

NOTICE OF MEETING

Meeting: CABINET

Date and Time: WEDNESDAY, 6 DECEMBER 2023 AT 10.00 AM

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

Enquiries to: democratic@nfdc.gov.uk
Tel: 023 8028 5071 - Karen Wardle

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) 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, 1 December 2023.

Kate Ryan
Chief Executive

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

This agenda can be viewed online (<https://democracy.newforest.gov.uk>).

It can also be made available on audio tape, in Braille and large print.

AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 1 November 2023 as a correct record.

2. PUBLIC PARTICIPATION

To receive any public participation in accordance with the Council's public

participation scheme.

3. 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.

4. DRAFT CORPORATE PLAN FOR PUBLIC CONSULTATION (Pages 5 - 24)

5. TRANSFORMATION STRATEGY 2024-2028 (FUTURE NEW FOREST - TRANSFORMING TOMORROW, TOGETHER) (Pages 25 - 54)

6. UPDATE REPORT - NEW GOVERNMENT GUIDANCE ON RECYCLING AND WASTE STRATEGY AND PLANNED SERVICE CHANGE (Pages 55 - 64)

7. COUNCIL TAX 2024/25 - SETTING THE TAX BASE (Pages 65 - 70)

8. COUNCIL TAX REDUCTION SCHEME 2024/25, HOUSING BENEFIT INCOME DISREGARD AND NATIONAL NON-DOMESTIC RATE RELIEF POLICY REVIEW (Pages 71 - 88)

9. MEDIUM TERM FINANCIAL PLAN 2023 ONWARDS (Pages 89 - 98)

10. RURAL ENGLAND PROSPERITY FUND: INVESTMENT PLAN FOR COMMUNITY INFRASTRUCTURE IMPROVEMENTS (Pages 99 - 110)

11. SUPPORTING THE ARMED FORCES AND THE ARMED FORCES COVENANT (Pages 111 - 116)

12. FREEDOM LEISURE CONTRACT VARIATION (Pages 117 - 130)

13. EXCLUSION OF THE PUBLIC AND THE PRESS

The report at item 12 of the agenda - Freedom Leisure Contract Variation (Appendix 2) contains exempt information by virtue of Paragraph 5 in Part 1 of Schedule 12A of the Local Government Act 1972.

Notice is hereby given under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that this part of the meeting of the Cabinet may be held in private.

If required, the Chairman will move the following resolution:-

"That, under Section 100(A)(4) of the Local Government Act 1972, the public and the press be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 5 of Part I of Schedule 12A of the Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information."

Description of exempt information – Paragraph 5 – Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

Part II - Private Session

Members are reminded that reports and information relating to this session are not for publication and should be treated as **strictly confidential**.

To:

Councillors

Jill Cleary (Chairman)
Steve Davies (Vice-Chairman)
Geoffrey Blunden

Councillors

Jeremy Heron
Dan Poole
Derek Tipp

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DRAFT CORPORATE PLAN FOR PUBLIC CONSULTATION

1. RECOMMENDATIONS

- 1.1 That Cabinet approve the draft Corporate Plan 2024-2028 (Appendix 1) for public consultation.

2. INTRODUCTION & PURPOSE

- 2.1 Following the 2023 elections, Cabinet considered its strategic plan for the period of the administration, resulting in the production of a draft Corporate Plan for 2024 to 2028.
- 2.2 The Corporate Plan is the single most important strategy that shapes the way the Council works and defines its ambitions. In doing so it brings together strategic and service objectives, helping the organisation to work towards the same vision, values and priorities.
- 2.3 It will be underpinned by a suitable and proportionate performance management framework that will detail the plan's priorities and monitor its delivery.
- 2.4 This report proposes a draft plan for consultation before final approval of the plan by Cabinet on the 3rd April 2024.

3. DEVELOPMENT APPROACH

- 3.1 The Corporate Plan reflects the ambitions of the new political administration.
- 3.2 The plan has been informed by the administration's election manifesto, feedback from the residents survey, elected members and staff engagement.
- 3.3 Delivery of the plan over the next four years will be led by the administration, and supported by actions to address the administration's commitments and issues residents feel are important. Priorities and actions will be clearly communicated to staff to further support the delivery of the plan.

4. CORPORATE PLAN 2024-2028

- 4.1 The Corporate Plan focuses on the challenges ahead and it is these that have shaped the vision and priorities within the plan.
- 4.2 The vision of the plan is to secure a better future by supporting opportunities for the people and communities we serve, protecting our unique and special place, and

securing a vibrant and prosperous New Forest. This has been organised into the thematic areas of People, Place and Prosperity.

People Helping people in the greatest need and creating balanced, resilient, and healthy communities who feel safe and supported with easy access to services.

Place Delivering growth, opportunity and services that shape our place now and for future generations, within a unique environmental context, to ensure we remain a special place to live, work and visit.

Prosperity Promoting a strong local economy that delivers its aspirations through effective partnerships, attracting investment, and increasing skills and employment opportunities.

4.4 Each theme has a set of priorities with actions and performance measures being monitored and refreshed annually to ensure delivery of the plan.

4.5 The plan contains a clear statement of intent and is further supported by highlighting the underlying values shown below. These values will be made more memorable as they create the acronym 'LEAF'. The principles in this Corporate Plan will be instilled within the organisation through embedding these values as part of our performance framework which will ensure all aspects of the Corporate Plan cascade through our services.

Learning We learn from what we and others do well and where we need to improve, we support staff development and organisational growth.

Empathy We show kindness, actively looking to understand people's different needs, and ensure our services are responsive.

Ambition We are ambitious for our people and our place, embracing innovation and best practice.

Fairness We act fairly, honestly, and openly in all we do.

5. CONSULTATION PLAN AND NEXT STEPS

5.1 Subject to Cabinet approval of the consultation draft, the plan will go out for public consultation. The consultation period will be 6 weeks concluding at the end of January 2024 and will involve publishing the plan on the Council's website. Feedback will be invited via multiple channels such as writing to us and an online form. Residents, Town & Parish Councils, and our partners will be consulted on the plan.

5.2 Due consideration will be given to consultation feedback to ensure that the priorities and intended activities are right given the context of the challenges, before final consideration by Overview and Scrutiny Panels in March and approval by Cabinet in April 2024.

5.3 Alongside the consultation, work will continue to develop the design and associated web pages which will house the approved Corporate Plan.

6. GOVERNANCE AND DELIVERING THE PLAN

- 6.1 The Corporate Plan sits alongside the Council's financial plans to ensure the resources are available and appropriately directed to deliver the plan. Its delivery will be supported by a proportionate performance management framework that will ensure priorities and necessary actions filter through to portfolio resource planning and service plans.
- 6.2 Primarily the plan will be communicated and reported upon electronically, as has been the case with the current plan. This will help keep cost to a minimum as well as making the plan and its delivery more accessible to those interested in specific priorities and activities. Dedicated webpages will be developed to support this.

7. FINANCIAL IMPLICATIONS

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

8. CRIME AND DISORDER & DATA PROTECTION IMPLICATIONS

- 8.1 There are no Crime and Disorder or Data Protection implications arising directly from this report.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 The Corporate Plan places a great emphasis on our unique District. These commitments are prominently noted in the introductions from the Leader and Chief Executive – that we tackle environmental challenges and seek to be environmentally sustainable. It makes reference to key work programmes within our Place priority so that we consider the social, environmental, and economic impact of what we do and how we do it. The Corporate Plan therefore seeks to preserve our unique place.

10. EQUALITY AND DIVERSITY IMPLICATIONS

- 10.1 Underpinning our delivery is a focus to ensure balance and equity. While we aim to modernise services, make these digital where possible, we will consider digital inclusion and accessibility more generally. We want our services to be within reach of those who need them thus tackling the inequalities in our communities. Additionally, we shall champion equality in our workplace so that we always operate within an inclusive working environment.

11. RESOURCES AND TRANSFORMATION OVERVIEW AND SCRUTINY PANEL COMMENTS

- 11.1 In supporting the draft Corporate Plan document for publication, Members made a number of detailed comments including reference to emergency planning and joint working with

local councils, recreation facilities, deprivation, Freeport benefits, economic development whilst protecting the environment, and affordable housing.

12. PORTFOLIO HOLDER COMMENTS

12.1 I am very grateful to my fellow Cabinet members and to our staff and leadership team for their contributions towards the development of this consultation draft of our new Corporate Plan. The plan focuses on the challenges we face and sets out our ambitions to respond to these challenges over the next four years, structured around the themes of People, Place and Prosperity. I now welcome the views of our partners, stakeholders and residents as part of the consultation process to further shape the plan and help us secure a better future for the people we serve, protect our unique and special place and support a vibrant and prosperous New Forest

For Further Information Please Contact: Background Papers

Corporate Plan 2024-2028 Consultation Draft

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Performance

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Corporate Plan 2024-2028 (Consultation Draft)

Introduction to the corporate plan

This corporate plan is the overarching document that sets our vision, values, priorities, and our commitments. It describes how our services will work together towards our collective ambitions over the next four years.

New Forest District Council works together as one team with one purpose, serving our residents in the best way that we can, delivering value and improving outcomes for our communities and our unique place.

The Council is accountable to our residents and to ensure we get this plan right we have drawn on the results of a resident insight survey and taken on board contributions from members, staff and partners.

Introduction from Cllr
Jill Cleary, Leader,
New Forest District
Council



As Leader I am ambitious for our district and am delighted to present to you the New Forest District Council corporate plan for 2024 to 2028. Thank you to everyone who has supported the development of this important document through taking the time to respond to our consultation. This insight has informed our vision and priorities and we are already working hard to take these forward with a plan which is a reflection of our collective aspirations.

The New Forest is a beautiful place that has a unique offer for residents, businesses and our many visitors. As a well-established community leader, the council has long recognised the strong heritage and a world-class environment we operate within, and work to protect and enhance. Tackling climate and environmental challenges is key to ensure that the special nature of the New Forest can be enjoyed by future generations.

We also want to support the prosperity of our residents. We know there are investment opportunities to come, and it is important to me that our residents now and in the future can benefit from these opportunities. The cost of living crisis has exacerbated some of the inequalities within our communities. We have a plan that focuses on our people as well as our place and we will support our communities to feel safe and supported while being able to take every opportunity that comes the district's way.

Together we will navigate the challenges and seize the opportunities that lie ahead, ensuring our district remains a wonderful place to live, work and thrive.

Introduction from
Kate Ryan, Chief
Executive, New Forest
District Council



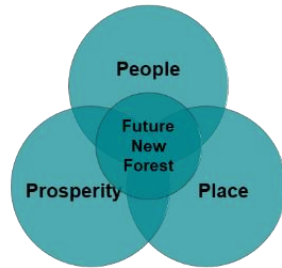
As chief executive my role is to ensure the successful implementation of this plan, working closely with our dedicated staff and council members to drive the strategic priorities forward.

The next four years is a critical time for us to advance the most important issues concerning our residents. Our focus is on creating thriving and safe communities and a strong economy, providing homes, and supporting the most vulnerable, responding to the climate and nature emergency, and delivering excellent services that are future proof.

Our corporate plan priorities are designed to tackle these challenges head-on. I am confident that together with our residents, business partners, and other stakeholders, we can achieve our goals by prioritising people, place, and prosperity.

At the heart of delivering our priorities is our staff. We aim to be an employer of choice and I firmly believe that having the best staff, who are well-supported, is key to delivering the best outcomes for our residents. Building on this, and to support the delivery of the commitments within this plan, our transformation programme will invest in our staff, develop the skills and infrastructure we need and modernise our services at pace to be both financially and environmentally sustainable for the future.

Our vision:



To secure a better future by supporting opportunities for the **people** and communities we serve, protecting our unique and special **place**, and securing a vibrant and **prosperous** New Forest

Our values:

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

Learning	We learn from what we and others do well and where we need to improve, we support staff development and organisational growth
Empathy	We show kindness, actively looking to understand people's different needs, and ensure our services are responsive
Ambition	We are ambitious for our people and our place, embracing innovation and best practice
Fairness	We act fairly, honestly, and openly in all we do

Our priority themes:



PEOPLE

Helping people in the greatest need and creating balanced, resilient, and healthy communities who feel safe and supported with easy access to services.

- Helping those in our community with the greatest need
- Empowering our residents to live healthy, connected and fulfilling lives
- Meeting housing needs



PLACE

Delivering growth, opportunity and services that shape our place now and for future generations, within a unique environmental context, to ensure we remain a special place to live, work and visit.

- Shaping our place now and for future generations
- Protecting our climate, coast, and natural world
- Caring for our facilities, neighbourhoods and open spaces in a modern and responsive way



PROSPERITY

Promoting a strong local economy that delivers its aspirations through effective partnerships, attracting investment, and increasing skills and employment opportunities

- Maximising the benefits of economic growth and investment
- Supporting our high-quality business base and economic centres to thrive and grow
- Championing skills and access to job opportunities

UNDERPINNED BY:

Investing in our people and services to meet customer needs, protecting the council's financial position, and embedding sustainability through our Future New Forest transformation programme.

- Putting our customers at the heart of what we do
- Being an employer of choice
- Being financially responsible
- Designing modern and innovative services



PEOPLE

Helping people in the greatest need and creating balanced, resilient, and healthy communities who feel safe and supported with easy access to services.

Our Priorities:

- Helping those in our community with the greatest need
- Empowering our residents to live healthy, connected and fulfilling lives
- Meeting housing needs

Introduction:

Our vision for our people in the district is one where they feel safe, supported, and can live healthy independent lives. We will continue to support our most vulnerable residents knowing that this will be most effective when we work with our partners, including the voluntary sector.

Many of our residents are feeling the effects of financial hardship and we recognise that households are finding it increasingly difficult with the cost of living, which can disproportionately affect those with the greatest needs. We will continue to work with our partners to develop community hubs, tackle food poverty, provide warm spaces and provide advice and information to support residents within our communities.

Living in fair and affordable communities is crucial for our people, and we are dedicated to enhancing the quality of housing and to ensure it remains accessible for those with lower incomes. Good quality housing fosters strong family and community ties and helps eliminate the inequality associated with poor housing and associated poor health outcomes.

Our focus and efforts will persist in providing affordable housing to our residents, while simultaneously meeting compliance with housing standards. In its capacity as a responsible landlord the council will address any necessary repairs and maintenance requirements as soon as possible. We will also maintain open communication with our tenants to better understand their concerns and act upon them.

The council is the largest provider of social rented properties in the district, and so we have a wider responsibility to ensure housing is delivered that meets the needs of our community. This will involve working with landowners and developers and wider partners to bring forward sites suitable for housing and to address associated infrastructure needs.

There are already established community groups in place, and we will nurture them to ensure that people can receive support from those within their communities, who understand local issues and can help resolve them. It is important to us that our residents feel safe, and we will continue to identify and respond to concerns to build confidence that the New Forest is a safe place to live.

Our vision for the district will preserve our community's strong sense of place through a vibrant arts and culture offer which will see a new cultural strategy being developed bringing opportunities for learning, entertainment, leisure, personal growth, and improved communication with our residents.

