authority and is an important delivery programme for the council. The recommendation is to decline the request from the Community Grants fund but funding for this scheme will be met through other appropriate health related funding sources this year.

4	APPLICANT	SUMMARY
	Acts4Sharing	Acts4Sharing are a Christian charity based in Ringwood that provide home furnishings, clothing, white goods from donations to vulnerable households at no cost, usually via referral from the Council, Citizens Advice, Social Workers and local schools. In 2020 they supported 352 individuals (30% being New Forest residents).

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£6,000

RECOMMENDATION:

That a grant of £3,000 be given.

REASON FOR DECISION:

The Group recognised that Acts 4 Sharing works in partnership with NFDC Housing and Homelessness teams, and with other local organisations, and receive referrals from Citizens Advice New Forest and Community First. The Group were supportive of future plans to run "skill sharing" activities and recommended further promotion of the organisation to support more vulnerable residents across the district with increased referrals, and to seek additional funding streams.

5	APPLICANT	SUMMARY
	Yellow Door	Yellow Door provides a range of integrated specialist services, advocacy, and therapeutic support to those who are at risk of or who have been affected by unwanted Sexual Experience or Domestic Abuse. This may include anything from rape, childhood sexual abuse, sexual assault to harassment, coercion, or domestic abuse. The group covers the New Forest, Southampton and Eastleigh areas and works

		with the police, schools, and other organisations within the district, such as the Handy Trust. Yellow Door provide therapeutic support, advocacy, impartial advice, and information, and runs the STAR project which will be delivering bespoke workshops in collaboration with others on the impact of drugs and alcohol, image-based abuse, and abusive relationships.
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Last Year's Request	Last Year's Award	Request
£5,000	£5,000	£5,000

RECOMMENDATION:

That a grant of £5,000 be given.

REASON FOR DECISION:

Yellow door supports the Council's priorities by delivering outcomes for the community and working with others to achieve more. It works with families offering support to those affected by abuse, and running preventative education programmes to raise awareness of these issues, such as STOP Domestic Abuse. Demand for its services is increasing and Yellow Door worked with young people as part of its STAR project. As part of the funding agreement Yellow Door have extended their work with schools in the District and have worked with 600 students in a number of schools across the district. The group was pleased to note the organisation's continued involvement with the Safer New Forest and that the grant is used solely for the benefit of the New Forest.

6	APPLICANT	SUMMARY
	Youth & Families Matter	Youth and Families Matter (YFM) is a small charity that works from the heart of the community in Totton to improve the health and wellbeing of children, young people and families whose lives are complex and impacted by many forms of disadvantage, mental illness, serious illness, addiction or abuse. Support can be intensive one-to-one, or the charity targets support, works closely with schools and with other organisations, signposts and provides a foodbank service and support to vulnerable households.

Last Year's Request	Last Year's Award	Request
£15,000	£7,500	£10,000

RECOMMENDATION:

That a grant of £10,000 be given.

REASON FOR DECISION:

YFM met the Council's objectives by assisting in the wellbeing of local people and supporting circa 350 families, through working with young people and families at risk by a combination of over 1,000 hours of one-to-one support, courses, activities and early intervention. YFM actively works with partner groups, including the family support service, social workers, schools, doctors, and the Police, and is part of the Early Help Hub and provides course for vulnerable families. YFM also actively supports the Safer New Forest community safety objectives. YFM adapted their service delivery due to the pandemic, supporting the lonely and vulnerable. YFM continue to run the foodbank, supporting over 1,500 adults and 1,177 children with emergency food supplies, and supports the Food Larder, with 30-40 households being supported each week.

7	APPLICANT	SUMMARY
	The Green Gram	The Green Gram is a new charity working to become a Community Benefit Society by opening a community refill shop in Fordingbridge to enable residents to purchase everyday food and household supplies without single use packaging and reusing their own containers. The Green Gram is part of the Fordingbridge Greener Living Group. The aim is to reduce food waste, increase recycling and reducing the environmental impact.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£8,000

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The Group were supportive of the Green Gram's vision and environmental impact but did not feel able to support the application as the application had changed at interview stage from a revenue bid of £22,000 for a paid member of staff, to a capital application. The capital items were not eligible. The business has yet to be established, it is a commercial venture and the business case has yet to be fully developed. The Group recommend reapplying once established.

8	APPLICANT	SUMMARY
	Forest Arts Centre	Forest Arts Centre is part of FOLIO, a collaboration of arts and heritage organisations, and provides a leading venue for quality live music, comedy, theatre, arts, activities, and events based in New Milton and has an extensive outreach programme. The Centre is operated by Hampshire Cultural Trust and works with other centres as part of an overall strategy to introduce new projects and opportunities, focusing on arts, health, and families. The Centre's priorities include providing high quality arts and cultural programming and community benefit and wellbeing and targets working with schools, adults with learning disabilities, working with older people with long term conditions such as dementia or Parkinson's disease which has produced excellent outcomes. They have also worked hard to ensure that residents from more deprived backgrounds are not excluded from the programmes on offer.

Last Year's Request	Last Year's Award	Request
£15,000	£15,000	£15,000

RECOMMENDATION:

That a grant of £15,000 be given.

REASON FOR DECISION:

Forest Arts contributes to the Council's priorities by helping local business grow by supporting artists and attracting visitors to the area, and service outcomes for the community with events, activities and projects. The venue also seeks to provide accessible and affordable space for hire, host activities and events, offering opportunities to showcase artistic output at affordable process. Forest Arts seeks to improve mental and physical wellbeing, for example Dance for Parkinson's, veterans project, and teenage mental health. Forest Arts works in partnership with Folio, local schools and other groups, such as New Milton Men's Shed, and seeks to develop outreach work.

Funding from other organisations has reduced significantly over the years and income generation is being reviewed from the impact of the pandemic. The grant is ring-fenced to the Centre, ensuring our residents benefit.