Priority	Helping those in our community with the greatest need
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<p>We will:</p> <ul style="list-style-type: none"> • Provide more quality, temporary accommodation for single people and families and work with our partners to tackle homelessness. • Ensure our housing strategy and policies supports necessary adaptations and other support that enables people to stay in their homes and to live independently. • Support community engagement, working with partners and our town and parish councils to help resolve local issues, including those associated with the cost of living 	<p>Measured by:</p> <ul style="list-style-type: none"> • Percentage of homelessness duty cases successfully prevented. • Number of households in external emergency accommodation. • Number of families with children under 16 in external emergency shared accommodation over 6 weeks • Maximising allocated budgets for Disabled Facility Grants (DFGs). • Number of Appletree careline customers. • Number of cost of living and community support initiatives and projects.
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Delivery supported through:

- Homelessness strategy
- Housing strategy
- Community Strategy

Priority	Empowering our residents to live healthy, connected and fulfilling lives
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<p>We will:</p> <ul style="list-style-type: none"> • Improve the health and wellbeing of our communities, working with partners to deliver increased physical activity and good mental health. • We will collaborate with partners to deliver a vibrant arts and culture offer to provide opportunities for learning, entertainment, leisure, personal growth and improved communication. • Work closely with our other public bodies to promote safety, tackle the perception of crime within our towns and parishes, and expand our CCTV coverage to include rural areas. • Conduct emergency preparedness exercises and ensure robust business continuity arrangements are in place to support community resilience in responding to incidents. • Work with our communities to understand their needs and empower them to influence the services and outcomes of their area. 	<p>Measured by:</p> <ul style="list-style-type: none"> • Percentage of physically inactive adults. • Investment in leisure centres (£). • Percentage of resident satisfaction on crime and safety perception measures. • Investment in and rollout of CCTV coverage. • Number of Community Safety Projects. • Number of incidents where Anti-social behaviour powers have been exercised. • Community grants value allocated and the number of people grants are designed to reach.
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Delivery supported through:

- Health and wellbeing strategy
- Community safety strategy
- Community engagement strategy (tbc)
- Anti-Social behaviour strategy
- Emerging cultural strategy
- Tenant engagement strategy

Priority

Meeting housing needs

We will:

- Provide increased numbers of affordable homes by 2026 and explore innovative models with landowners, partners and developers to enable sustainable and affordable homes for the future.
- Ensure all residents in the district can benefit from energy efficiency measures and support landlords to meet efficiency standards in the private rented sector.
- Improve the energy efficiency of over 3,200 council houses by 2030.
- Work with our housing tenants to understand their needs and provide high quality service standards in line with the government's new Social Housing Charter.
- Work with developers and landowners to bring forward opportunities for wider housing provision to meet the needs of our communities, including first homes, shared ownership and other tenures.

Measured by:

- Number of affordable social housing homes delivered by NFDC and its partners.
- Number of affordable council homes delivered against the 2026 target.
- Percentage score for tenant satisfaction as determined in the Tenant Satisfaction Measures (TSMs).
- Number of council homes achieving Energy Performance Certification band C.

Delivery supported through:

- Housing strategy
- Greener housing strategy
- Tenant engagement strategy
- New Forest Local Plan



PLACE

Delivering growth, opportunity and services that shape our place now and for future generations, within a unique environmental context, to ensure we remain a special place to live, work and visit.

Our Priorities:

- Shaping our place now and for future generations
- Protecting our climate, coast, and natural world
- Caring for our facilities, neighbourhoods and open spaces in a modern and responsive way

Introduction:

We recognise that we serve a special natural environment. Having an internationally recognised National Park that covers so much of our district, alongside many other protected designations, has many advantages in terms of preserving the character and beauty of this place.

This protected nature of so much of our district also presents challenges; not least in terms of finding the right locations for new homes and infrastructure. We recognise that successful places strike the right balance between growth and conservation.

We consider the social, environmental, and economic impact of what we do and how we do it, shaping our place to deliver the homes, jobs, infrastructure, skills and investment that are needed now and in the future. We will champion the need for carbon reduction, climate adaption, and nature recovery to build our capacity and community resilience in all we do. And there remain opportunities for us to look more widely at our district and the potential it has. Our coastline and its recreation and tourism potential present an opportunity to do more, whilst also recognising the need to work with partners to provide for the coasts long-term management and protection.

Being responsible for the care and operational upkeep of our facilities, neighbourhoods and open spaces remains one of our main responsibilities, and the focus of our frontline services that are so visible to our residents and visitors on a daily basis. We are committed to implementing our new wheeled bin waste collection service, to meet the aim of recycling more.

We will continue to deliver a green and clean environment that supports vibrant high streets and village centres, and we will challenge ourselves to do things differently by reviewing what we do and how we resource our work. We will increasingly use data and technology to ensure that our approaches, processes, and use of resources modernise the way we work and do.

We are ambitious and innovative for our residents, communities and the environments we serve to continue our work for a distinctive, prosperous and thriving place.

Priority Shaping our place now and for future generations

We will:

- Update our strategic planning framework to manage change in the future, including an updated local plan that responds to the Freeport proposition and delivers the homes and infrastructure our district needs.
- Ensure that development considers the social, environmental, and economic factors to provide sustainable outcomes that address the current and future needs of our communities.
- Review our planning processes to ensure they provide greater certainty for customers and deliver timely and effective decision making that makes the best use of resources.
- Encourage Hampshire County Council to provide necessary transport infrastructure including upgrades to the A326, in a way which delivers economic prosperity, connectivity and considers the enhancement of biodiversity and sustainable access from the National Park to the coast.
- Continue to explore the opportunities for alternative recreational offers, such as a new country park or at our coastline, to help alleviate recreational pressure on the National Park.

Measured by:

- Percentage of planning applications determined in time.
- Percentage successful planning application appeals.
- Number of homes delivered against national and local requirements.
- Levels of developer contribution and Community Infrastructure Levy secured (£) and number of projects financed.
- Number of events and cultural activities supported by New Forest District Council.

Delivery supported through:

- New Forest Local Plan
- New Forest National Park Partnership Plan
- New Forest Place Strategy

Priority Protecting our climate, coast, and natural world

We will:

- Build greater climate resilience through preparedness activity developed in our climate and nature emergency action plan and seek out opportunities to provide for carbon reduction, climate adaption, and nature recovery.
- Further develop our strategic thinking on fleet management and carbon reduction across our corporate property estate.
- Work with partners such as the Environment Agency to deliver Flood and Coastal Erosion Risk Management (FCERM) Strategies which will set action plans for protecting our coastline.

Measured by:

- Annual performance against Climate and Nature Emergency Action Plan.
- Overall emissions from council activity (Kg of CO2).
- Emissions from the council’s vehicle fleet.
- Percentage of household waste sent for recycling.
- Number & Percentage of ultra-low/electric taxi vehicles licensed.

<ul style="list-style-type: none"> • Work with our partners at the National Park and other key stakeholders to support the protection and enhancement of natural landscapes, habitats and biodiversity to ensure the future sustainability of the Forest. 	<ul style="list-style-type: none"> • Number of air quality monitoring points exceeding Nitrogen Dioxide (NO2) legal limit.
<p>Delivery supported through:</p> <ul style="list-style-type: none"> ➤ New Forest Local Plan ➤ New Forest National Park Partnership Plan ➤ New Forest Place Strategy / Economic Strategy ➤ Climate and Sustainability Supplementary Planning Document ➤ Flood and Coastal Erosion Risk Management (FCERM) Strategies 	
<p>Priority Caring for our facilities, neighbourhoods and open spaces in a modern and responsive way</p>	
<p>We will:</p> <ul style="list-style-type: none"> • Introduce our district wide wheeled bin collection service and further implement our waste strategy to increase recycling rates and reduce the amount of residual waste. • Deliver a new operational depot at Hardley and consider opportunities to enhance our other depot sites to facilitate carbon reduction across our operations. • Keep our ways of working and the services and facilities we provide under review, focussing on best practice and place-based outcomes to deliver in a modern and responsive way. • Work with our key stakeholders and partners to develop policies, strategies and approaches that enable us to robustly tackle issues that affect the quality of place such as fly tipping and environmental crime. • Develop a district wide parking strategy that looks to support new technologies, respond to the climate agenda, identify development opportunities and potentially generate more sustainable income levels to support the council's wider aspirations and service delivery. 	<p>Measured by:</p> <ul style="list-style-type: none"> • Amount of non-recycled waste produced by households. • Number of households using our chargeable garden waste service. • Number of incidents of fly tipping and environmental crime and number of successful actions taken. • Percentage customer satisfaction with the appearance of their local area.
<p>Delivery supported through:</p> <ul style="list-style-type: none"> ➤ Hampshire Joint Municipal Waste Strategy ➤ New Forest Waste Strategy 2022-2027 ➤ Environmental Enforcement policy ➤ Parking Strategy 	



PROSPERITY

Promoting a strong local economy that delivers its aspirations through effective partnerships, attracting investment, and increasing skills and employment opportunities

Our Priorities:

- Maximising the benefits of economic growth and investment
- Supporting our high-quality business base and economic centres to thrive and grow
- Championing skills and access to job opportunities

Introduction:

An important part of our plan over the next four years is to support our high-quality business base and economic centres to thrive and grow, to realise the growth and investment opportunity which is afforded to us by our Freeport status in an inclusive way, and to ensure that our residents have the tools and skills to access the jobs which become available.

Data tells us that demographics and trends are changing, we have an older than average population, that is aging as a cohort, and this has a notable impact upon our overall economic performance as a district. We also acknowledge the indivisible link between access to a place to live and employment as part of a joined-up approach to helping make the New Forest as prosperous a place as it can be.

For the young and those of working age we want to ensure that the New Forest is a place of employment opportunity. Our ambition, by attracting economic growth and investment, is to create a more prosperous future for our residents and businesses that will make a positive difference to people's lives, and to ensure growth can be genuinely inclusive. We cannot do this by ourselves. We need our existing resident and business communities to tell us what greater prosperity looks like to them. Then, to continue to deliver outcomes we will need to place partnership working with the public, private and third sector across the region and beyond at the heart of growing prosperity across the New Forest.

The Solent Freeport is a key part of that, bringing a once in a generation opportunity to cement the Solent's place as a trading hub of global importance, and the New Forest area has a big role to play. Development sites within the New Forest will contribute to some 40% of jobs to be created by the Freeport and more than 70% of developable land. There are expected to be job opportunities in renewables, shipping and wider marine sectors which are at the heart of the Freeport's aspirations. By positively promoting the Freeport we hope to encourage people to gain the skills they need to access these emerging job opportunities. It will also require us to prepare now, so that our future labour force is well placed to provide the skills that our businesses want.

This will mean working with regional partners to encourage our schools and further education establishments to ensure that teaching plans for future skills and employment need.

While planning for the future, we already have a very important Small and Medium Enterprise (SME) sector based around our world class tourism offer and our rural economy. Supporting those smaller businesses to flourish is an equally important part of our plan. Our natural environment also presents opportunities to develop green skills, as well as being a key proponent of our tourism offer.

Much prosperity in the New Forest is linked to our town and village centres, which have always evolved over time and will continue to do so. This may present opportunities to rethink the offer of some of these centres to be more self-sustaining, viable and vibrant, particularly in parts of the district that have not been able to keep pace with changing trends, shopping behaviours, or the economic climate. We will put plans and strategies in place that ensure that this is an area of focus for us.

Priority	Maximising the benefits of economic growth and investment
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We will:

- Promote the Freeport aspiration to further develop the Solent as a globally recognised hub for trade and undertake an enabling role for investment in our Freeport tax sites.
- Ensure that investment in our district enhances rather than diminishes our special natural environment and that the benefits are locally evident and felt across all parts of our district.
- Work with the public, private and third sector across the region and beyond to deliver inclusive growth and investment that drives prosperity across the New Forest.

Measured by:

- Number of jobs created within the district.
- Hectares of industrial/employment land developed.
- Level (£) of retained business rates.

Delivery supported through:

- Solent Freeport proposition
- New Forest District Local Plan
- New Forest Place Strategy / Economic Strategy

Priority	Supporting our high-quality business base and economic centres to thrive and grow
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We will:

- Work with local people and stakeholders to develop visions and proposals for their high streets and town centres and consider where targeted regeneration approaches may be necessary.
- Establish partnerships to support our local areas to bring in new investment including grant funding.
- Support our SME base to thrive, working with the New Forest Enterprise Centre, focusing across the tourism sector and the rural economy.

Measured by:

- Levels of investment or funding secured to improve the performance of our economic centres (£).
- The number of projects delivered in our high streets and town centres.
- Increases in the levels of footfall in our town centre high streets.
- Rate of business start-ups and SME survival rates.

<ul style="list-style-type: none"> • Explore the opportunities for our Arts and Culture offer and community events to help boost the vibrancy of our high streets and town centres. 	<ul style="list-style-type: none"> • Perceptions of our high streets and town centres.
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<p>Delivery supported through:</p> <ul style="list-style-type: none"> ➤ UK Shared Prosperity Fund and Rural England Prosperity Fund Programme ➤ New Forest Place Strategy ➤ Town Centre Partnerships

Priority	Championing skills and access to job opportunities
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<p>We will:</p> <ul style="list-style-type: none"> • Undertake skills assessment and mapping to inform the development of an employment and skills strategy. • Work with partners to best support our residents to access employment opportunities regardless of the barriers they face. • Encourage employment and skills training to address emerging opportunities and local need aligned to the Solent Freeport proposals, the green agenda, as well as established New Forest sectors such as marine, tourism and the rural economy. 	<p>Measured by:</p> <ul style="list-style-type: none"> • Levels of employment growth (Employment / Unemployment rate) • Number of funded hours of skills programmes and support provided. • Employment rate percentage of working age adults (aged 16-64).
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<p>Delivery supported through:</p> <ul style="list-style-type: none"> ➤ Employment and skills strategy

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FUTURE NEW FOREST

Investing in our people and services to meet customers' needs, protecting the council's financial position, and embedding sustainability through our Future New Forest transformation programme

Introduction:

Underpinning the delivery of our priorities is the council's transformation programme; Future New Forest. This ambitious programme will influence how we operate, enable us to support our strategic objectives and to make choices for the future. The programme will focus efforts on our customers and easy to use digital-first delivery of services, efficient working practices and processes, our people and capabilities, the use of our assets and accommodation and ensuring a sustainable financial position. The Council has developed equality objectives that are embedded in this plan and will maintain an overarching commitment to environmental sustainability in all that we do.

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Putting our customers at the heart, we will:	Being an employer of choice, we will:	Being financially responsible, we will:	Designing modern and innovative services, we will
<ul style="list-style-type: none"> • Deliver customer and digital strategies that meet our customers' needs. • Develop and provide services using data and insight to ensure that we understand our customers and meet the needs of our diverse communities. • Implement a customer relationship management system that keeps customers informed on progress and instils confidence in service delivery. • Increase the number of services available online, whilst focusing face to face and telephone contact for those who need it most. 	<ul style="list-style-type: none"> • Deliver a people strategy that outlines how we attract, retain, and grow talent. • Encourage diversity and champion equality within our workplace, developing and supporting an inclusive working environment where all staff are respected with zero tolerance of bullying and harassment. • Invest in skills development, training, and career progressions opportunities to ensure a skilled and resilient workforce and leadership team for the future. • Commit to paying at least the national living wage to our staff. 	<ul style="list-style-type: none"> • Maintain a balanced budget and deliver value for money to our residents through service reviews, procurement and contract management, and transformation efficiencies. • Maintain an up-to-date medium term financial plan and financial strategy to address the council's financial challenges beyond the short-term • Be commercially focused in our approach to investment strategies and income opportunities guided by strategic priorities. • Maximise the use of our assets and accommodation to support efficient 	<ul style="list-style-type: none"> • Standardise and apply common design patterns and platforms across the council to release capacity and deliver efficiency benefits. • Proactively use data and insight to inform decision-making and report performance through a robust performance management framework and culture. • Maximise the use of new technology, automate manual processes and keep our software up to date with technology releases. • Maintain robust and resilient ICT infrastructure to protect the integrity of data and our digital systems

	<ul style="list-style-type: none"> Promote employee wellbeing and prioritise work-life balance by adopting flexible and family-friendly working practices 	and effective delivery of our future service provision.	
Measured by: <ul style="list-style-type: none"> Percentage resident satisfaction in perception measures. Percentage customer satisfaction in perception measures. Number and percentage of services available digitally. 	Measured by: <ul style="list-style-type: none"> Percentage of vacancies filled first time. Percentage staff turnover. Average number of days sickness absence per employee. Number of training days per employee. Amount of training spend per employee. Number of council apprenticeships. 	Measured by: <ul style="list-style-type: none"> Percentage variance to Council budget +/- (General fund budget variations). Percentage variance to Housing Revenue budget +/- (HRA budget variations). Percentage of Council Tax collected. 	Measured by: <ul style="list-style-type: none"> Benefit realisation through ICT investment. Percentage of ICT incidents resolved within SLA. Number of projects delivered on time and to budget. Percentage unscheduled downtime.
Delivery supported through: <ul style="list-style-type: none"> Customer Strategy 	Delivery supported through: <ul style="list-style-type: none"> People Strategy Pay Policy 	Delivery supported through: <ul style="list-style-type: none"> Medium Term Financial Plan Transformation Strategy Asset & Accommodation Strategy Procurement Strategy 	Delivery supported through: <ul style="list-style-type: none"> Digital Strategy ICT Security and Information Governance Policy

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CABINET – 6 DECEMBER 2023
COUNCIL – 11 DECEMBER 2023

PORTFOLIO: LEADER/ALL

TRANSFORMATION STRATEGY 2024-2028 (FUTURE NEW FOREST – TRANSFORMING TOMORROW, TOGETHER)

1. RECOMMENDATIONS

- 1.1 That Cabinet recommends to Council that the Transformation Strategy at Appendix 1 and the Year One Indicative Work Programme at Appendix 2, be approved.