9	APPLICANT	SUMMARY
	New Forest Disability Information Service	New Forest Disability provides specialised, free, impartial, and confidential disability related information, advice, and guidance. They help anyone of any age with any disability who lives or works within the New Forest area. NFDIS hold the Advice Quality Standard with Casework in Welfare Benefits, and are the only organisation within the New Forest that support and represent the most vulnerable disabled clients at welfare benefit tribunals. NFDIS specialise in providing mobility aids, daily living equipment and home adaptations, collaborating with community and other organisations to help people maximise their wellbeing and live safely and as independently as possible in their own home.

Last Year's Request	Last Year's Award	Request
£12,500	£12,500	£18,500

RECOMMENDATION:

That a grant of £18,500 be given, funded through the CEV budget.

REASON FOR DECISION:

NFDIS is the only organisation of its kind in the district and provides an essential service to the vulnerable in the face of ever-increasing demand and supports the council in many ways, including with the Just Got Home and Independence Matters projects. NFDIS have adapted due to the pandemic and continue to provide their service, supporting over 9,000 people in 2021, despite increased costs, such as ICT, and reduced income from fund raising. The grant will enable the team to expand and train more volunteers, and undertake further outreach work, including home visits, and deal with the increased number of casework they are handling. NFDIS actively works with other groups, such as Citizens Advice and Foodbanks to support those in the community and The Group fully appreciated the valuable work of the service.

10	APPLICANT	SUMMARY
	Hammersley Homes	Hammersley Homes aims to provide supported living accommodation for vulnerable adults with mental illness so that they can live independently. They also provide an outreach programme through their "Care Pods" and aim to keep people out of hospital by providing support in their own home. To date Hammersley Homes has supported 50 adults and receive referrals from other groups, including Citizens Advice.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£20,000

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The Group supported Hammersley Homes ambitions and aims but as the initiative is still in its infancy, with further development to come, the Group recommends monitoring the working

relationship with the Council over the coming months and encourages Hammersley Homes to reapply for a grant.

11	APPLICANT	SUMMARY
	Handy Trust	The Handy Trust provides full youth support services to children and young people aged up to 25, 365 days of the year. They work in the Waterside area offering a 24/7 service at home, in school and in the community, and provide holiday clubs and run youth clubs. They work with children and young people from families who are experiencing poverty and hardship, which can include mental health, domestic violence, and substance misuse, and support young people into work. The Handy Trust actively works with other agencies, including the Council on matters such as mental health and homelessness.

Last Year's Request	Last Year's Award	Current request
£5,000	£5,000	£7,000

RECOMMENDATION:

That a grant of £7,000 be given.

REASON FOR DECISION:

The Handy Trust contributes to the Council's objectives by assisting the wellbeing of young people on the Waterside and support those in crisis. They will continue to engage with and support young people into work, provide free holiday clubs during school holidays to vulnerable families and youth clubs, which will also aim to provide new opportunities to build self-esteem and confidence, and work with those suffering from anxiety. It actively works closely with a number of partnership agencies, including Families Matter, to provide holistic support, and with Children's service, police, and schools on a variety of issues, including anti-social behaviour. The Handy Trust do lunchtime drop ins at schools and supported 100 young persons. The Group recognised the value of the grant and the huge work and outcomes achieved by The Handy Trust.

12	APPLICANT	SUMMARY
	Home Start Hampshire	Home Start Hampshire operate across the county, including all of the New Forest, to provide support to families with children aged between 0 and 11 to enable the "best possible start in life". This includes providing free and confidential emotional and practical support to parents with young children with challenging and complex needs, including behavioural, and mental health, to build resilience and independence through home-based visits. Home Start work with other groups and has seen an increase in referral within the district.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£30,000

RECOMMENDATION:

That a grant of £10,000 be given.

REASON FOR DECISION:

The Group support the work of Home Start Hampshire and their target of supporting 70 families, recognising that 74% of families felt better able to cope following intervention and support, and its various support groups inclusion new mums. The Group were pleased to hear that Home Start Hampshire will be working with other groups, providing drop-ins but due to limited funding

available and the number and range of applications received, the Group were unable to recommend the full grant award applied for.

13	APPLICANT	SUMMARY
	It's Your Choice	It's Your Choice is based in Totton and is a charity that works with 11 to 25 year olds across the New Forest with targeted support and free and confidential counselling services. They run workshops in schools and run employment, education and training projects and cover a range of issues including sexual health, relationships, drugs and alcohol, self-harm, benefits, bullying, anxiety, and suicide. It's Your Choice work with other groups and agencies, including schools, GP's, Probation, Adult Mental Health, and the police.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£30,413

RECOMMENDATION:

That a grant of £20,000 be given.

REASON FOR DECISION:

The Group value the work It's Your Choice undertake across the district in supporting vulnerable children and young adults, including the focused intervention, counselling and wellbeing and practical support. The Group recognise the impact the pandemic has had on mental health and that It's Your Choice responded, utilising phone, texts, zoom and WhatsApp, and to support 1,362 clients between April 2020 and September 2021, and provided 210 counselling sessions since April 2021. Demand for their service is increasing and the grant funding will be targeted at a Youth Worker to provide targeted support.

14	APPLICANT	SUMMARY
	MHA Communities New Forest	MHA Communities New Forest support 165 older people across the New Forest and is part of the national group, Methodist Homes Association, which provides community support. MHA Communities is a service which through befriending and social activity bring people together to reduce isolation and loneliness. Activities include day trips, Food Fairy initiative, activity booklets, and welfare calls and members receive birthday cards and phone calls.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£16,000

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The Group acknowledge the work of MHA, especially the support given during the pandemic, but the application is to fund a member of staff, provided match funding is achieved, and funding part of the application will not enable the project to be fulfilled. The Group felt that due to limited funding available and the number and range of applications received, the Group were unable to make an award.

15	APPLICANT	SUMMARY
	Milton Heritage Society	Milton Heritage Centre aims to collect together photographs, maps, postcards, and other documents which tell the story of Milton, as well as providing displays and talks. They are planning a heritage centre in the Station Masters House, as part of a wider project for 2022, which will include a study centre, interactive and audio displays, model train station, sensory garden, and a shop. The centre aims to work with groups, such as schools and care homes, to get them interested and interacting with their local history.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£16,600

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The Group liked the aim of the centre but whilst commendable were mindful of the limited funding available, the number of grants received, often working directly with vulnerable groups, and considered that this is regrettably not a current priority at this time. The Group encouraged the Society to approach other specialist funding sources.

16	APPLICANT	SUMMARY
	SPUD	SPUD is an arts and education charity that creates opportunities for people to engage with art, architecture, design, and the environment. SPUD supports people creative development, and works with and support various groups including, youth, disabled, autism, LGBTQ+ and dementia. SPUD had reported a reduction in income from rentals, workshops, and exhibitions. SPUD is developing funding streams and partnerships and spreading into other areas, e.g. Cornwall and Wilshire.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£15,000

RECOMMENDATION:

That a grant of £10,000 be given, funded through the CEV budget.

REASON FOR DECISION:

SPUD are working with vulnerable groups and using their skill in arts and architecture to create better living for those impacted through Covid. Their work with residents living with dementia was noted, as was their work with young people to support their mental wellbeing. The Group supports the work SPUD does across various groups and its current financial position, with the aim of being self-sustaining by the end of 2022.

17	APPLICANT	SUMMARY
	Ringwood RACE Against Time	Ringwood RACE Against Time is a charity set-up in 2020, based in Ringwood, with the aim of providing a sustainable transport scheme by bringing people from the Ringwood area together to take actions to help the environment, biodiversity, and climate change by changing behaviours from cars to using Ringwood Ringo bus service.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£19,000

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The group were sympathetic and supportive of the aims of the group of getting more people to use public transport and reducing car usage for short journeys where possible. However the Group felt that the business model in this proposal was not sustainable. The grant application is to fund free bus travel on the Ringo bus for those with Council parking clocks, but not eligible for the national concessionary travel scheme. Whilst the group sympathise with the aims of the project, it could foresee potential practical difficulties with the scheme. The group felt the Ringo service was competitive with concessionary options and that the challenge of behaviour change was more complex than offering this service for free at this point.

18	APPLICANT	SUMMARY
	Ellingham Fabric Appeal Fund	Ellingham Fabric Appeal Fund is a registered charity run by a board of trustees and volunteers, based in the hall at Ellingham. The hall is available for diverse groups within the local Ellingham community. During the past 18 months the pandemic had affected charity's ability to generate any form of income making it difficult to cover the running costs of the hall and to generate a surplus to allow the fabric to be maintained.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£3,500

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The application was to support the recent shortfall in the reduction in income. It was noted that this deficit was reducing and it was anticipated that the shortfall could be met if the current return to activities continues. It was also noted that the charity has a close association with the church and that there was potential to seek additional support from the church and its members.

19	APPLICANT	SUMMARY
	Compass Counselling	The charity's objectives and principal activities continue to be those of preserving and protecting mental health by the provision of a professional, high quality accredited counselling service for all sections of the local community who are suffering from psychological distress or relationship problems and to advance education and training in counselling. For many, the treatment programme available under the NHS involves long waiting lists or is not appropriate to their needs which has a detrimental impact on those that need help. They are committed to supporting those unable to afford private counselling by offering reduced rates to ensure no-one is excluded from counselling for financial reasons.

Last Year's Request	Last Year's Award	Request
£5,000	£5,000	£5,000

RECOMMENDATION:

That a grant of £5,000 be given.

REASON FOR DECISION:

The organisation met the Council's objectives by assisting the wellbeing of the people living and working in the New Forest area through increasing access to subsidised mental health counselling for all sections of the community, including supporting more people on a low income. This includes Younger adults being targeted for support as this is a growth area, exacerbated by the pandemic, and where there are long delays. As demand is increasing, a subsidised and tailored approach to counselling will continue to support those in need. Compass Counselling aim to work with care homes, support carers, and reach out to more 18-25 years olds struggling with mental health as there had been a 15% increase in this cohort. Due to the pandemic Compass continued to provide counselling remotely by phone or Zoom.

20	APPLICANT	SUMMARY
	St Barbe Museum and Art Gallery	St Barbe is a museum and art gallery providing a cultural hub and educational facilities on the heritage, culture, history, and character of the New Forest. It is part of FOLIO, a collaboration of arts and heritage organisations. The galleries are accessible, and the museum provides learning services for schools and interest groups, including workshops, exhibitions, and curriculum-based activities. St Barbe also has a coffee shop which is used to support groups, e.g. an Elderly Programme for "memories".

Last Year's Request	Last Year's Award	Request
£5,000	£5,000	£10,000

RECOMMENDATION:

That a grant of £10,000 be given.

REASON FOR DECISION:

St Barbe supports NFDC priorities through assisting with the wellbeing of those in the district, as well as attracting visitors. St Barbe provide a wide range of activities, for all ages, and is a vibrant community hub. This includes working with many schools, disabled groups, those suffering with dementia or autism, holiday programmes, and a Young Curator group, as well as working with apprentices as part of the government Kickstart programme. During the pandemic St Barbe has developed creative digital online experiences to increase accessibility, and has been financially impacted due to its closure.

21	APPLICANT	SUMMARY
	Wessex Cancer Trust	Wessex Cancer Trust is a leading cancer support charity in the Wessex region which over the last 40 years has supported over 300,000 individuals living with cancer, helping them to recover from the psychological and emotional effects of a cancer diagnosis. COVID has had a significant impact on cancer services in hospitals at a time when prognosis have worsened as diagnosis or treatments have been delayed. Community fundraising events have either had to be cancelled or postponed and community fundraising has significantly declined due to people isolating at home.