2. INTRODUCTION AND BACKGROUND

- 2.1 At its meeting in July, Cabinet approved the development of a transformation strategy to deliver change, improve outcomes, and contribute to resolving the (General Fund) Medium Term Financial Plan (MTFP) gap.
- 2.2 Since then, the draft Corporate Plan for 2024 to 2028 has been developed which sets out the administration's priorities and commitments over the next four years to meet the needs of residents, businesses and the New Forest area. This plan will be delivered in the context of some significant challenges including advancing technology and customer needs, the potential for significant future budget gaps, attracting and retaining staff, along with climate and environmental considerations.
- 2.3 The Future New Forest Transformation Strategy (Appendix 1) provides the framework to respond to these challenges and underpins delivery of the Corporate Plan by setting out how we will transform the council so we can meet customer needs, protect finances, and embed sustainability under the four transformation themes of:
- Customer and Digital Services
 - People and Capabilities
 - Assets and Accommodation
 - Finances and Delivery
- 2.4 The council has a good track record for delivering services, good resident satisfaction and sound financial management. However, the context of local government is changing and there is an increasingly compelling need to think differently about what the council does and how it does it. The overarching goal of the transformation strategy is to ensure long-term sustainability of the council, responding to financial challenges and freeing up capacity to respond to future, unknown pressures and strategic choices.
- 2.5 Significant work has been undertaken over the past year to better understand where the organisation is now. This has included customer research, data analysis (including benchmarking) and staff engagement to identify opportunities, all of which have contributed to informing the strategy.

3. FUTURE NEW FOREST – DELIVERING THE STRATEGY

- 3.1 The vision for a transformed New Forest District Council is:

“Future New Forest: Investing in our people and services to meet customer needs, protecting our finances and embedding sustainability to preserve our unique place by transforming tomorrow, together.”

- 3.2 The vision acknowledges the significant contribution of our staff in delivering the future organisation together. Staff engagement sessions during the summer provided opportunities for employees across the organisation to share thoughts and ideas to help shape the future organisation. 130 employees attended sessions, with over 300 suggestions captured, including 75 from operational staff at the three council depots.
- 3.3 It is essential that all employees continue to be engaged and kept informed with opportunities to be involved in identifying issues and designing solutions for future ways of working. Branding and communications planning will ensure the programme has a recognisable identity with a pro-active campaign designed to engage and communicate effectively with staff. Additionally, a Change Champion group has been established, with 23 representatives from across the organisation currently supporting the development of the Customer Strategy.
- 3.4 The strategy includes a high-level road map for delivery, highlighting key phases of change and milestones around each of the programme themes. This is supplemented by an indicative work programme detailing specific projects for proposed delivery in year one (Appendix 2).

4. NEXT STEPS

- 4.1 Delivery of the transformation programme will be further supported by a detailed transformation programme plan, analysis of activities and processes in line with the objectives set out, and a detailed benefits case. These will be considered in line with the programme governance set out in the strategy.
- 4.2 The strategy highlights the risk of sufficient capacity and capability to deliver this ambitious programme. To respond to this, it is appropriate to bring in new resources (internal or external, or a mix of both) that can help shape and implement delivery of key initiatives and projects. A programme manager will ensure all objectives are met and benefits realised. It is likely that this will need to be supplemented by specialist third party support which will be procured on an individual project basis. Additional capacity for delivery will also be needed from within service areas as projects and reviews impact on specific teams.
- 4.3 A resource plan will be developed in line with the indicative work programme and considered through the formal governance arrangements. The cash umbrella set aside during the Council's budget setting for 2023/24 (£250k per annum, for a period of 3 years) will be reviewed in light of these requirements to ensure programme delivery and the realisation of the benefits set out.

5. CONCLUSIONS

- 5.1 The transformation programme provides a proactive and positive opportunity to respond to the challenges the council faces, providing long term sustainability and an organisation that is fit for the future.

6. FINANCIAL IMPLICATIONS

- 6.1 The October 2023 Medium Term Financial Plan (MTFP) 2023 – 2027 provides for a cumulative targeted savings of £1.250 million general fund and £500k housing revenue account arising from the transformation programme. Identification and delivery of savings will be set out in a detailed benefits case, with benefits realisation management used to track savings.

- 6.2 Savings specifically arising from transformation activities will be released through three main activities:
1. Increasing income (exc. fees & charges)
Achieved through commercialisation, increased cost recovery for non-statutory services, income yield.
 2. Reducing spend through systems and procurement
Achieved through rationalisation and effective procurement (Budget and procurement analysis activity)
 3. Reducing spend on people
Achieved through process design and activity analysis to identify capacity (decision on how much capacity to release as savings)
- 6.3 The degree to which these efficiencies are released as savings is a decision for leadership and proposals will be brought back as appropriate through the programme governance arrangements.
- 6.4 Budget provision of £750k has already been approved over the three years to 2025/26 to provide for resources and support for programme delivery.
- 6.5 It is likely that further sums will be required on a spend-to-save basis for software and to facilitate new ways of working. Individual projects will come forward as required through the governance structure and will align to financial regulations in terms of the necessary approval parameters for any additional funding requirements.

7. CRIME & DISORDER IMPLICATIONS

- 7.1 None

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 Climate and sustainability is included as one of the four key challenges in the case for change and delivery of each of the objectives will be mapped against these challenges to ensure the strategy is effective in addressing them.

9. EQUALITY & DIVERSITY IMPLICATIONS

- 9.1 A change impact assessment will be undertaken for all significant changes to services, customers and staff arising from the transformation programme.

10. DATA PROTECTION IMPLICATIONS

- 10.1 None

11. RESOURCES AND TRANSFORMATION OVERVIEW AND SCRUTINY PANEL COMMENTS

- 11.1 The Resources and Transformation O&S Panel received and noted a presentation update on progress with the Transformation Strategy. The Panel were supportive that the Transformation Strategy be recommended for approval by Cabinet.

12. PORTFOLIO HOLDER COMMENTS

- 12.1 I am pleased to support this transformation strategy. It rightly focuses on meeting the needs of our residents and customers, and on investing in our staff to ensure we are

an employer of choice, attracting and retaining the skilled and motivated people we need to deliver our services.

I don't underestimate the ambitions of the transformation programme and the important role it has in meeting our potentially significant funding gap over the next few years, in turn enabling us to deliver on our corporate plan commitments.

The strategy sets out a clear vision and objectives for the future and most importantly positions us well to respond to the challenges we face as a local authority in a proactive and positive way.


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Background Papers:

NFDC Transformation Programme Update
(Cabinet 5 July 2023)



Future New Forest

Transforming tomorrow, together



Executive summary

New Forest District Council (NFDC) has an ambitious Corporate Plan for 2024 to 2028 to meet the needs of local residents and businesses. We will be delivering this plan in the context of a rapidly changing world and some significant challenges, namely:

- Our systems and processes need to keep pace with the advance of digital technologies and the impact these are having on people's lives and expectations.
- Rising costs and new burdens mean we face a potentially significant budget gap.
- We need new skills to deliver the changes we must make.
- Meeting national and local targets to reduce emissions and support nature will require us to change the way we use resources and deliver services.

The Future New Forest transformation strategy, covering the same four-year period, sets out how we will transform the council so we can meet customer needs, protect finances and embed sustainability. Our objectives are grouped into four transformation themes:

1



Customer and digital services

We will redesign services to improve customer experience, make better use of technology and reduce manual effort. Services should be digital by design, irrespective of how customers contact us.

2



People and capabilities

We will review how we organise and develop our people, making sure roles, structures, behaviours and skills evolve to meet new service designs and needs.

3



Assets and accommodation

We will make better use of assets, improve sustainability and change the way we work. This includes the spaces that staff work in and customers visit as well as the stores and depots.

4



Finances and delivery

We will strengthen how we manage finance, strategy and performance. This includes how we manage the delivery of financial and non-financial benefits from transformation and how we develop a data-driven approach to strategy and performance.

All council services, teams, business processes, systems and operational buildings are in scope of the transformation strategy and the delivery programme. We will need to invest to meet our ambitions, but transformation will deliver financial savings to justify the investment, as reflected in our success measures.

This strategy has been informed by customer research and staff engagement and we will continue to involve staff and customers in the delivery of the action plan so that we can transform tomorrow together.





1. Introduction

This transformation strategy sets out how NFDC will need to change to meet the aims and objectives of the Corporate Plan 2024 to 2028 in the context of significant challenges facing local government.

The focus of the strategy is the organisation itself – our people, culture, structures, processes and systems. It provides the strategic framework to underpin a transformation programme that will more effectively align the organisation’s capacity

and capabilities to the ambitions expressed in the Corporate Plan as well as modernising services to improve customer experience and unlock the potential for savings.

The overarching goal of the transformation strategy is to ensure the long-term sustainability of the council, responding to known financial challenges and freeing up capacity to respond to future, unknown pressures and strategic choices.

The transformation strategy covers 2024 to 2028 and provides a direction of travel for the organisation over that period, with a detailed focus on action planning for 2024/25.

Between 2024 and 2028 the economic, political, technological and environmental context is likely to change significantly, so the strategy and objectives set out within it will need to be flexible to respond to those changes.

This strategy has been informed by council plans and extensive staff engagement, customer research and data analysis. The implementation of the strategy will be supported by further planning and analysis activity which will be developed after the adoption of the strategy.



Inputs

Customer research

- ~4000 telephone surveys
- ~120 website surveys
- ~70 face-to-face surveys
- Resident focus groups

Benchmarking

- Analysed NFDC spend across 21 different services and benchmarked against nearest neighbours

Leadership workshops

- Maturity assessment with 27 managers
- Case for change
- Strategic objectives

Staff engagement

- 130 employees attended workshops
- 75 views from depots
- 250 suggestions

Data analysis

- ~360k contacts analysed across channels
- Deep dive into 2000 emails

Council plans

- Medium Term Financial Plan
- Corporate Plan

Transformation Strategy 2024 to 2028

Outputs

Transformation programme plan

Detailed analysis of activities and processes

Detailed benefits case



2. Case for change

The council's new corporate plan establishes the priorities for the next four years, focusing on delivering the changes that matter to the people of the New Forest, putting the community first. To maximise our chances of delivering the outcomes required by the corporate plan, we are going to need to change as an organisation, responding to four key challenges which will impact every aspect of our operations.

2.1. Modernising services

Our systems and processes need to keep pace with the advance of digital technologies and the impact these are having on people's lives and expectations.

There is growing demand for digital access to council services, accompanied by a high level of access to the internet and growing capability among our residents. We need to improve the customer experience by joining up our data and systems, some of which are now outdated. Services across the public and not-for-profit sectors are often poorly signposted and integrated and we need to make it easier for customers to find the services they need.

The evidence for this includes:

- 99% of the UK is online and since the pandemic 65% of those have tried something new online, such as shopping or paying bills, and most (90%) have sustained this (Source: UK Consumer Digital Index 2022)
- The UK Consumer Digital Index also reports that 63% of the population has High or Very High digital skills and 27% of the population has Very Low digital skills. Age and income are the greatest determiners of digital capability, although 24% of people who significantly increased their skills between 2021 and 2022 were aged 60+
- 93% of NFDC residents use the internet (Source: Residents Survey 2022)
- 90% of customer demand currently arrives into the council via phone or email, even if an online form is used (Source: analysis of customer contacts 2023)
- 47% callers to the council told us they could not find or do what they wanted online (Source: customer research 2023) while 82% said it was easy to phone (Source: Residents Survey 2022)
- Customers told us they will use online services if they are easy and they can track their request (Source: customer research 2023)



2.2. Financial constraints

Rising costs and new burdens mean we face a significant and growing budget gap.

Rising costs of service delivery combined with new challenges and burdens means we are facing potentially significant budget deficits over the next four years. We must continue to prioritise and find ways to reduce the cost of delivery. We must embed financial responsibility into all that we do.

The evidence for this includes:

- External factors have put significant strain on council budgets, for example:
 - » National pay awards and Living Wage increases
 - » Reduced central government funding
 - » Other price increases eg energy, vehicles, insurance
- The combined effect is a general fund budget gap that grows to £3.6m by 2027/28, or 15% of the net budget
- The housing revenue account (HRA) faces the same external challenges as well as other pressures associated with meeting energy performance and greener housing targets which could cost £125m between now and 2050
- The council's Medium Term Financial Plan (MTFP) requires annual savings through transformation of £1.25m by 2027/28 to the General Fund and £500k for the HRA

Source: NFDC Medium Term Financial Plan 2023



2.3. Capacity and capability

We need new skills to deliver the changes we must make.

The world is changing fast with the rapid growth of technology and artificial intelligence (AI). The council needs new skills to respond to the opportunities and challenges we face. However, most councils are facing recruitment and retention problems. We need to release capacity from parts of the organisation to enable increased focus on strategic priorities. We need to develop a more agile workforce to respond to a changing local government landscape and a digital world.

The evidence for this is:

- 94% of councils nationally say they are experiencing recruitment and retention difficulties (Source: LGA 2022 Local Government Workforce Survey)
- At NFDC the percentage of vacancies filled first time has fallen from 92% to 81% over the past year
- District councils are struggling to recruit and retain planning, legal, property, ICT and environmental health staff, as well as facing skills gaps around digitalisation, people management, managing change and commerciality* (Source: LGA 2022 Local Government Workforce Survey)
- Recent recruitment challenges at NFDC include key roles in housing, waste and environmental health, both at manager level and 'on the ground'
- We need to grow our skills and capacity to support transformation, for example change management, enhanced digital delivery, customer engagement and research
- Workforce and succession planning is a key issue with an average workforce age of 48, slightly higher than other south-east councils (46)



2.4. Climate and sustainability

Meeting national and local targets to reduce emissions and support nature will require us to change the way we use resources and deliver services.

The council declared a Climate Change and Nature Emergency in 2021 and is committed to leading efforts to tackle the impacts of extreme weather and climate change in the New Forest, reducing emissions to reach net zero and supporting nature recovery. We must work in partnership with residents, businesses and other public services to make a real impact.