Last Year's Request	Last Year's Award	Request
£N/A	£N/A	£5,000

RECOMMENDATION:

The request was withdrawn

REASON FOR DECISION:

The Group were supportive of the activities and services provided by the Wessex Cancer Trust, noting the valuable support that they give to those living with cancer and their families. Since the presentation Wessex Cancer Trust notified the Council to withdraw their application due to receiving a legacy. This does not prejudice the group reapplying in future years.

22	APPLICANT	SUMMARY
	Forest Forge Theatre Company	Forest Forge is based in a purpose-built theatre in Ringwood and provides creative learning and outreach activities, whilst ensuring opportunities to participate in high quality theatre productions. Forest Forge works with others, such as CAMHS. There is a professional theatre which tours to communities and schools across the New Forest with an emphasis on creative learning and using theatre to tackle wider social issues such as bullying and mental health. The organisation targets local residents to encourage participation in a variety of activities such as workshops; work experience and targeted outreach projects (e.g. teenagers). The Company has a reputation for the quality of its work with those with additional needs and provides opportunities for older people to tackle social isolation and improve cross-generational understanding.

Last Year's Request	Last Year's Award	Request
£ 20,000	£10,000	£20,000

RECOMMENDATION:

That a grant of £10,000 be given.

REASON FOR DECISION:

Forest Forge contributes to the Council's objectives by providing creative learning activities and contributing to community cohesion and wellbeing. It supports local business by helping creative industries and providing experience for young people's employability. It works in schools, including its ELEVATE project for 15-16-year-olds, and seeks to tour a production about mental health and set-up new youth theatres. It also produces online programmes, for example young carers, "Busy Bees" on Facebook, and drama sessions via zoom. Forest Forge works across the district, including rural areas, and will develop holiday programmes for young people, and continue to develop Act Your Age sessions which tackles isolation. It has collaborated with NFDC's Safer New Forest initiative and faces reduced funding. It has secured funding from Arts Council to facilitate homeworking and IT investment and the grant will assist with leveraging additional funding.

CAPITAL GRANTS

23	APPLICANT	SUMMARY
	AFC Bournemouth Community Sports Trust	The project is to develop and extend the existing football site at Long Lane, Ringwood, which they would lease from Ringwood Town Council. The project includes a new clubhouse, changing facilities, classroom, and pitches. AFC Bournemouth Sports Trust, which is independent of AFC Bournemouth, will manage the site for community use. The Council has identified a lack of facilities in the district and the project is identified as a priority in the New Forest District Local Football Facilities Plan. The project will provide opportunities and support for grass roots football, girls and people with disabilities and mental health.

Total Cost	Other Funding	Request
£2,320,000	£1,800,000	£100,000

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The Council was supportive of the scheme as it achieves many of our strategic outcomes. This development will help to tackle the under provision of pitches in the town and have an organisation to manage the facilities. For this reason the council has supported the application with S106 funding and believes that this is the correct route for support of this scheme rather than the Community Grants process. The amount requested is the entirety of the available budget which would leave no funds for other groups and a reduced amount is unlikely to make a significant addition to the current allocation of £435,330 from the council. The scheme is also being supported by the Football Foundation and AFC Bournemouth Community Sports Trust are match funding the project. It was noted by the panel that neither Ringwood Town Council, who own the site, nor Ringwood Town FC, who are one of the main beneficiaries, were contribution any significant funds to the development. Officers at the council will continue to work with the scheme to support the completion of the identified project

24	APPLICANT	SUMMARY
	Martin Club	Martin club is located in the small village of 425 people and is a social club open to all providing a bar, snooker, table tennis, bingo, skittles, film nights and has a function room which is available for hire. The project is to repair the roof which is currently leaking.

Total Cost	Other Funding	Request
£68,150	£34,075	£34,075

RECOMMENDATION:

That a grant of £20,000 be given.

REASON FOR DECISION:

The Group recognises the value of the building to the community and considered the additional funding Martin Cub hoped to raise through a fund-raising campaign and further funding applications. The grant recommended would support the project and encourage obtaining further funding.

25	APPLICANT	SUMMARY
	CODA	CODA provide music and therapy to support vulnerable people of all ages, including those with dementia, mental health as well as young carers. The project is to expand and refurbish dilapidated old agricultural buildings to provide new creative spaces for people of all ages and abilities and extend music tuition, classes, workshops, and group music making sessions.

Total Cost	Other Funding	Request
£400,000	£180,000	£25,000

RECOMMENDATION:

That a grant of £10,000 be given.

REASON FOR DECISION:

The Group recognise the importance and value of this facility as an important hub for music and therapy to a range of groups, with 68% of users coming from the New Forest and 90% of disabled users. Coda's work for the local residents was appreciated and the limitations of working at their current site noted. It was also considered the joint working that CODA have developed with hArt, a New Forest based art therapy organisation. The funding will support local residents and ensure that CODA are able to grow this support. CODA are also currently applying to the Arts Council and other organisations for additional funding.

26	APPLICANT	SUMMARY
	Fawley Rugby Club	Fawley Rugby Club is based at Newlands Park, Blackfield. The club currently has 300 members and over 200 players between 4 and 70 years of age, including junior boys' and girls' teams, an over 50;s team and walking rugby. Fawley is Rugby Football Union accredited. The wider project involves building a club house, which has planning permission, but funding is required for facilities to the clubhouse, notably sewage, water, and electricity connections.

Total Cost	Other Funding	Request
£79,693.00	£30,000	£50,000

RECOMMENDATION:

That a grant of £25,000 be given.

REASON FOR DECISION:

The Group recognised the positive impact Fawley Rugby Club has in their community, including working with schools, and encouraging the promotion of sport and physical activity, and its membership. The club is currently operating out of a shipping container with no amenities. The application is to get vital services to the site including hot and cold water, electricity and sewage connection for toilet provision. The grant will help with the provision of basic essentials to the site. Fawley Rugby Club have secured a loan from the RFU to build the clubhouse and are seeking funding and sponsorship from other sources for this project. Therefore Group considered recommending a grant of half the amount being requested. The facility will help the club becomes sustainable, support the promotion of rugby, and be used by the community.