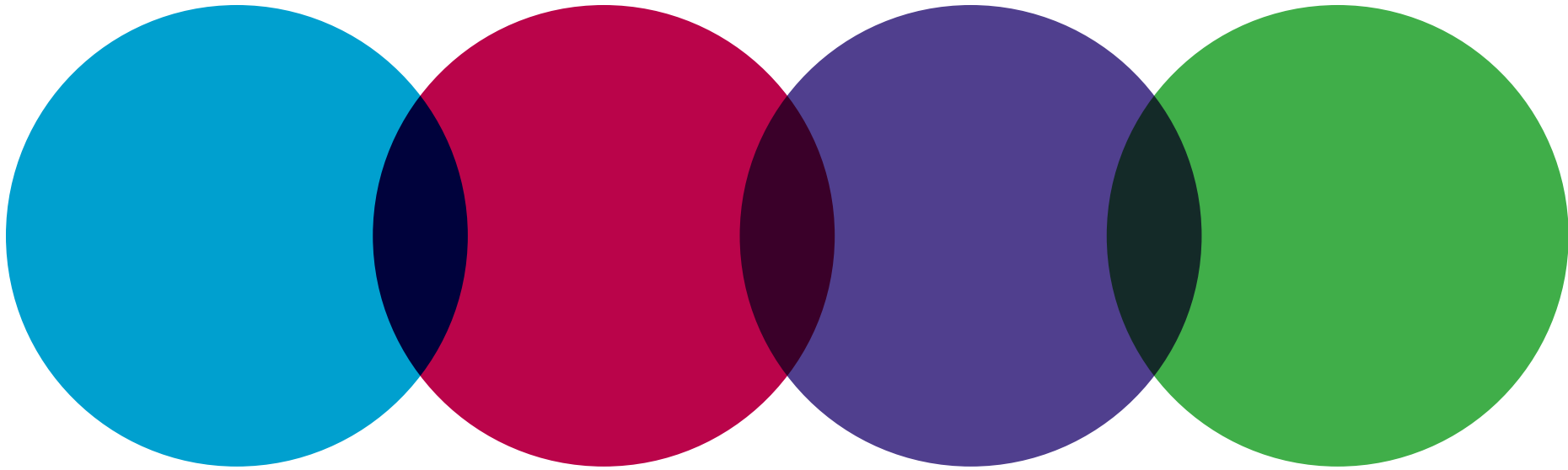
These changes will affect all aspects of council operations, including service delivery, the health and wellbeing of staff, the suitability of our housing stock, the lifespan of our assets and the condition of our habitats.

The evidence for this is:

- 75% of New Forest residents feel worried about the impact of climate change (Source: Residents Survey 2022)
- New Forest has the highest domestic and industrial emissions in Hampshire and the second highest transport and commercial emissions (Source: UK Government, 2023)
- Due to climate change, sea levels are predicted to rise by 1.03m across Christchurch Bay and Harbour over the next 100 years and 1370 properties along the NFDC coastline between

Christchurch and Milford on Sea are expected to be at risk from coastal erosion. (Source: Christchurch Bay and Harbour Flood and Coastal Erosion Risk Management Strategy).

- Climate change is the biggest long-term threat to the New Forest National Park. The impact of climate change on the New Forest is likely to be wide reaching, with warmer, wetter winters, hotter, drier summers, rising sea levels and an increasing frequency of extreme weather events (Source: New Forest National Park Authority)



3. Vision, objectives and scope

In the context of these four challenges, which cut across all our services, we have established a vision for a transformed, future New Forest council. We have grouped the changes required to realise that vision into four transformation themes and developed a set of transformation objectives for each theme.

3.1. Vision

“Future New Forest: Investing in our people and services to meet customer needs, protecting our finances and embedding sustainability to preserve our unique place by transforming tomorrow, together.”

3.2. Objectives by theme



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Customer and digital services

This theme is about how we redesign services to improve customer experience, make better use of technology and remove manual effort. Services should be digital by design, irrespective of how customers contact us.

Objective C1

Our customers will be at the heart of our digital-by-design approach.

Objective C2

We will use data and insight to plan services, manage performance and direct our focus for transformation.

Objective C3

We will have the right systems, processes and devices to ensure work can be done in the right place, right time and the most efficient way.



People and capabilities

This theme is about how we organise and develop our people and culture, making sure roles, structures, behaviours and skills evolve to meet new service designs and needs.

Objective P1

We will ensure our values, behaviours and culture are aligned and support the future organisation.

Objective P2

We will invest in our people to ensure we have the skills, experience and equipment that we need.

Objective P3

We will ensure the work is done in the right way in the right place, reviewing roles and structures as necessary.



Asset and accommodation

This theme is about how we use assets, improve sustainability and change the way we work. It includes the spaces that customers visit and staff work in as well as the stores and depots.

Objective A1

Our assets will support efficient and effective delivery of our future service provision.

Objective A2

We will continue to challenge our asset portfolio to reduce environmental impact and enhance their financial contribution.

Objective A3

Our accommodation will meet the needs of our staff, customers, culture and ways of working.



Finances and delivery

This theme is about how we manage finance, strategy and performance. It includes how we manage the delivery of financial and non-financial benefits and how we develop a data-driven approach to strategy and performance.

Objective F1

Through transformation, we will deliver agreed levels of savings in line with MTFP targets and council priorities.

Objective F2

We will adopt a more commercial mindset, open to innovative service models and guided by strategic priorities.

Objective F3

We will shift to a more empowered and accountable, management culture.

3.3. Scope for change

This section outlines what is, and is not, within the remit of the transformation strategy.

Customer and digital services

In scope

The redesign of all service processes to identify ways to improve customer experience, enhance performance and release capacity.

Partnership working across the public and not-for-profit sectors to join up services and processes to make access to key services better for our residents, businesses and visitors.

Redesign includes changes to processes, technology, channels and ways of working.

All software applications supporting front- and back-office operations are in scope. This could mean optimising the use of those applications, replacing components of them with enterprise solutions (eg customer portals), integrating them or, in some cases, replacement.

Out of scope

Decisions about how capacity released through service design is realised.

Changes to formally documented policies that have been adopted by elected members.

People and capabilities

In scope

People strategy development.

All services and teams.

Changes to existing roles and job descriptions.

Changes to organisational structures to better align capacity and capability to priority services/processes.

Training and development plans.

Aligning performance with new organisational structures, roles and capabilities to improve transparency and accountability.

Meeting our capacity and capability gaps by working in partnership with other organisations across the public and not-for-profit sectors.

Out of scope

Changes to pay and grading structures.

Assets and accommodation

In scope

Asset strategy development.

All operational buildings including disposal decisions.

Changes to customer and/or staff accommodation including office moves.

Out of scope

Decisions around commercial asset management / investment portfolio.

Finances and delivery

In scope

Strategic reviews of services.

Benefits management.

Service planning.

Financial planning and budget management processes.

Leadership, management and performance culture.

Out of scope

Leadership decisions on the method of realising benefits identified and estimated through the activities of the transformation programme.

3.4. Challenges

The table below illustrates the possible impact of the challenges across each of the four themes.

Challenges					
		Modernising services	Financial constraints	Capacity and capability	Climate & sustainability
Themes	Customer and digital services How we design services and use technology	We will need to focus on customer needs and outcomes when redesigning services and seek feedback to improve.	We will need to reduce service costs through redesign and encourage adoption of lower cost channels.	We will need to release capacity through our use of technology.	We will need to redesign services to be delivered in ways that promote positive environmental impacts.
	People and capabilities How we organise and develop our people and culture	We will need to review roles and structures to ensure we provide the support customers need.	We will need to restructure to ensure work is done in the right way in the right place.	We will need to consider new ways to recruit, train and retain staff.	We will need to upskill staff to be climate aware and to develop solutions for their service.
	Assets and accommodation How we use assets, improve sustainability and change the way we work	We will need to identify when customers benefit from face-to-face contact and how we can most efficiently provide it.	We will need to reduce the costs of running operational buildings and increase income through sales/rents.	We will need to develop new ways to connect and collaborate and design spaces to enable this.	We will need to invest in buildings and other assets to reduce CO2 emissions and ensure long-term sustainability.
	Finances and delivery How we manage finance, strategy and performance	We will use data to inform strategic decisions on policy and service planning.	We will need to act commercially, prioritise better and manage benefits robustly to ensure delivery.	We will need to invest in people and performance management to build an empowered workforce.	We will ensure a clear strategic focus on the future environmental sustainability of the council.



4. Measuring our success

It is essential that we can measure progress during the life of this strategy, to understand whether our actions are effective. The table below shows how we will monitor progress across the four transformation themes. Some of these measures are new and we will need to define how they are calculated and what the targets will be. Measures and targets may need to be amended during the life of this strategy as priorities change.

Customer and digital services

- Customer experience (% rating Good or above)
- Residents satisfaction with council services (% satisfied)
- Number of fully digital services (definition and baseline to be confirmed)
- Customers choosing digital channels (% requests received via digital channels)

People and capabilities

- Long term vacancies (% vacancies filled first time)
- Staff agree they have the skills and tools to do their jobs (% agreement)
- Staff who would recommend NFDC as a place to work (% net promoter score)

Assets and accommodation

- Lower net cost of operational and community assets (£k reduction against baseline tbc)
- Reduced emissions from operational council assets (% reduction against baseline)
- Staff satisfaction with workplace (% satisfied)

Finances and delivery

- MTFP savings realised (% of transformation target)
- New service and financial planning process implemented (definition to be confirmed but to include specification of data required)
- Managers agree they are empowered to manage resources to deliver their target outcomes (% agreement)

5. Roadmap



	2024				2025				2026				2027			
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Modernisation																
Mobilise programme																
Detailed programme planning																
Assemble programme team																
Establish governance																
Customer and digital																
Define digital architecture and capabilities																
Align customer and digital strategies																
Customer journeys and design patterns																
Assess existing customer datasets																
Establish digital building blocks																
Procure new tools/capabilities																
Implement new tools/capabilities																
Prioritise redesign of services																
Develop using testing approach																
Standard service redesign approach																
Design, prototype, build, deploy cycle																
People and capabilities																
Review organisation design																
Organisation design principles																
Activity analysis																
Organisation design workshops																
Implement organisation design changes																
Detailed design																
Consultation																
Recruitment / restructure																
Organisational development																
Write People strategy																
Training and talent creation programme																
Culture change programme																
Assets and accommodation																
Asset strategy																
Develop Asset strategy																
Integrate asset objectives into service planning																
Operational assets review																
Investment and disposals programme																
Address compliance risks																
Implement environmental improvements																
Asset disposals																
Office moves																
Financial and delivery																
Establish data-led service reviews																
Develop strategies service review approach																
Design service and financial planning approach																
Define target management culture																
Implement strategic service reviews																
Complete service reviews																
Develop delivery proposals																
Implement changes to service models																
Programme benefits management																
Benefits definition and estimation																
Establish benefits management system																

The roadmap provides a high-level view of the transformation programme and timeline over the next four years.

The activities are aligned to each of the four themes and more detail will emerge each year as we move through the programme.



6. Transformation delivery

6.1. Leadership

A critical success factor for all transformations is strong leadership that is visibly and consistently aligned with the outcomes of the transformation strategy.

Aligned leadership extends from elected members to senior and middle managers. Members set the strategic direction for the council and therefore must understand and

support the need for the organisation to change to meet strategic goals. Senior leaders must present a united front, communicate the case for change and direction of travel clearly and set an example. Middle managers play a vital role in ensuring the change is translated into everyday team behaviours and ways of working.

It is important to understand that benefit realisation decisions, such as whether to remove cost from the organisation or reinvest released capacity, are a function of leadership, not the transformation programme. These decisions are often difficult but they are

a necessary consequence of delivering successful transformation and leadership must ensure that the exercise of their discretion in this aspect of the programme is clearly communicated to the wider organisation.

However, leadership is not the sole domain of elected members and managers. Effective transformation programmes involve staff in the change process: "People own what they help create" (Myron Rogers). We will involve staff in design of new services, processes and teams and provide opportunities for them to shape the future council.

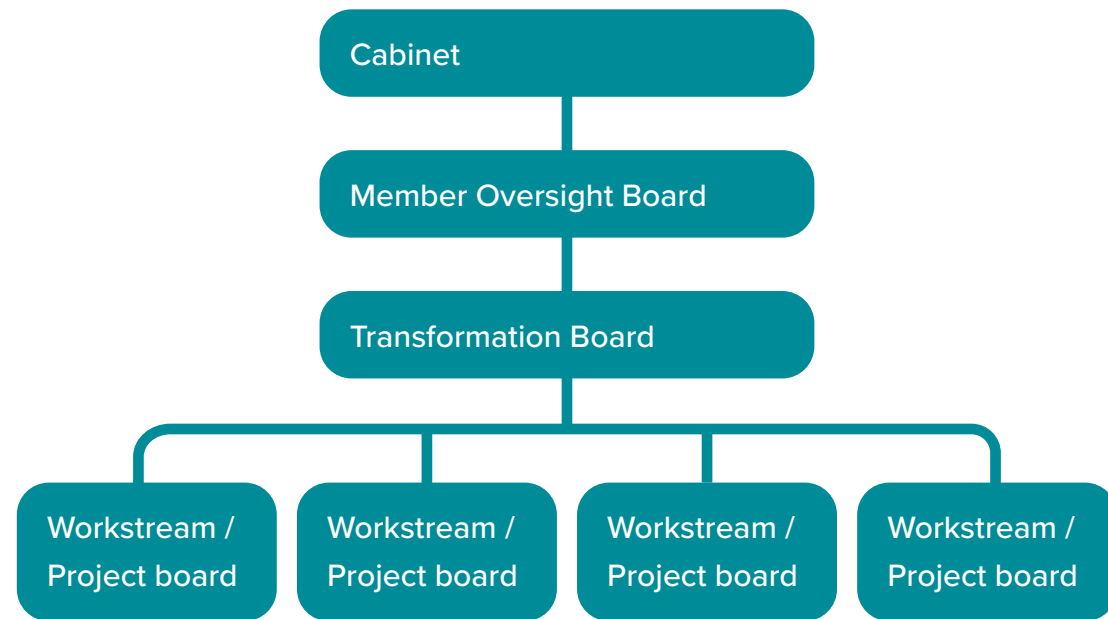


6.2. Governance

If it is to be successful in delivering all the objectives and delivering its scope, the transformation strategy must be implemented as a single, integrated programme. This is essential to ensure that individual workstreams and projects have a strong understanding of the wider impacts they will have, on other workstreams, projects or parts of the organisation.

A governance structure that oversees and encourages a joined-up approach, and has ultimate decision-making power across all workstreams, will be required. The detailed governance framework will be developed when the programme is mobilised, but an indicative governance framework is shown below.

At this stage, it is too early to allocate roles or individuals into this governance architecture, but this will be an important “next step” as the programme is mobilised, and will be important to help ensure that the leadership dynamic that has been outlined above is successful.





6.3. Delivery considerations

The vision and objectives in this strategy provide the direction for the council's transformation, but to make real change we will need to ensure that appropriate and sufficient funding is identified and agreed, mobilise our delivery team and develop a detailed plan.

A detailed risk analysis will be carried out as part of programme planning and mobilisation, however there are a number of **high-level risks** that are already known:

In-flight projects

- There are multiple projects underway that involve implementing new technology and processes, including new customer facing systems. Through no fault of those projects, they are operating independently of a unifying strategic framework for transformation and customer experience. There is a risk that some of the activity in these projects will conflict with the objectives of this and related strategies that are being developed, and that re-work may be necessary.

Lack of capacity and capability

- The council is highly unlikely to currently have the right capacity and capability in key transformation skills such as programme management, change management, business analysis, customer engagement and digital process design. An approach to identifying and sourcing the right capacity and capability to support the transformation programme, as well as then releasing the excess capacity and capability with minimal cost at the conclusion of the programme, will need to be developed urgently.

The roadmap shown in section 5 provides a high-level view of the transformation programme and timeline but does not illustrate the many dependencies that exist between the activities shown. These will also be drawn out during programme planning, but it is worth highlighting some of the important ones:

- The design and build of new processes will be heavily dependent on the delivery of the new digital tools and capabilities. An agile approach that moves quickly from design to build is most likely to build

confidence and deliver results but this will only be possible if key building blocks are in place and their capabilities are well-understood.

- Organisation design changes may be dependent on service and process design changes, which, as noted above, may be dependent on new technology.



Future New Forest

Transforming tomorrow, together

YEAR ONE WORK PROGRAMME (INDICATIVE)

	ACTION	THEME	OBJECTIVE	PHASE
1	Identify additional skills and capacity required to deliver business case	Mobilisation		Business Case Dec 23 to Mar 24
2	Deliver customer and digital strategies that align with and support the transformation strategy and programme	Customer and digital	C1: Customers at the heart	Business Case Dec 23 to Mar 24
3	Define a core set of digital capabilities and devices to support service redesign and whole council transformation	Customer and digital	C3: Right systems and processes	Business Case Dec 23 to Mar 24
4	Identify opportunities to streamline and automate business processes	Customer and digital	F1: Deliver savings	Business Case Dec 23 to Mar 24
5	Develop a prioritised backlog of process efficiency opportunities	Customer and digital	F1: Deliver savings	Business Case Dec 23 to Mar 24
6	Develop organisation design principles aligned with the transformation vision	People and capabilities	P3: Review roles and structures	Business Case Dec 23 to Mar 24
7	Complete council-wide activity analysis	People and capabilities	P3: Review roles and structures	Business Case Dec 23 to Mar 24
8	Review organisation design options informed by customer needs, staff expertise and activity data	People and capabilities	P3: Review roles and structures	Business Case Dec 23 to Mar 24
9	Third party spend review including contract register and consideration of category management for procurement	Finances and delivery	F2: Adopt commercial mindset	Business Case Dec 23 to Mar 24
10	Set up benefits management system to include benefits identification, estimation and validation	Finances and delivery	F1: Deliver savings	Business Case Dec 23 to Mar 24
11	Set up governance	Mobilisation		Mobilisation Mar-Apr 24

12	Identify additional skills and capacity required to deliver transformation and develop resourcing plan	Mobilisation		Mobilisation Mar-Apr 24
13	Recruit additional programme resources	Mobilisation		Mobilisation Mar-Apr 24
14	Detailed programme planning including risks	Mobilisation		Mobilisation Mar-Apr 24
15	Define and baseline programme measures	Mobilisation		Mobilisation Mar-Apr 24
16	Identify datasets that help us to understand customers and demand	Customer and digital	C2: Use data to plan	Year 1 Implementation Apr 24 to Mar 25
17	Specify and procure new digital platform	Customer and digital	C3: Right systems and processes	Year 1 Implementation Apr 24 to Mar 25
18	Implement MVP digital platform	Customer and digital	C3: Right systems and processes	Year 1 Implementation Apr 24 to Mar 25
19	Invest in tools to join up customer data and create more integrated views across the council	Customer and digital	C2: Use data to plan	Year 1 Implementation Apr 24 to Mar 25
20	Develop an approach to user testing new services	Customer and digital	C1: Customers at the heart	Year 1 Implementation Apr 24 to Mar 25
21	Customer feedback mechanism designed	Customer and digital	C1: Customers at the heart	Year 1 Implementation Apr 24 to Mar 25
22	Develop a people strategy that outlines how we will attract, retain and grow the talent we need to transform the council and address skills gaps.	People and capabilities	P2: Invest in people	Year 1 Implementation Apr 24 to Mar 25
23	Translate our corporate values into everyday behaviours and systems	People and capabilities	P1: Align values and culture	Year 1 Implementation Apr 24 to Mar 25
24	Invest in change management to ensure transformation initiatives are properly embedded and long-lasting.	People and capabilities	P1: Align values and culture	Year 1 Implementation Apr 24 to Mar 25

25	Design and implement recruitment and retention strategies to address the gaps	People and capabilities	P2: Invest in people	Year 1 Implementation Apr 24 to Mar 25
26	Invest in training and talent creation programmes for hard to recruit roles and in-demand skills	People and capabilities	P2: Invest in people	Year 1 Implementation Apr 24 to Mar 25
27	Review cost, purpose and usage of all operational assets, customer-facing and depots and stores	Assets and accommodation	A1: Assets support delivery	Year 1 Implementation Apr 24 to Mar 25
28	Develop action plan for retention, redesign or disposal of operational assets in line with business needs	Assets and accommodation	A1: Assets support delivery	Year 1 Implementation Apr 24 to Mar 25
29	Develop an asset strategy and corporate landlord approach to optimise our asset portfolio, ensure compliance and align it with the MTFP	Assets and accommodation	A2: Challenge assets portfolio	Year 1 Implementation Apr 24 to Mar 25
30	Translate target values, behaviours and culture, and staff needs, into accommodation requirements and review current accommodation against requirements	Assets and accommodation	A3: Accommodation meets needs	Year 1 Implementation Apr 24 to Mar 25
31	Develop action plan for retention, redesign or disposal of staff accommodation in line with business needs	Assets and accommodation	A3: Accommodation meets needs	Year 1 Implementation Apr 24 to Mar 25
32	Develop and implement a data-led approach to the review of strategic priorities	Finances and delivery	F1: Deliver savings	Year 1 Implementation Apr 24 to Mar 25
33	Develop a data and insight driven service planning framework that includes fundamental reviews of service budgets and third party spend	Finances and delivery	F1: Deliver savings	Year 1 Implementation Apr 24 to Mar 25
34	Develop a service design approach to streamline and automate business processes	Finances and delivery	F1: Deliver savings	Year 1 Implementation Apr 24 to Mar 25
35	Where strategic service reviews identify opportunities to increase income / reduce loss-making services, develop delivery proposals	Finances and delivery	F2: Adopt commercial mindset	Year 1 Implementation Apr 24 to Mar 25

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UPDATE REPORT - NEW GOVERNMENT GUIDANCE ON RECYCLING AND WASTE STRATEGY and PLANNED SERVICE CHANGE.

1. RECOMMENDATIONS

It is recommended that:

- 1.1 Officers proceed to take the necessary decisions to implement the service changes for refuse collection, recycling and food waste collections as set out in Section 5 of this report, in readiness for a commencement of the new service in Summer 2025.
- 1.2 The procurement process to acquire the necessary vehicles, wheeled bins, food caddies and other containers, including ancillary services in order to deliver the new service, is commenced.
- 1.3 Officers continue to discuss the long-term provision for dry recycling with Hampshire County Council and partners.
- 1.4 The financial implications of the new service set out in the report be noted, with further clarity to come back to the Cabinet pending the Local Government Finance Settlement and completion of procurement activity to secure firm pricing.

2. INTRODUCTION

- 2.1 In the face of some uncertainty about the longer-term position regarding both Government guidance and the timeline for provision of the required recycling infrastructure in Hampshire, Officers had been preparing proposals for the rollout of service change as agreed in the NFDC Waste Strategy.
- 2.2 On 21st October, DEFRA released a response to the “Consistency” consultation from May 2021, which has provided some clarity. This report sets out the detail of the DEFRA announcements, and how this affects both our planned service change and the infrastructure requirements in Hampshire.

3. BACKGROUND

- 3.1 NFDC has been working on a new approach to waste and recycling services, including development of a new Joint Municipal Waste Management Strategy (via Project Integra) in October 2021 and the NFDC Waste Strategy 2022-27, approved by Council in July 2022. Engagement with the public on our new NFDC strategy took place between November and December 2021. The strategy agreed a range of service changes.
- 3.2 In addition, there have been ongoing discussions with Hampshire County Council (HCC) regarding the development of a new materials recycling facility (MRF). This includes discussions around financial arrangements for the new MRF, such as how the income from sale of Dry Mixed Recycling (DMR) will be shared.
- 3.3 Furthermore, Councils across England have long awaited further guidance and clarification from the government on national waste strategy since the ascent of the

Environment Act in 2021. On Saturday 21st October 2023, guidance was finally issued by DEFRA, details of which are outlined below.

4. UPDATE ON “SIMPLER RECYCLING”

4.1 In September 2023, the Prime Minister made a keynote speech about climate policy, which included a pledge to make recycling as simple as possible for householders. As a result of this, Defra’s stream of work known as “consistent recycling” was rebranded as “Simpler Recycling” and Councils were advised to await further announcements. This further information arrived on 21st October 2023.

4.2 This has provided clarity on the following:

- **By 31 March 2026**, all local authorities in England must collect the same recyclable waste streams for recycling or composting from households. The recyclable waste streams include (see appendix 1 for full details):
 - Paper and card
 - Plastic packaging including bottles, pots, tubs, trays, cartons (plastic film and flexibles will be required by March 31, 2027)
 - Glass packaging; bottles and jars
 - Metal including tins and cans, foil and aluminium packaging and aerosols
 - Food waste – must be collected weekly
 - Garden waste
- **By 31 March 2025** (i.e. 12 months earlier) all non-household premises in England (such as businesses, schools and hospitals), must make arrangements to have this same set of recyclable waste streams (with the exception of garden waste) collected for recycling or composting. This excludes micro-firms who have fewer than 10 full time equivalent employees, who have until 31 March 2027.
- **Co-collection of dry recyclables** – previous consultations had shown a strong Government preference for collecting some or all recycling streams separately from each other. This obligation has been removed, which provides the option to allow all dry recyclables (paper and card, plastic, glass and metal) to be collected together in one recycling bin (known as co-mingled collections). This can be done without the requirement of a formal written assessment.
- **Frequency of collection of residual waste** – DEFRA propose requiring local authorities to collect residual (non-recyclable) waste at least fortnightly. However, it should be noted that this is not a recommendation but is noted as a ‘backstop’ standard.
- **Collection of garden waste from households** – Local authorities will be required to provide a garden waste collection service where it is requested. They can continue to choose to charge for this service.

4.3 The Government has confirmed that delivery of these new duties will be funded through a combination of the following measures:

- Reasonable ‘new burdens’ funding to local authorities to provide weekly food waste collection from households. Funding will include capital costs (such as vehicles and containers), as well as transition costs (such as vehicle re-routing,

communications and project management) and, potentially, support for ongoing service costs (such as collection and disposal costs). Capital funding (for vehicles and containers) will be paid to local authorities in the current financial year. See section 6.1 for further information.

- Extended Producer Responsibility (EPR) payments will be provided to local authorities, with packaging producers responsible for the costs of collecting and managing packaging waste through efficient and effective services. This includes the collection of additional packaging materials for recycling, such as plastic films. See section 6.4 for further information.

4.4 With the above announcements, DEFRA also launched two consultations, both running for 4 weeks with a closing date of 20 November:

- Exemptions and Statutory Guidance for Simpler Recycling in England
- Additional Policies Related to Simpler Recycling in England.

These were both short and straightforward consultations. The key aspects that Defra sought comment on were:

- Exemption to allow the comingled collections of dry recycled materials
- Exemption to allow the mixing of garden waste and food waste
- The back stop standard on the frequency of residual waste

The NFDC response to these consultations advocated that local authorities are best placed to make decisions about the way waste and recycling is collected in their individual areas, and it therefore supported measures that enabled this. Additionally, NFDC highlighted the impact of the requirement for businesses to expand their recycling collections by 31 March 2025. This short lead time will put pressure on local authorities that offer business waste collection services (such as NFDC) to consider the impact on those services in a short space of time.

5. IMPACTS ON OUR CURRENT WASTE STRATEGY

5.1 Our existing plan to change service provision has been in place for some time, to reflect our waste strategy. The proposed changes included the below (please note the move to wheeled bins for garden waste is not shown below as this service change is already underway):

- 180 litre wheeled bin for refuse collection, collected fortnightly.
- 180 litre wheeled bin for glass, plastic and metal collected fortnightly*
- 90 litre reusable bag for paper and card, collected fortnightly*
- 25 litre caddy for food waste, collected weekly (with additional 5l caddy provided for internal use)

5.2 The Government announcements have told us that we must expand our range of dry recycling (see appendix 1) and collect food waste separately by March 2026. The collection of “twin stream” recycling as described above and indicated by the (*), was agreed as a common approach by all Hampshire authorities in the Joint Municipal Waste Management Strategy (JMWMS) in 2021/22, in response to Government direction at that time. However, these most recent announcements suggest that the separation of paper and card from other recyclables may no longer be required.

- 5.3 Since the agreement of the JMWMS, HCC has been working towards provision of suitable transfer stations and a new MRF that will handle twin stream material. There have been ongoing discussions about the financial arrangements for dealing with contamination, income from sale of DMR, and residual waste disposal costs. This was set out in a “Inter Authority Agreement” (IAA) which HCC has asked Waste Collection Authorities (WCAs) in Hampshire to sign up to by 31 October 2023.
- 5.4 At the time of the Government announcement, NFDC was part of a small WCA negotiating group which was in place to take these discussions forward, to ensure that we support the wider objectives of the whole waste system in Hampshire whilst maintaining clarity as to our statutory responsibilities as a waste collection authority. By the 31 October, no WCAs had approved the IAA, with WCAs taking a firm stance on the introduction of new charging mechanisms from HCC which were considered inappropriate. HCC has since written to all local authority leaders in Hampshire to inform them that as per their Cabinet paper July 2023, HCC will retain income derived from the sale of kerbside dry mixed recycling from April 2024. However, they are no longer pursuing compensation for high levels of contamination found in kerbside collected dry recyclables, and instead will seek to work with WCAs to reduce the current contamination levels. NFDC had already prepared for this outcome via its MTFP.
- 5.5 In light of the recent Government announcements, HCC have also written to all WCAs to request that they carry out work to determine the optimal recycling system for Hampshire authorities, so that Waste Disposal Authorities can determine how best to manage the resultant collected materials. This would include review of alternatives to the previously agreed twin stream system. They have stated a deadline for the completion of this work and for all Hampshire authorities to reach an agreement by 1 March 2024.
- 5.6 The outcome of this work is likely to impact upon the proposed new MRF, and with a 2-year build programme, a new MRF won’t now be ready until at least 2026.
- 5.7 The challenge now is to rollout the large part of our service change in 2025, to comply with Government deadlines, but to retain flexibility to allow for a potential “phase 2” change once the new MRF is ready. As such, the interim service would look like this:
- Elements that remain as per original waste strategy proposal:
 - 180 litre wheeled bin for refuse collection, collected fortnightly.
 - 25 litre caddy for food waste, collected weekly (with additional 5l caddy provided for internal use)
 - Elements that are different to original waste strategy proposal:
 - 240 litre wheeled bin for our existing DMR mix i.e. paper, card, plastic and metal, collected fortnightly
 - 55 litre box for glass collection, collected monthly.
- 5.8 The increased capacity of the recycling wheeled bin from 180L to 240L is to account for the inclusion of paper and card in with the dry mixed materials. It will also allow for additional recyclable materials to be added, as and when disposal infrastructure allows. The container sizes shown above will be the “standard” sizes, but smaller containers for households producing smaller quantities of waste/recycling will also be available. The Council’s waste collection policy, approved earlier in 2023, details how larger capacity containers can also be provided, in line with agreed criteria.

- 5.9 Glass would need to be collected separately for the time being, whilst we await the outcome of discussions on new/alternative MRF provision.
- 5.10 This service would not allow for collection of expanded recycling i.e. plastic pots, tubs trays, cartons and foil, because a new MRF will not be ready for March 2026 (the Govt deadline for changes). Discussion will need to be had with HCC and with DEFRA regarding the implications of this.
- 5.9 The benefit of this interim approach is that we could flex and adapt in future, i.e. a move to either twin stream or fully co-mingled would be possible.
- 5.10 The requirements for collection of non-household recycling (as outlined in 4.2) will be subject to further review, due to the challenge that, under pre-existing plans, NFDC will not have the ability to collect the required materials for recycling from these premises by March 2025.