27	APPLICANT	SUMMARY
	Fawley parish Council	Fawley parish Council currently has two well used community 5-a-side football pitches that has a carpet which are over 14 years old, resulting in a poor playing surface a potential health hazard and ongoing repair costs. The pitches are used by a variety of groups, including schools, youth groups, holiday clubs, disabilities, and adult groups, and if not maintained will reduce the availability and accessibility for local residents to participate in sport activities. The project involves replacing the carpet on the pitches.

Total Cost	Other Funding	Request
£45,865.20	£35,865.20	£10,000

RECOMMENDATION:

That a grant of £10,000 be given.

REASON FOR DECISION:

The Group were supportive of the application to ensure a safe playing surface. The application fulfilled a strategic need for local facilities and provided benefits to the local community. The Group recommended girls' football to be further encouraged.

28	APPLICANT	SUMMARY
	Minstead Trust	Minstead Trust provides individualised training for nearly 200 adults with learning difficulties to enable them to develop new skills, lead a fulfilled'd life and progress to greater independence in society. Minstead Trust offer transitional residential accommodation, respite services, supported living and day opportunities. Minstead already has 7 supported living properties in Totton and this project is seeking to purchase another property in Lyndhurst to support 10 adults with high quality accommodation with en-suite facilities, with this application being towards the deposit of the purchase.

Total cost	Other Funding	Request
£1,486,366	£800,000	£95,000

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The Group were sympathetic and support the ambitions of the project, however the project is asking for a large proportion of the total available budget with little indication of where the additional funding will come from. The project will only support 9 residents and financial constraints are such that the Council is unable to make a meaningful contribution to the project.

29	APPLICANT	SUMMARY
	Ellingham Water Ski Club	Ellingham Water Ski Club provides affordable water sports to able bodied and disabled people. Current facilities are in a poor state, not accessible, and has only 1 disabled toilet with no shower or adequate changing facilities. The project involves installing an accessible toilet and shower for the benefit of wheelchair users and others with additional accessibility requirements to ensure the club is inclusive and which will be used by other users of the lake.

Total Cost	Other Funding	Request
£26,200	£13,100	£13,100

RECOMMENDATION:

That a grant of £13,100 be given.

REASON FOR DECISION:

The Group were keen to support, encourage and provide suitable facilities for disabled people to participate in sporting activities, acknowledging the benefits, for example mental health and wellbeing. The Club is one of only three in the country that provides this activity, with the new facilities the project will further increase membership and usage of the lake.

30	APPLICANT	SUMMARY
	New Forest Heritage Trust	The free entry New Forest Heritage Centre is the only museum dedicated to the social and natural history of the New Forest. Their aim is to inspire visitors to explore and value the New Forest by collecting, conserving, and interpreting collections and by providing educational activities and information to children, young people and adults visiting the Forest and living in the community. The Centre includes an accredited Museum, Reference Library, which preserves historical artefacts, shop, and Exhibition Gallery. The Education Team run year-round exhibitions and events programme. This project is to replace the front doors of the centre with energy efficient automated sliding doors, and forms part of a wider project to improve the building.

Total Cost	Other Funding	Request
£30,000	£15,000	£15,000

RECOMMENDATION:

That no grant be given.

REASON FOR DECISION:

The project is part of a wider plan to refurbish and transform the Heritage Centre and the Group considered it preferable to consider an application for the overall scheme, rather than specific aspects and recommend a future application on this basis. The Group were mindful that the project is not due to commence until 2023 and that additional funding could be sought.

31	APPLICANT	SUMMARY
	Waterside Primary School	Waterside Primary school has 192 pupils and has an outside classroom used by the school, Brownies, Little Shipmates Nursery, The Handy Trust, and other groups. The classroom promotes physical and mental wellbeing, encourages social engagement, and has a positive impact on pupils and users. The classroom is currently not fit for purpose being out of bounds and this project seeks to replace the classroom with a safe and creative place for learning.

Total Cost	Other Funding	Request
£15,000	£5,000	£7,500

RECOMMENDATION:

That a grant of £7,500 be given.

REASON FOR DECISION:

The Group recognise the benefits the classroom has on emotional, behavioural, and intellectual development of pupils, and as well as a valuable facility for the school the classroom will benefit the wider community in an area of high deprivation. The facility is used by the wider community and community based groups for the benefit of local residents and the school operates at the heart of this community. It is this use that the Council is supporting and will be looking to safeguard the community use as part of the funding agreement.

ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND GENERAL FUND CAPITAL PROGRAMME 2022/23

1. RECOMMENDATIONS

- 1.1 That the Cabinet approve and recommend to Full Council that the schedule of projects, as included at Appendix 2 and 3 be approved within the 2022/23 budget.

2. Purpose of the report

- 2.1 This report provides the proposed revenue funded Asset Maintenance & Replacement programme (AMR) and General Fund Capital programme for 2022/23 and outline budgets to 2024/25.

3. Background

- 3.1 The Council's revenue budgets include large sums for the maintenance and cyclical replacement of Council owned assets. The AMR programme budget for 2021/22 totalled £2.003 million (£1.706m falling on the GF; shown within appendix 1), with a further £638,000 of one-off requirements funded by the General Fund and HRA;

2021/22	General Fund £'000	HRA £'000	TOTAL £'000
ICT Strategy	437	121	558
Community Grants	80		80
	517	121	638

- 3.2 The December 2021 Medium Term Financial Plan included a General Fund revenue budget allowance to cover the AMR programme of £1.9 million for 2022/23 (£2.1 million 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 are likely to put additional pressure on these sums over the medium term. Necessary increases to maintenance requirements at the Health and Leisure centres will be covered by increased management fees over the life of the contract with Freedom Leisure.