6. FINANCIAL IMPLICATIONS

Funding

- 6.1 New burdens funding will be provided to local authorities to provide weekly food waste collections from households. Funding will include capital costs (vehicles and containers), transition costs (vehicle re-routing, communications, project management), and ongoing service costs (staff, fuel etc). All funding will be based on modelled costs rather than a process of reimbursing LAs for actual expenditure, so there is no guarantee that funding will provide full cost recovery.
- 6.2 New burdens payments for Capital costs will be made through section 31 grants. The level of new burdens payments that each local authority will receive will be set out in letters sent to each local authority under section 31 of the Local Government Finance Act 2003. This letter is expected during November, and capital funding will be paid to LAs in the current financial year (2023/24).
- 6.3 Defra have advised that transition cost funding will be provided from 2024/25. Funding for ongoing food waste service costs (staff, fuel etc), will not be available until 2026, and is subject to Defra securing monies from HM Treasury. This funding therefore isn't going to be available until after the proposed service change is made in 2025. The timing of transition funding has not yet been made clear but would logically be available in 2025 when councils will be making the switch.
- 6.4 As described earlier, the collection of packaging is intended to be funded in future by Extended Producer Responsibility payments. Initial estimates are that local authorities in England will collectively receive payments in the region of £900 million per annum for managing household packaging waste. Financial modelling is currently under way to refine this estimate in readiness for the implementation of EPR for packaging. Payment amounts will be confirmed by November 2024, and LAs will receive their first payment by the end of December 2025. Unfortunately, the council does not have a reliable estimate of the quantity of funding for NFDC.

Expenditure

- 6.5 In preparation for the original waste strategy, the Council worked with a specialist consultant to carry out work on the business case for service change. Using desktop modelling, they were able to estimate the cost of the preferred option, primarily focussing upon staff, vehicles, fuel and container costs, as well as income. This

information was used as the basis for a comparison with current service costs, also taking account of other cost areas such as support services, overheads, communications, and personal protective equipment.

- 6.6 The cost of the food waste service has been reassessed following recent salary increases and rising vehicle prices. This shows an expected increase in annual food waste collection costs from the previous July 2022 estimate of £1.61m to £1.85m. This £1.85m includes the depreciation of vehicle and containers, equating to £250k. As described earlier this depreciation amount should be funded via new burdens funding, but other ongoing costs will not be funded until 2026, should Defra secure it from HM Treasury.
- 6.7 The 2022 analysis showed that the cost of the waste and recycling service, excluding the food waste service, would reduce once the service change is fully rolled out. Work on revised service costs beyond 2025 is continuing. It is not expected that the relative position of the new service will change i.e. it will continue to operate at a lower cost than the current service, but this work will be completed in due course once we are able to proceed with detailed project planning, confirm Defra funding, and work with HCC on the infrastructure rollout timeline. The following table demonstrates the lack of overall clarity at this time with regards to the revenue position:

	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)
Expend: Waste and Recycling Service	nil	TBC	TBC (likely saving)
Expend: Food Waste Collection	nil	TBC	+1,850
New burdens revenue funding: Food Waste	nil	nil	TBC
Funding: EPR	nil	TBC	TBC

- 6.8 When the Council set its budget for 2023/24 in February 2023, the MTFP included an indicative capital programme to 2025/26. This included forecast capital spend in 2025/26 associated with the new waste service roll out totalling £4.908 million for containers and £5.840 million for associated vehicles. The capital requirements for the waste and recycling service have now been re-assessed and they show the following:

	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)
Vehicles	885	3,730	453
Containers	1,025	4,550	nil
Total	1,910	8,280	453
New burdens capital funding: Food Waste	TBC	TBC	TBC

6.9 The above numbers are still subject to procurement and detailed service rollout planning. In particular, the split in funding across financial years may be subject to further refinement. The nature of procurement timelines and manufacturer lead times means that some orders for vehicles and containers may be needed before the end of the current financial year.

6.10 Transition funding, to support additional staffing and communications will be required in both 2024-25 (£190k) and 2025-26 (£570k). As outlined in 6.1, it is anticipated that transition funding for food collections will be provided, but this is yet to be confirmed.

7. CRIME & DISORDER, DATA PROTECTION IMPLICATIONS

7.1 There are none.

8. ENVIRONMENTAL IMPLICATIONS

8.1 As detailed in the original waste strategy report, the new service will increase recycling levels, reduce waste, and reduce emissions associated with the management of the New Forest's waste and recycling.

9. EQUALITY & DIVERSITY IMPLICATIONS

9.1 Equality Impact Assessments were conducted as part of the waste strategy approval in 2022. The proposals in this report are not fundamentally different to those in the strategy itself.

10. CONCLUSIONS

10.1 Since approval of the waste strategy in 2022, our timetable for service change has been subject to some flexibility, due to the timeline for required infrastructure and the ongoing uncertainty on the Government's position and funding. It was agreed to bring the date for the commencement of the new wheeled bin garden waste service forward, to commence in April 2024. This is going well, with subscriptions opening in October and at the time of writing being at over 17,000 households.

10.2 Now that we have received reliable direction from DEFRA, we must be seen to act as quickly and effectively as possible. As described earlier, service changes will require completion by March 2026. Making the service changes in full during 2025 gives the council the best opportunity to improve its performance, provide a better service to householders and to fully enact its waste strategy. Therefore, the proposal is as follows:

- Officers proceed to take the necessary decisions to implement the service changes for refuse collection, recycling and food waste collections as set out in Section 5 of this report, in readiness for a commencement of the new service in Summer 2025.
- The procurement process to acquire the necessary vehicles, wheeled bins, food caddies and other containers, including ancillary services in order to deliver the new service, is commenced.
- Officers continue to discuss the long-term provision for dry recycling with Hampshire County Council and partners.

- The financial implications of the new service set out in the report be noted, with further clarity to come back to the Cabinet pending the Local Government Finance Settlement and completion of procurement activity to secure firm pricing.

11. OVERVIEW AND SCRUTINY PANEL COMMENTS

The Panel noted the Waste Strategy update and acknowledged the dynamic situation regarding implementation. Some members raised concerns over the current, unknown funding as well as aspects of the different, possible recycling plans. The Panel also posed questions on the MRF, the Council's waste removal fleet and wheelie-bin/glass recycling capacity. Several members were keen to encourage that conversations continued between DEFRA, NFDC and HCC, to obtain clarity on the situation as soon as possible. The Panel looked forward to receiving a further update from Officers in due course.

12. PORTFOLIO HOLDER COMMENTS

I welcome the Government's recent announcements, as they have added clarity on residual and food waste collection frequency, options on recyclable collections together with timelines and what we are required to do. The aims of our original waste strategy remain, as we strive to increase recycling, reduce waste and protect our climate. There is still some uncertainty around funding and infrastructure, but we know enough to move forwards in our planning for much-needed service change and I look forward to providing further updates in February next year.

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Background Papers:

Joint Municipal Waste Management
Strategy:

[Report](#)

[Strategy](#)

NFDC Waste Strategy:

[Report](#)

[Strategy](#)

Waste and Recycling Collection Policy:

[Report](#)

[Policy](#)

Appendix 1 - Kerbside Domestic DMR Collection changes for NFDC

Materials required @kerbside by <u>31 March 2026</u>	Currently collected by NFDC @ kerbside?	Will eventually be included in Deposit Return Scheme once introduced?
Glass bottle and jars	YES	NO
Steel and aluminium tins and cans*	YES	YES (up to 3 litres, drink only)
Steel aluminium aerosols	YES	NO
Aluminium foil, food trays, tubes	NO	NO
Plastic bottles made of polyethylene terephthalate (PET), polypropylene (PP) and high-density polyethylene (HDPE)	YES	YES (up to 3 litres, drink only)
Pots, tubs, and trays made of PET, PP, and polyethylene (PE)	NO	NO
PE and PP plastic tubes larger than 50mmx50mm	NO	NO
Cartons for food, drink, and other liquids	NO (we have banks, but this is not compliant)	NO
Plastic film packaging and plastic bags made from mono-polyethylene (mono-PE), mono-polypropylene (mono-PP) and mixed polyolefins PE and PP. (From 31 March 2027).	NO	NO
All paper and card except: <ul style="list-style-type: none"> • Paper and card that contains glitter or foil • Paper that is laminated • Stickers and sticky paper • Padded lined envelopes • Books • Wallpaper 	YES	NO

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COUNCIL TAX 2024/25 - SETTING THE TAX BASE

1. RECOMMENDED

1.1 That it be a recommendation to the Council that:

- a) The calculation of the Council's tax base for the year 2024/25 be approved.
- b) Pursuant to this report and in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Council as its council tax base for the year 2024/25 be as follows and as detailed in Appendix 3.

PARISH/TOWN	TAX BASE 24/25
Ashurst & Colbury	939.9
Beaulieu	511.9
Boldre	1,067
Bramshaw	337.8
Bransgore	1,846.8
Breamore	185.7
Brockenhurst	1,911.1
Burley	809.2
Copythorne	1,235.7
Damerham	248.3
Denny Lodge	159.2
East Boldre	384.4
Elingham, Harbridge & Ibsley	632
Exbury & Lepe	116.3
Fawley	4,634.5
Fordingbridge	2,423.8
Godshill	225
Hale	267.7
Hordle	2,434.2
Hyde	519.8
Hythe & Dibden	7,482.5
Lymington & Pennington	7,529.6
Lyndhurst	1,478.5
Marchwood	2,075.2
Martin	200.3
Milford on Sea	2,938.7
Minstead	374.4
Netley Marsh	818
New Milton	10,619.4
Ringwood	5,501.6
Rockbourne	169.9
Sandleheath	299.6
Sopley	392.4
Sway	1,731.8
Totton & Eling	9,511.7
Whitsbury	104.7
Woodgreen	252.9
Whole District	72,371.5

2. INTRODUCTION AND BACKGROUND

- 2.1 The purpose of this report is to enable Members to approve the tax base for 2024/25.
- 2.2 Setting the Tax Base is an integral part of the Budget setting process and the determination of Council Tax levels. The Tax Base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, and the calculation has to be made between 1 December and 31 January. The approved tax base must be notified to the County Council by 31 January.
- 2.3 The Tax Base is a yearly calculation and represents the estimated number of chargeable dwellings and is set to a "Band D equivalent" figure. The Valuation Office Agency allocate each domestic dwelling into one of eight valuation bands (A to H) for council tax purposes, with different proportions of tax are payable by each band.
- 2.4 The tax base is the estimated number of dwellings in the District, modified to take account of the different proportions payable, premiums, discounts, exemptions and other reductions.
- 2.5 The calculation of the tax base for tax setting also includes an allowance for non-collection.
- 2.6 Separate tax bases have to be made for each Parish.

3. THE CALCULATION PROCESS

- 3.1 Detailed calculations are required to set the tax base for tax setting purposes.
- 3.2 The number of properties are adjusted in each valuation band to allow for estimates of:
 - The number of properties estimated as being exempt
 - The number of demolished properties due to be removed
 - The number of properties that have a disabled band reduction (for dwellings in Band A they pay 5/9th of the Band D charge instead of 6/9th)
 - The number of properties that have a 25% or 50% discount (i.e. single person discount).
 - The number of properties where a 100% discount will apply for one month only, due to being unoccupied and unfurnished ('void') dwellings.
 - The number of properties subject to an Empty Homes Premium will apply.
- 3.3 The resultant net number of dwellings is multiplied by the relevant proportions to ascertain equivalent Band D properties. The relevant proportions are shown in Appendix 1.
- 3.4 The Council Tax Reduction scheme (CTR) operates as a discount on claimants Council Tax bills with the effect of reducing the Council Tax Base. The value of CTR awarded to pensioners and those of working age is dependent on their circumstances and are aggregated to arrive at the total council tax reduction. These values are converted into the tax base and band D equivalents. The proposed change to the Council Tax Reduction scheme for 2024/25 does not affect these calculations.
- 3.5 The next step of the calculation is to assess the likely collection rate and thereby make an appropriate allowance for non-collection. The estimated in-year collection rate for 2024/25 is 98.5%, which takes into consideration our record of good performance in Council Tax collection, the impact of the cost of living, and is considered prudent. Contributions in lieu for Ministry of Defence dwellings are then added. The whole calculation process is shown in Appendix 2.

- 3.6 The figures used in the calculation process are based on latest actuals. Appendix 3 shows 2024/25 tax bases compared to 2023/24.
- 3.7 Although there may be some growth in the tax base in the forthcoming year, it is advisable to take a prudent approach. If dwellings are improved and/or extended, bandings only normally change after a subsequent sale or the granting of a lease of 7 years or more.

4. CRIME & DISORDER IMPLICATIONS / ENVIRONMENTAL IMPLICATIONS / DATA PROTECTION IMPLICATIONS

- 4.1 None arising directly from this report.

5. CONCLUSION

- 5.1 The Council should approve formally the tax base for tax setting purposes. The regulations require that the tax base be formally approved for each parish/town Council area, with the calculations being approved by Members.
- 5.2 A prudent approach has to be taken in forecasting the tax base. Clearly, there is an obligation to ensure that sufficient funds are realised to meet the Council's expenditure.
- 5.3 A realistic collection rate has to be determined. It is important that the tax base is not overstated, as any shortfall will result in interest costs falling on the Council's General Fund.
- 5.4 Any Council Tax surplus/deficit on the Collection Fund will be shared between the Principal Authorities, pro rata to the demand/precept on the fund for the year concerned.

Further Information:

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Background papers:

The Local Authorities (Calculation of
Tax Base) (England) Regulations
2012

VALUATION BANDS

All dwellings have been valued by the Valuation Office Agency, based on property prices at April 1991. There are eight valuation bands and each dwelling has been placed into one of these bands according to its assessed value at that time. Band A is the lowest. The higher the band, the higher the council tax charge will be. See the table below:-

BAND	RANGE OF VALUES	PROPORTION
A	Up to £40,000	£1.00
B	Over £40,000 - £52,000	£1.17
C	Over £52,000 - £68,000	£1.33
D	Over £68,000 - £88,000	£1.50
E	Over £88,000 -£120,000	£1.83
F	Over £120,000 -£160,000	£2.17
G	Over £160,000 -£320,000	£2.50
H	Over £320,000	£3.00

For every £1.00 of Council Tax for a band 'A' property, a band 'B' property will be charged £1.17 - and so on. Any discounts and reductions would make the difference less than this.

	SUMMARY									
	DIS. A	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	TOTAL
TOTAL DWELLINGS ON THE VALUATION LIST	0	7231	12193	18190	19402	13651	7125	4661	624	83077
ACTIVE EXEMPTIONS	0	377	238	272	407	208	98	57	7	1664
DEMOLISHED DWELLINGS BAND TO BE REMOVED	0	0	1	0	0	0	0	0	0	1
CHARGEABLE DWELLINGS	0	6854	11954	17918	18995	13443	7027	4604	617	81412
NUMBER OF CHARGEABLE DWELLINGS SUBJECT TO DISABLED REDUCTION	0	31	86	169	179	158	70	58	25	776
NUMBER OF DWELLINGS EFFECTIVELY SUBJECT TO CTAX FOR THIS BAND BY VIRTUE OF DISABLED BAND	31	86	169	179	158	70	58	25	0	776
NUMBER OF CHARGEABLE DWELLINGS ADJUSTED FOR DISABLED RELIEF	31	6909	12037	17928	18974	13355	7015	4571	592	81412
NUMBER OF DWELLINGS ENTITLED TO 25% DISCOUNT	13	4115	5460	6016	5741	3172	1398	781	72	26768
NUMBER OF DWELLINGS ENTITLED TO 50% DISCOUNT	0	158	21	18	33	31	37	41	7	346
NUMBER OF DWELLINGS ENTITLED TO 100% DISCOUNT	0	32	36	28	19	10	2	1	1	129
TOTAL DISCOUNTS	13	4441.88	5514.24	6061.52	5813.46	3237.4	1472.68	863.34	86.34	27503.86
DISCOUNT DEDUCTION	3.25	1110.47	1378.56	1515.38	1453.365	809.35	368.17	215.835	21.585	6875.965
NET DWELLINGS	27.75	5798.53	10658.44	16412.62	17520.635	12545.65	6646.83	4355.165	570.415	74536.035
DWELLINGS SUBJECT TO A PREMIUM (100%)	0	10	15	19	9	7	3	5	0	68
DWELLINGS SUBJECT TO A PREMIUM (200%)	0	23	2	8	3	2	8	0	0	46
DWELLINGS SUBJECT TO A PREMIUM (300%)	0	5	2	0	0	3	1	2	0	13
ADJUSTED NET DWELLINGS	27.75	5869.53	10683.44	16447.62	17535.635	12565.65	6668.83	4366.165	570.415	74536.04
BAND D EQUIVALENTS	15.4	3913	8309.3	14620.1	17535.6	15358	9632.8	7276.9	1140.8	77803.6
CTR PENSIONERS	4381.17	889726.26	1282088.96	1291528.89	844374.23	369636.51	137885.22	21020.69	3053.43	4843695.36
CTR WORKING AGE	9067.12	1037071.32	1639004.01	1494245.79	416440.37	131873.49	15368.32	5230.2	0	4748300.62
TOTAL CTR	13448.29	1926797.58	2921092.97	2785774.68	1260814.6	501510	153253.54	26250.89	3053.43	9591995.98
TOTAL REDUCTION IN TAX BASE DUE TO CTR BAND D EQUIVALENTS	6.38	912.42	1382.23	1324.08	603.15	240.64	74.16	12.80	1.50	4557.39
ADJUSTED BAND D EQUIVALENTS	9.21	3000.36	6927.16	13296.13	16933.45	15117.46	9558.84	7264.30	1139.30	73246.2
COLLECTION RATE										98.50%
SUB-TOTAL										72147.51
CONTRIBUTIONS IN LIEU										224
TAX BASE										72371.5

TAX BASES FOR 2024/25 COMPARED TO PREVIOUS YEAR 2023/24

PARISH/TOWN	TAX BASE 23/24	TAX BASE 24/25	CHANGE
Ashurst & Colbury	937.3	939.9	2.6
Beaulieu	516	511.9	-4.1
Boldre	1,059.7	1,067	7.3
Bramshaw	343.4	337.8	-5.6
Bransgore	1,827.6	1,846.8	19.2
Breamore	184.3	185.7	1.4
Brockenhurst	1,906	1,911.1	5.1
Burley	803.6	809.2	5.6
Copythorne	1,219.9	1,235.7	15.8
Damerham	248.9	248.3	-0.6
Denny Lodge	160	159.2	-0.8
East Boldre	382.7	384.4	1.7
Elingham, Harbridge & Ibsley	632	632	0
Exbury & Lepe	116.1	116.3	0.2
Fawley	4,655.9	4,634.5	-21.4
Fordingbridge	2,427.9	2,423.8	-4.1
Godshill	227.6	225	-2.6
Hale	268	267.7	-0.3
Hordle	2,440.1	2,434.2	-5.9
Hyde	514.2	519.8	5.6
Hythe & Dibden	7494.8	7,482.5	-12.3
Lymington & Pennington	7,531.1	7,529.6	-1.5
Lyndhurst	1,480.4	1,478.5	-1.9
Marchwood	2,067.6	2,075.2	7.6
Martin	198.5	200.3	1.8
Milford on Sea	2,934.2	2,938.7	4.5
Minstead	377.3	374.4	-2.9
Netley Marsh	812.2	818	5.8
New Milton	10,624	10,619.4	-4.6
Ringwood	5,474.9	5,501.6	26.7
Rockbourne	164.8	169.9	5.1
Sandleheath	283.8	299.6	15.8
Sopley	389.8	392.4	2.6
Sway	1,730.8	1,731.8	1.0
Totton & Eling	9,484.4	9,511.7	27.3
Whitsbury	102.9	104.7	1.8
Woodgreen	249	252.9	3.9
Whole District	72,271.7	72,371.5	99.8

CABINET – 6 DECEMBER 2023
COUNCIL – 11 DECEMBER 2023

PORTFOLIO: FINANCE AND CORPORATE

COUNCIL TAX REDUCTION SCHEME 2024/25, HOUSING BENEFIT INCOME DISREGARD AND NATIONAL NON-DOMESTIC RATE RELIEF POLICY REVIEW

1. RECOMMENDATION

1.1 That Cabinet recommend to Council the following:

- a) to increase the standard earnings disregard and remove the additional earnings disregard, as detailed in Section 7, from 1 April 2024
- b) that a Task and Finish Group review a Banded scheme during 2024.
- c) that the full disregard of war pension income in the assessment of Housing Benefit, as detailed in Section 9, be approved
- d) that the updated National Non-Domestic Rate Relief policy as detailed in Section 10, be approved

2. INTRODUCTION

2.1 The purpose of this report is to consider the recommendations of the Council Tax Reduction Task and Finish Group on the Council Tax Reduction scheme, the disregard of war pension income in the assessment of Housing Benefit, and a review of our National Non-Domestic rate relief policy.

3 COUNCIL TAX REDUCTION SCHEME

- 3.1 Members will recall that local authorities are responsible for setting up their own local Council Tax Reduction Scheme to support those of working age on low income with paying their council tax. The Government stipulated that there must be no change to the level of support that pensioners receive and there are no plans to localise the scheme for this group. There are no plans to include Council Tax Reduction within Universal Credit.
- 3.2 The Council must formally approve the Council Tax Reduction Scheme no later than 11 March in any year, to take effect from 1 April.
- 3.3 The Council Tax Reduction Scheme fulfils the prescribed requirements for localised schemes.
- 3.4 There are currently 7,939 claimants receiving Council Tax Reduction. Of these 4,236 are working age and 3,703 are of pensionable age. See Appendix 1 for caseload trend.
- 3.5 The current Council Tax Reduction Scheme costs approximately £9.5 million, with this cost being shared between all precepting authorities. The cost is split between:

Working Age	£4,805,991
Pensioner	£4,734,836

3.6 The amount of Council Tax Reduction awarded affects the tax base of each organisation and is not identified within the overall formula grant allocation.

4. REVIEW PROCESS

- 4.1 The Task & Finish Group met to review the current scheme and proposed changes effective from 1 April 2024.
- 4.2 Due to the timing of the District Council election and the lead time required to undertake the necessary detailed analysis and impact assessments, it has not been possible to undertake a full review of the scheme, including consideration of a banded scheme. It is recommended by the Group to consider this in 2024.
- 4.3 The recommendations of the Task & Finish Group are to be considered by the Resources and Transformation Overview Scrutiny Panel, the Cabinet and full Council in December 2023.

5. THE CURRENT LOCAL COUNCIL TAX REDUCTION SCHEME

- 5.1 The council's Council Tax Reduction Scheme protects vulnerable residents so that some of the changes to the scheme do not apply to them, see 5.2 and 5.3 as examples. A person is vulnerable if they (or a partner) are in receipt of Disability Living Allowance, Personal Independence Payments or Severe Disablement Allowance.
- 5.2 The council's Council Tax Reduction Scheme for 2023/24 requires all working age claimants (except vulnerable households) to pay a minimum of 10% council tax.
- 5.3 The council's Council Tax Reduction Scheme also includes:
- Council Tax Reductions are capped at band D (so that claimants living in higher banded properties receive support based on band D). There is no band cap for vulnerable households.
 - A savings limit of £6,000 (£16,000 for vulnerable households), so that claimants with more than £6,000 in savings are not entitled to any reduction.
 - The council's Council Tax Reduction Scheme incentivises work by disregarding £25.00 a week of earnings. For comparison purposes, the government disregards in Housing Benefit are £25.00 for a lone parent, £20.00 for a disabled claimant, £10.00 for a couple and £5.00 for a single claimant.

6. MATTERS CONSIDERED BY TASK & FINISH GROUP

- 6.1 Collecting council tax from those on low income is difficult, with significantly more work for officers. Administration has also increased, notably in working with those affected. In 2023/24 council tax bills increased by an average of 5%, meaning council taxpayers having to pay more. This is likely to continue in the forthcoming years.
- 6.2 The Council Tax in-year collection rate for those in receipt of Council Tax Reduction, who are not a pensioner or vulnerable, has reduced from 74.63% to 74.21% and overall in year collection rate for those in receipt of Council Tax Reduction increased from 85.59% to 87.00%.

6.3 Many of the claimants have also been affected by the increase in the cost of living, in particular fuel and food inflation which adversely affects low-income households, although there has been some government support provided. This includes the Council Tax Support Fund, which reduces those receiving Council Tax Support on 1 April 2023 with an outstanding council tax liability by up to £25.00, and a Discretionary Fund, where an additional £10.00 being awarded as well as supporting all new claims for Council Tax Reduction in 2023/24 with a £25.00 reduction in their council tax liability.

7. DISCUSSION ON COUNCIL TAX REDUCTION SCHEME FOR 2024/25

7.1 The group considered reviewing various aspects of the current scheme. This included:

- a) the 10% minimum contribution
- b) the Band D cap
- c) the capital limit of £6,000

7.2 The Group discussed these aspects and agreed to maintain these and not to propose any changes.

7.3 The Group also discussed a Banded scheme and recommended a fundamental review of this be undertaken in 2024 when sufficient time could be devoted to this.

7.4 The Group discussed one proposed change, summarised as follows:

Proposed change	No. of claims affected	Overall financial impact
To remove the Additional Earnings Disregard and increase the Standard Earnings Disregard	Circa 1,400	Minimal

7.5 The Group discussed the reasons and impact of the proposed change.

7.6 Currently, our scheme disregards £25.00 per week from all earnings when working our entitlement to Council Tax Support, irrespective of the number of hours worked; this is known as the standard earnings disregard. There is an additional £17.10 per week disregarded in specified circumstances, where:

- Lone parent working more than 16 hours a week
- Single person working more than 30 hours a week
- Couple where one is working at least 30 hours a week
- The person working receives a disability benefit and works more than 16 hours a week

7.7 Currently, the council is notified electronically from the Department for Work and Pensions of claimants Universal Credit awards. This includes details on earnings of both the claimant and partner, both when making a new claim and when assessing ongoing entitlement. This information is used to work out entitlement to Council Tax Reduction. Notifications are received every time there is a change to a claimant's or partners earnings, with many households having changes every month as their hours of work varies. Universal Credit notifications do not include

details about the number of hours worked and this information is needed to ascertain the level of earnings disregard to apply.

- 7.8 To ensure the correct level of disregard is applied, manual intervention is required by officers to review and update every notification received. This means having to contact claimants by either phone, email or letter, to ascertain their number of hours worked, this often results in multiple attempts to contact claimants and retrospective changes to awards, meaning reissuing of decision notices and recalculation and sending of council tax bills. This increased administration, delays processing times and limits the amount of automation that could be done to thousands of notifications received each year.
- 7.9 Our aim is to fully maximise the automation to streamline processes and simplify administration so that the numbers of hours worked is not relevant or required when making decisions on entitlement. By removing the Additional Earnings Disregard (AED) of £17.10 per week and increasing the weekly Standard Earnings Disregard, this would significantly simplify the scheme for the Council and claimants and mitigate the impact. It would also streamline working practices and simplify administration, both for the Council and for claimants, who would not need to continually provide details of the number of hours worked. Increasing automation of earnings notifications would enable more efficient use of resources, reduce costs, and have a bearing on staffing levels.
- 7.10 Members had previously requested further information, including analysis of the impact of this change if it were to be cost neutral, i.e., the change would not result in an increase or decrease in the overall amount of support given from the scheme.
- 7.11 Members noted in the impact assessment regarding the effect on support for working age people. It was noted that removing the AED but increasing the weekly standard earnings disregard by £10.00 would achieve a broadly cost neutral outcome, incurring a small increase in overall costs of circa £8,000, but ensuring a rounded disregard amount (the exact amount to ensure cost neutral would be £9.26). It is noted that the cost would be offset by a reduction in administration costs as detailed in 7.8.
- 7.12 The impact of this change is:
- a) a reduction in support by up to £74.04 per annum for 701 claimants, though potentially this would be mitigated in part, or in full in some cases, by annual upratings.
 - b) an increase in support by up to £104.57 per annum to 733 claimants who would be better off with this change as more of their earnings would be disregarded. This would provide additional financial support to those low-income households working less than 16 hours per week and it would incentivise work.
- 7.13 This change will affect all claims from 1 April 2024.
- 7.14 The Group were made aware of the Exceptional Hardship Payment scheme which is available to support any claimant in exceptional financial hardship with paying their Council Tax due to a shortfall between their Council Tax Reduction and the amount

of Council Tax to pay. Should any reduction in the level of support cause hardship, claimants can apply for Exceptional Hardship Payments.

8. CONSULTATION

- 8.1 The Council has a duty to consult on any changes to the scheme. The Council undertook a consultation exercise over a 6-week period, from 30 August 2023 to 11 October 2023, advertising on the council's website, social media, residents email, as well as contacting Hampshire County Council and Citizens Advice New Forest.
- 8.2 The Council only received 16 responses, with a range of responses with no clear view. Due to the minimal response received it is not possible to determine any conclusions.
- 8.3 After considering the consultation responses, the Group recommend making the proposed change to the Council Tax Reduction scheme from 1 April 2024.

9. HOUSING BENEFIT DISREGARD OF WAR PENSION INCOME

- 9.1 The Housing Benefit Regulations 2006 provide a £10.00 per week disregard from specified war pension income in the assessment of entitlement to Housing Benefit, with local authorities having discretion to disregard up to 100% of this income.
- 9.2 The incomes in scope are:
- Constant Attendance Allowance
 - Comforts Allowance (higher rate)
 - Comforts Allowance (lower rate)
 - Mobility Supplement
 - War Disability Pension – Unemployability Supplement
 - War Disability Pension
 - War Pensions Additions
- 9.3 The Council currently uses its discretion to disregard 100% of war pension income and there are currently 18 Housing Benefit claims receiving this disregard.
- 9.4 The Group recommend no change so that our long term commitment to disregard 100% of war pension income continues to support ex-service personnel.

10. NATIONAL NON-DOMESTIC RATE RELIEF POLICY REVIEW

- 10.1 The Group reviewed the current National Non-Domestic Rate Relief policy that provides rate relief for businesses paying business rates, see Appendix 2. Rate Relief can be mandatory, discretionary or both, and is granted in accordance with the Local Government Finance Act 1988 and 2012, and the Localism Act 2011.
- 10.2 The Group support the updated policy attached as Appendix 2 and recommend its approval and adoption with immediate effect.

11. FINANCIAL IMPLICATIONS

- 11.1 The financial implications of the proposed changes were discussed.

11.2 The proposed change will have a minimal impact on the overall cost of the Council Tax Reduction scheme, increasing total costs by circa £8,000.

11.3 To continue to apply a 100% disregard of war pension income in the assessment of Housing Benefit entitlement costs £36,550 per annum.

12. CRIME & DISORDER IMPLICATIONS / ENVIRONMENTAL IMPLICATIONS / DATA PROTECTION IMPLICATIONS

12.1 Data held to administer Council Tax Reduction and Housing Benefit are subject to our data retention schedule.

13. EQUALITY & DIVERSITY IMPLICATIONS

13.1 Our Council Tax Reduction scheme continues to support those on a low income and protects vulnerable households and proactive steps are taken to promote and maximise take-up. The continuation of disregarding 100% of war pension income supports those who have served in the armed forces.