- 3.3 Service Managers were asked to come up with their proposed projects for 2022/23 with a strong brief that the programme had to be within the financial parameters set and realistic in terms of timeframes and deliverability. The programme now being proposed matches the funding allocated.
- 3.4 The proposed Capital Programme for 2022/23 totals £16.674 million. Projects are funded by NFDC resources (capital reserve and receipts received), various grants / funds and Developer Contributions / CIL.

4. Proposed Asset Maintenance and Replacement Programme 2022/23

- 4.1 The bid categories for the submitted programme for 2022/23 were;
- 1 – Protect & Maintain Front Line Service Delivery
 - 2 – Efficiency / Savings / Income Generation
 - 3 – Improve / Enhance Value of Asset
- 4.2 The summary programme covering 2022/23 – 2024/25 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.
- 4.3 The 2022/23 proposed programme at project level is included as appendix 2.
- 4.4 **Further Information Relating to Projects**

East Wing Electrical Cupboard Rewire – ATC £40,000

Remove old redundant Miniature Circuit Breaker and upgrade existing Moulded Case Circuit Breaker to current standards. Rewire circuits.

Renew Obsolete Electrical Board – ATC £20,000

Upgrade obsolete Crabtree Polestar board with modern equivalent of sufficient capacity.

Refurbish East Wing Flat Roof – ATC £32,000

The roof has felt roof coverings with solar reflective coating and perimeter edge trim which has previously been subject to several patch repairs. Full refurbishment works are now required as there is evidence of water ingress in the staircase below and an inadequate upstand detail at the junction with the three- storey block.

East Wing PVC u Rooflights – ATC £26,000

The PVCu rooflights glazed with Georgian wired glass are in poor condition and need replacing with a modern polycarbonate man safe domed roof light.

Vehicles & Plant Replacement Programme £1,312,000

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 22-23 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 2022 and are at the end of their economic life.

ICT Equipment Replacement Programme £100,000

The Council invested significantly in new devices over the period 2017-2019. Some of the devices will reach their 4 year suggested useful life during 2022/23, and so a replacement programme will need to continue during this financial year.

Cemeteries – Beaulieu Chapel Building £15,000

Budget provision of £15,000 is required to carry out various maintenance works to the Beaulieu Chapel building.

Health & Leisure Centres Annual Maintenance Programme £550,000

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 Council has budgeted to fund works totalling £550k during 2022/23, with the scope for additional funds in future years to be made available as management payments increase in line with the contract. The prioritised programme of works for 2022/23 will be agreed with the Executive Head with responsibility for Leisure.

Contingency £35,000

Considering ongoing issues with volatility in the supply chain and cost of supplies, a contingency budget of £35,000 has been allowed and will be allocated to specific projects if necessary. Alternatively, this could be utilised if a new high priority project comes forward during the year.

- 4.5 The programme as outlined above totals £2.130 million. Of this total, approximately £230,000 is rechargeable to the HRA. The resultant programme to be funded from the 2022/23 General Fund therefore totals £1.900 million.
- 4.6 As outlined in paragraph 3.2, the sum available within the MTFP is £1.900 million. The proposed programme therefore matches the available resources.

4.7 Other One-Off Funded Programmes

Budget provision of £625,000 has been provided for projects in the emerging ICT Strategy. This cost is allocated c75% to the General Fund and c25% to the HRA.

The Community Grants Panel have been given a maximum budget of £100,000 for one-off construction grant applications for 2022/23. The Panel are aware this is a financial ceiling, and not a target. Currently the recommendation from the Task and Finish group to the Community, Partnerships and Wellbeing Overview and Scrutiny Panel is £85,300.

2022/23	General Fund £'000	HRA £'000	TOTAL £'000
ICT Strategy	500	125	625
Community Grants	85		85
	585	125	710

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.

5. General Fund Capital Programme 2022/23

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

5.2 The proposed programme for 2022/23 totalling £16.674 million 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 2022/23 are gaining approval to proceed at this stage.

5.3 Further Information Relating to NFDC Funded Projects

Milford Promenade Handrail £115,000

Due to the continued decline in beach volumes, risk changes as the height between the lower prom and beach area changes. It is therefore proposed to install marine grade stainless steel handrails along the lower prom, fronting the beach huts.

Barton Horizontal Directional Drilling Trials – NFDC £25,000

Budget provision for drainage trials and works to determine the effectiveness of proposed drainage systems on cliff stability is required. This is largely funded by Government Grant but the Council is required to contribute £25,000 in 2022/23 and £50,000 in 2023/24.

Public Convenience Modernisation Programme £300,000

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

New Depot Site £4.0 million

Total funding of £6.1 million (£4.0 million in 2022/23) has been earmarked over the period of this capital programme for the new depot project at Hardley Industrial Estate, as a replacement for the Claymeadow depot. This scheme will progress subject to Cabinet approval of a business case.

Vehicles & Plant £3.081 million

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 4.4.

Crow Lane Ringwood £4.995 million

Total funding of £8.445 million (£4.995 million in 2022/23) was approved by Council in September 2021 to complete the project to deliver a new industrial site at Crow Lane Ringwood.

- 5.4 The Council's Capital Strategy considers in detail the affordability of the proposed capital programme in the context of the most appropriate mix of project financing. The proposed programme within this report is deemed as proportionate and affordable in line with the necessary financial indicators.

6. Crime & Disorder / Equality & Diversity

- 6.1 There are none.

7. Environmental Implications

- 7.1 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.

- 7.2 It is also likely the programme will require a level of review and flexibility in response to the Council's impending climate action plan.

8. Conclusion

- 8.1 The AMR programme represents a significant element of the Council's annual net expenditure. The General Fund budget requirement for 2022/23 is £1.900 million in line with the sum as allowed for in the latest Medium Term Financial Plan.

- 8.2 The Council is committed to the continuation of its investment in ICT and the financial implications to deliver the emerging strategy will be included in the appropriate Medium Term Financial Planning Reports through Cabinet.
- 8.3 The General fund Capital programme is funded in several ways, and the net NFDC funding requirement for 2022/23 after Vehicle & Plant internal borrowing is taken into account is £5.439 million.

9. OVERVIEW AND SCRUTINY PANEL COMMENTS

- 9.1 The Corporate Affairs and Local Economy Overview and Scrutiny Panel, at its meeting on 20 January 2022, noted the report.

10. PORTFOLIO HOLDER COMMENTS

- 10.1 It is important as part of the Council overall financial health that we continue to fund the maintenance and replacement of our assets in part through our revenue funding, this report sets out the proposal for 2022/23 as well as detailing those projects being funded through the General Fund Capital Programme.

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Background Papers
Dec 2021 MTFP

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ASSET MAINTENANCE & REPLACEMENT PROGRAMME	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Asset Maintenance				
Health & Leisure Centres	500	550		
Offices, Depots and Outlying Buildings	112	118		
Stillwater Park	68			
CCTV Camera Replacement	38			
Public Conveniences	60			
Cemeteries		15		
Contingency		35		
	778	718		
ICT Replacement Programme	100	100		
Vehicles and Plant (Depreciation / MRP)	1125	1312		
	2003	2130		
Rephased Budget from previous year	-68			
Less: Proportion rechargeable to Third Party Tenants	-15			
Less: Proportion allocated to HRA	-214	-230		
	1706	1900	1900	1900

APPENDIX 2

Portfolio	Category Key (1 - 3)	Location	Project Name	AMR Prog. Value 22/23 £
F, I & CS	1 & 2	ATC	East Wing Electrical Cupboard Rewire	40,000
F, I & CS	1 & 2	ATC	Renew Obsolete Electrical Board	20,000
F, I & CS	1 & 2	ATC	Refurbish East Wing Flat Roof	32,000
F, I & CS	1 & 2	ATC	East Wing PVC u Rooflights	26,000
			TOTAL OFFICES AND DEPOTS	118,000
F, I & CS	1,2	Various	V&P Replacement Programme	1,312,000
F, I & CS	1	Various	ICT Device Replacement	100,000
			TOTAL CYCLICAL REPLACEMENT	1,412,000
P&W	1 & 2	5 Leisure Centres	Maintenance Programme	550,000
			TOTAL HEALTH & LEISURE	550,000
People & Places	2	Cemeteries	Beaulieu Chapel	15,000
F, I & CS		Various	Contingency	35,000
			TOTAL OTHER PROJECTS	50,000
				2,130,000

MEDIUM TERM FINANCIAL PLAN 2021-2025

CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

		PROJECT REQUIREMENTS £				ORIGINAL 2022/23 PROJECT FINANCING £			
		2021/22 Revised	2022/23	2023/24	2024/25	NFDC Resources / Loan	Better Care Fund	Grant	DC / CIL
	Portfolio								
Disabled Facilities Grants	HOU (GF)	1,200,000	1,200,000	1,200,000	1,200,000		1,200,000		
Strategic Regional Coastal Monitoring (22-27)	ENV & COAST	2,118,000	1,978,000	1,783,000	1,811,000			1,978,000	
Strategic Regional Coastal Monitoring (18-21)	ENV & COAST	399,000							
Strategic Regional Coastal Monitoring (12-17)	ENV & COAST	291,000							
Barton Drainage Test (19-21)	ENV & COAST	200,000							
Barton Horizontal Directional Drilling Trials	ENV & COAST		225,000	50,000		25,000		200,000	
Emergency Works - Milford Sea Wall	ENV & COAST	15,000							
Milford Promenade Handrail	ENV & COAST		115,000			115,000			
Milford Beach and Cliff Study	ENV & COAST			300,000					
Milford Beach Scheme plus BMP	ENV & COAST				100,000				
Hurst Spit Beach Shingle Source Study	ENV & COAST		100,000	50,000				100,000	
Public Convenience Modernisation Programme	PEOPLE & PL	30,000	300,000	300,000	300,000	300,000			
Public Convenience Refurb Scheme - Lym Quay Enhancem	PEOPLE & PL	175,000							
Health & Leisure Centres	PART & WELL	2,400,000							
New Depot Site: Hardley	F,I & CS	100,000	4,000,000	1,900,000	100,000	4,000,000			
New Depot Site: West	F,I & CS	100,000							
V&P; Replacement Programme	F,I & CS	3,145,000	3,081,000	1,755,000	1,148,000	3,081,000			
Smarter Working; Future Delivery	F,I & CS	250,000							
Economic Sustainability & Regeneration Projects	F,I & CS								
- Crow Lane Ringwood	F,I & CS	3,200,000	4,995,000	250,000		4,995,000			
Commercial Acquisitions	F,I & CS	1,850,000							
Residential Acquisitions	F,I & CS								
Open Space Schemes	P&I	88,000							
Mitigation Schemes	P&I	70,000	680,000	420,000	100,000				680,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		15,631,000	16,674,000	8,008,000	4,759,000	12,516,000	1,200,000	2,278,000	680,000
									16,674,000
LOAN FINANCED					V&P	-3,081,000			
					80% of Economic Regeneration	-3,996,000			
RESIDUAL NFDC RESOURCES						5,439,000			

CAPITAL STRATEGY 2022/23

1. RECOMMENDATIONS

- 1.1. That the Cabinet recommend to Full Council that the Capital Strategy 2022/23 be approved, 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. During 2021/22 national consultation has taken place on the Prudential Code and has also recently commenced on calculation of the Minimum Revenue Provision. Any changes introduced will be considered and will be reported to Cabinet during 2022/23 if they impact on this capital strategy.

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 2022/23 to 2024/25, total capital expenditure is forecast at around £112m.
- 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 will be required each year from 2022/23.
- 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

6.1. The Corporate Affairs and Local Economy Overview and Scrutiny Panel, at its meeting on 20 January 2022, recommended that the Capital Strategy 2022/23, be approved including the adoption of the MRP statement.

7. PORTFOLIO HOLDER COMMENTS

7.1. This report broadly sets out the Council's capital strategy for the years 2022/23 through to 2024/25 along with the proposal for its financing within both the General Fund and the Housing Revenue Account. Whilst this programme gives rise to a level of external borrowing, from 2022/23, this is well within the prudent level supported by the Council's overall financial position.

For Further Information Please Contact:

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Background Papers:

Capital Strategy 2022/23

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. Any changes introduced as a result of impending changes to the prudential code and MRP guidance will be considered and will be reported to Cabinet during 2022/23 if they impact on this capital strategy.

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 2022/23, the Council is planning capital expenditure of £49.704 m as summarised below:

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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
General Fund services	3.702	10.604	11.679	7.758	4.759
Council housing (HRA)	16.753	16.650	24.900	25.400	23.080
Capital investments	3.819	7.020	13.125	0.980	0.000
TOTAL	24.274	34.274	49.704	34.138	27.839

The General Fund capital programme includes the cyclical replacement of Vehicles and Plant and a New Depot Facility. The Council also plans to incur £13m 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 2022 Cabinet papers (Medium Term Financial Plan / Annual Budget 2022/23)

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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
External sources (Grants / DC's)	3.503	4.441	6.108	6.253	5.711
Capital Receipts	2.710	2.253	4.000	2.000	2.000
Capital Reserves	2.278	4.773	7.339	3.230	0.780
Revenue Contributions	8.704	9.120	9.420	9.420	9.420
Debt / Loan	7.079	13.687	22.837	13.235	9.928
TOTAL	24.274	34.274	49.704	34.138	27.839

Prior to 2022/23 any borrowing required to meet the Council's capital expenditure was met by using cash held in reserves rather than raising loans. This action is known as internal borrowing but this report identifies that external borrowing will also be required from 2022/23. 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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Capital Expenditure Financed by Debt / Loan	7.079	13.687	22.837	13.235	9.928
Own resources - Debt Repayment	-4.100	-4.100	-4.100	-4.100	-4.100
Own resources - MRP Provision	-1.135	-1.508	-1.913	-2.164	-2.272
Movement in CFR	1.844	8.079	16.824	6.971	3.556

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 £16.824m during 2022/23. 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

	31.3.2021 actual	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
General Fund services	2.165	5.673	7.372	7.746	7.512
Council housing (HRA)	132.260	131.840	137.165	143.881	147.991
Capital investments	7.469	12.461	22.260	22.142	21.822
Total CFR at Year End	141.894	149.973	160.718	167.688	171.244
Movement in CFR from one year to the next	1.844	8.079	16.824	6.971	3.556

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. Repayments of capital grants, loans and investments also generate capital receipts. Council dwelling sales through the Right to Buy scheme also generate capital receipts. Although some of these are currently returned to 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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Asset sales	2.325	2.0000	2.000	2.000	2.000
Loans repaid	0.101	0.201	0.201	0.201	0.101
TOTAL	2.426	2.201	2.201	2.201	2.101

- 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 (31/03/21), the Council had £126.9m borrowing at an average interest rate of 3.29% (due to the HRA refinancing settlement in 2012) and held £49.9m treasury investments earning an average rate of 1.45%.

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 1.0%) and long-term fixed rate loans where the future cost is known but higher (currently 1.6 to 2.4%).

Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement (see above).

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

	31.3.2021 actual	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Debt – HRA Settlement	126.3	122.2	118.1	114.0	109.9
Debt – Capital Programme	0.6	0.4	5.7	13.0	20.5
Total Debt	126.9	122.6	123.8	127.0	130.4
Capital Financing Requirement	141.9	150.0	166.8	173.8	177.3

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

	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit
Authorised limit – total external debt	201.6	219.1	226.8	231.0
Operational boundary – total external debt	184.3	201.4	208.8	212.7

- 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

	31.3.2021 actual	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Near-term investments	33.3	16.9	0.1	0.3	0.2
Longer-term investments	16.6	16.6	10.0	10.0	10.0
TOTAL	49.9	33.5	10.1	10.2	10.1

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

Table 8 suggests that the majority of the Council’s cash will be utilised over the period through internal borrowing to fund the needs of the Council’s 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. Investment properties were valued at £12.4m on the Council's balance sheet as at 31/03/21 and long terms loans to the WOC totalled £1.766m as at the same date. In 2021/22 to date, the Council has purchased mixed use commercial premises adjoining its existing shop Parade in Totton and a drive thru premises in Totton and has completed on a further 3 residential acquisitions.

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 Council's desire to promote and sustain employment sites within the district, and the income yields achievable. In order that commercial investments remain proportionate to the size of the authority, these are currently subject to an overall maximum investment limit of £30m. Residential property investments are currently subject to an overall investment limit of £10m. These limits will be subject to review as the projects near full delivery.

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 £126.9m detailed above, the Council is committed to making future payments to cover its pension fund liability (valued at £117m as at 31/03/21), It has also set aside £3.0m in provisions, with £2.9m 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 15 of the 2020/21 draft Annual Financial Report, further supported by notes to the accounts:

https://newforest.gov.uk/media/2335/Annual-Financial-Report-2020-21-DRAFT/pdf/statement_acs2021_excelerator_DRAFT_for_internet_30.07.21.pdf?m=637632538724570000

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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
General Fund; Financing costs (£m)	0.26	0.71	1.26	1.51	1.52
General Fund; Proportion of net revenue stream	1.4%	3.6%	6.1%	7.1%	7.2%
HRA; Financing costs (£m)	4.0	3.9	4.1	4.2	4.4
HRA; Proportion of net revenue stream	14.2%	13.5%	13.6%	13.5%	13.8%

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.