14. RESOURCES AND TRANSFORMATION OVERVIEW AND SCRUTINY PANEL COMMENTS

14.1 The Panel support the recommendations in full.

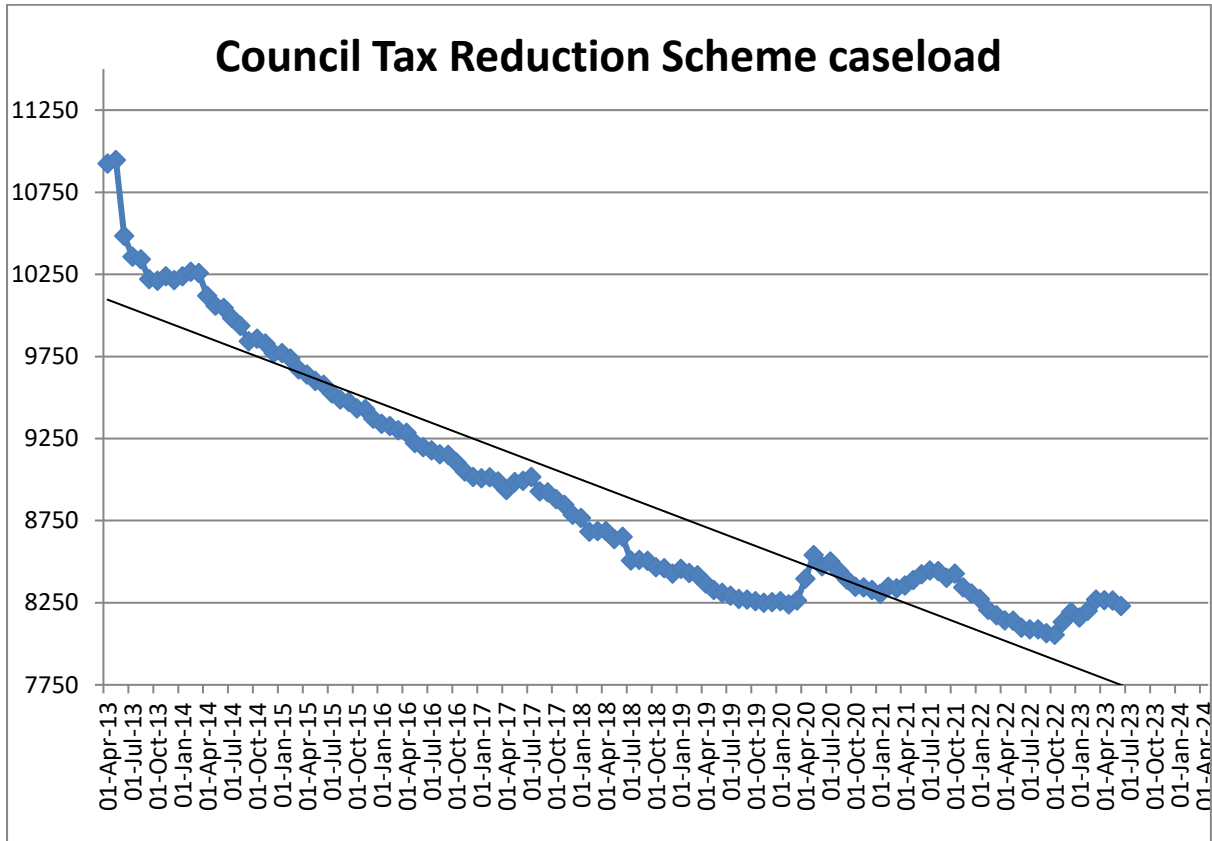
15. PORTFOLIO HOLDER COMMENTS

15.1 I support the recommendations which increases the automation of our Council Tax Support scheme and significantly simplifies administration for both the Council and claimants. We are committed to supporting ex-service personal and continuing to disregard war pension income in full confirms this commitment. The updated National Non-Domestic Rate Relief policy confirms the circumstances where we will award rate relief.

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Background Papers:
Minutes of Task & Finish Group

Council Tax Reduction Caseload



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New Forest District Council

Revenues and Benefits Service Rate Relief Policy

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1. Introduction

- 1.1 This policy sets out the Council's approach to supporting local businesses under its business rate relief schemes.
- 1.2 The Council recognises the importance of supporting local businesses and organisations to promote the provision of economic growth and local facilities. Councils have the power to grant discretionary rate relief to organisations that meet certain criteria, and this policy applies to applications for rate relief for National Non-Domestic Rates (Business Rates). Rate Relief can be mandatory, discretionary or both, and is granted in accordance with the Local Government Finance Act 1988 and 2012, and the Localism Act 2011.
- 1.3 This policy specifies the factors that will be considered when deciding whether to award a relief. All applications will be decided on its merits, and we will treat all customers fairly and equally.

2. Policy Aims

- 2.1 Public funds are limited and a proportion of the costs of the rate relief granted is borne by local council tax payers. In making decisions, the Council must be satisfied that awarding a rate relief will benefit the community.
- 2.2 The Council will treat all applicants equally, will consider all applications on their individual merits fairly and consistently, and will seek through administering this policy to meet corporate objectives and support local businesses and organisations.
- 2.3 The overall interests of Council Tax payers is safeguarded by ensuring that funds are allocated and used in the most effective and economic way.

3. Rural Rate Relief

Mandatory Rate Relief

- 3.1 Certain properties can be awarded rate relief if it is located in a rural area, which is defined as a rural area with a population below 3,000.
- 3.2 50% rate relief shall be awarded where the ratepayer occupies:
 - the only general store or post office within a rural settlement and the rateable value is less than £8,500.
 - the only pub or petrol station within the rural area with a rateable value of £12,500 or less.

Discretionary Rate Relief

- 3.3 50% rate relief will be awarded in all cases where the occupier is entitled to the 50% mandatory rate relief.
- 3.4 In addition, 100% rate relief can be awarded where the ratepayer occupies a property within a rural settlement with a rateable value of less than £16,500 and where the council considers the property provides a clear benefit to the local community.

Reviews

3.5 All mandatory and discretionary rate relief awards will be reviewed every 3 years.

4. Registered Charities

Mandatory Rate Relief

4.1 80% rate relief shall be awarded where:

- (a) the ratepayer of a property is a registered charity and
- (b) the property is wholly or mainly used for charitable purposes

Reviews

4.2 All mandatory rate relief awards will be reviewed every 3 years

Discretionary Rate Relief

4.3 20% discretionary rate relief can be awarded where the ratepayer is entitled to the mandatory rate relief and where:

- where the property is occupied and used to provide a service or benefit to the local community,
- is open to all the community,
- the ratepayer is able to demonstrate they would sustain financial hardship if the rate relief was not awarded
- it is reasonable for the Council to do so, having regard to the interests of local council tax payers

The following will not be eligible for a discretionary award:

- charity shops,
- private and independent schools
- Housing Associations

Reviews

4.4 Discretionary Rate Relief awards will be subject to the following review periods:

- (a) Every 5 years where the annual value of the discretionary rate relief award is more than £1,500
- (b) Every 3 years where the annual value of the discretionary rate relief award is less than £1,500

5. Registered Community Amateur Sports Clubs

Mandatory Rate Relief

5.1 80% rate relief shall be awarded where the ratepayer is registered with HMRC as a Community Amateur Sports Club.

Discretionary Rate Relief

- 5.2 The council has decided not to make any discretionary awards. However, where the Community Amateur Sports Club would otherwise be entitled to small business rate relief we will award:
- 20% where the rateable value is below £12,000

Reviews

- 5.3 Any mandatory rate reliefs will be reviewed every 3 years.

6. Sports Clubs and Not for Profit Organisations

- 6.1 The council has the discretion to award discretionary rate relief of up to 100% of the business rates on properties occupied by a sports club and not-for-profit-organisations. Applications will be treated on their own merits and in consideration of the interests of local taxpayers.

- 6.2 To be eligible for consideration, the property must be:

- (a) Wholly or mainly used for the purposes of recreation and all or part of it is occupied for the purpose of a club, society, or other organisation not established or conducted for profit; or
- (b) occupied for the purposes of one or more institutions or other organisations, none of whom are established or conducted for profit and each of whose main objectives are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature, or the fine arts.

- 6.3 The organisation should be able to demonstrate a financial need for rate relief. The government has provided some guidance when considering an application.

- 6.4 In making a decision, we will consider the following:

Access and membership

- (a) Is membership open to all sections of the community? There may be legitimate restrictions placed on membership, e.g., where the capacity of the club is limited. Organisations will not be considered if the membership rate is high and therefore excludes the general community.
- (b) Does the organisation actively encourage membership from across the community or actively target specific groups, such as young people, older age groups, persons with disabilities, ethnic minorities etc. Organisations which do not encourage such membership may not be successful.
- (c) Are the facilities made available to the community, other than just members? The wider use of facilities should be encouraged and promoted.
- (d) Is the organisation affiliated to local or national organisations, e.g., local sports or arts councils, national representative bodies? i.e., are they actively involved in local/national development of their interests
- (e) How is the organisation funded?

Provision of facilities

- (a) Does the organisation provide training or education to its members, or schemes to develop skills?
- (b) Have the facilities available been provided by self-help or grant aid? An organisation that uses or has used self-help or grant aid for construction, maintenance or provision of facilities may be considered more favourably.
- (c) Does the organisation have a bar? Having a bar should not in itself be a reason for not granting relief. The Council will look at the main purpose of the organisation, for example bringing people together with similar interests. In sports clubs for example the balance between playing and non-playing members might provide a useful guide as to whether the main purpose of the club is sporting or social activities.
- (d) Does the organisation provide facilities which indirectly relieve the Council of the need to do so, or enhance and supplement those which it does provide? The Council will not refuse to grant rate relief on the grounds that an organisation is in competition with the Council itself but will look at the broader context of the needs of the community as a whole. A new need, not being provided by the Council but identified as a priority for action, might be particularly deserving of support.
- (e) Are the premises available to the wider community to use?

Reviews

6.5 Discretionary Rate Relief awards will be reviewed within the lifetime of the rating list.

7. Small Business Rate Relief

7.1 Small business rate relief is a mandatory relief and will be awarded based on the following criteria:

- (a) There is mandatory rate relief of 100% where the ratepayer occupies a property with a rateable value of £12,000 or less, or if more than one property is occupied and the additional property has a rateable value of less than £2,900 and the combined rateable value of all the properties is not more than £20,000,
- (b) Rate relief is awarded on a sliding scale where the ratepayer occupies one main non-domestic property with a rateable value of between £12,000 and £15,000, or if the ratepayer occupies more than one non-domestic property, each additional property has a rateable value of less than £2,900 and the total rateable value of all properties is less than £20,000.

7.2 Where a demand notice is issued to a ratepayer information is provided about this relief.

Reviews

7.3 All awards will be reviewed during the lifetime of the rating list

8. Hardship Rate Relief

8.1 The Council will consider applications for hardship rate relief of up to 100% of the business rates due by taking into consideration the following:

- (a) the ratepayer would sustain hardship if the authority did not do so; and

- (b) it is reasonable for the authority to do so, having regard to the interests of persons subject to its council tax.
- 8.2 The amount of any hardship rate relief award will be capped at the lower of 6 months rates liability or £3,000.
- 8.3 The intention is to support businesses in the short term, with awards usually being for a maximum period of 6 months, to allow the business to develop, recover or manage an event or decline and become financially stable. Government guidelines advise that the awarding of rate relief should only be in exceptional circumstances. The test of hardship is not necessarily confined to financial hardship; all relevant factors affecting the ability of a business to meet its liabilities will be taken into consideration. It is the ratepayer's responsibility to demonstrate hardship and to supply supporting evidence.
- 8.4 The council is open and transparent and as such, any hardship award must fulfil the test as to whether council taxpayers would consider the award to be reasonable and in their best interests.
- 8.5 Any award will be an exception and when making a decision, we will consider the following:
- (a) Whether the business provides a service to the community
 - (b) Whether the service provided is obtainable elsewhere within a reasonable distance
 - (c) Whether there is a genuine prospect of the business going out of business without an award
 - (d) The number of persons employed by the business
 - (e) Whether there is a genuine prospect of the business continuing in the long term after an award
 - (f) The latest figures available for net profit/loss, and the cost of business rates as a percentage of total business expenses and gross profit.
 - (g) If the hardship is not just the result of economic or market factors, nor due to excessive drawings or outgoings.
 - (h) What steps the ratepayer has taken to alleviate the hardship
 - (i) Details of why the business is experiencing hardship
 - (j) How long the business has been trading. An award of Hardship rate relief will not be made for the purpose of enabling a new business to become established except where the viability of the business is threatened by events that could not reasonably have been foreseen when establishing the business
 - (k) If the property is unoccupied, awards will only be made in exceptional circumstances and where there are clear benefits to council tax payers
 - (l) The ratepayers history of business success or failure
 - (m) Consideration will be given where the ratepayer has more than one trading business
- 8.6 Hardship relief will not be granted where the applicant:
- Has failed to have adequate insurance for their business or premises, resulting in the application for hardship
 - Has not maintained payment of their business rates for previous years

9. Partly unoccupied properties

9.1 Where part of a property is unoccupied for a short time the council has discretion to reduce the rates on a property by awarding rate relief in respect of the unoccupied part of the property. The council will ask the Valuation Office Agency to apportion the rateable value between the occupied and unoccupied parts of the property.

9.2 In deciding whether to award a rate relief the following factors will be considered:

- (a) The reasons for the part occupation
- (b) The expected duration of any part occupation
- (c) Previous awards to the same organisation

9.3 The rate relief can apply for a maximum of 6 months for industrial properties and a maximum of 3 months for non-industrial properties.

10. Policies and procedures

10.1 For any award of discretionary rate relief, as set out in sections 4, 5, 6 and 8 applicants must ensure that:

- There are relevant policies such as child protection, safeguarding, health and safety, codes of practice
- They must adhere to the Equality Act 2010 and Disability Discrimination Act to legally protect people from discrimination in the workplace and in the wider society.
- All of the organisations employed staff must be paid the current national living wage as a minimum

10.2 Where an application is received from an organisation that is the subject of an investigation by a relevant regulator, such as the Charity Commission, we will make a decision once the outcome of the investigation is decided.

11. Applications

11.1 An application must be made in the format prescribed by the council and include any supporting evidence the council considers necessary. This could include audited accounts and recent bank statements.

11.2 Where requested information and evidence is not supplied the Council will not make an award.

12. Awards

12.1 Any reliefs awarded will be applied directly to the business rates account.

12.2 Reliefs will cease and any overpaid rate relief will be recovered where:

- (a) The applicant ceases to be liable for business rates,
- (b) The property for which relief is granted becomes empty,
- (c) The use of the property changes
- (d) The aims, or objectives of the organisation changes or it ceases from activities which the Council considers to meet the above eligibility criteria
- (e) The organisation ceases trading

- (f) There is a change in circumstances, for example a change in the rateable value
- (g) The applicant no longer meets the eligibility criteria for an award, for example they lose their CASC status

12.3 Awards will be considered from the date the application is received. In exceptional circumstances consideration may be given to awarding rate relief for a retrospective period where the ratepayer can demonstrate good cause for not submitting the application earlier, subject to the following constraints relating to discretionary awards:

- (a) If the application is received by 30 September, the award can be backdated to 1 April of the previous financial year
- (b) If the application is received after 30 September, the award can only be backdated to 1 April of the current financial year

13. Decision Making

13.1 Decisions will be made by the Business Rate team, in conjunction with the Revenues Manager, in accordance with the eligibility criteria.

14 Notification

14.1 The Council will notify ratepayers within one month of making their application and providing all the supporting information.

14.2 Where an award is made notification will be sent to confirm the amount and duration of the award and the ratepayers revised liability. The ratepayer will be required to notify the council of any changes in their circumstances that could affect the award.

15. Review of decisions

15.1 The Council will operate an internal review process and will accept an applicant's request for an appeal of its decision.

15.2 All such requests must be made in writing or by email to the Council within one month of the Council's decision and should state the reasons why the applicant is aggrieved with the decision of the Council. New information may be submitted at this stage to support the applicant's appeal.

15.3 The application will be reconsidered by Service Manager – Revenue, Benefits and Customer Services, as soon as practicable and the applicant informed in writing or by email of the decision. This decision is final and there are no further grounds to challenge a decision internally, however an applicant may apply for a Judicial Review of a decision.

15.4 Ratepayers should continue to pay any amounts due whilst the application is awaiting a decision, unless the Council has agreed with the ratepayer that payments are suspended.

15.5 Where an application is refused, further applications will not be considered within 12 months unless:

- the use of the property changes

- the objectives of the organisation changes, or
- there are other material changes that may affect the Council's decision

16. Subsidy control

- 16.1 Discretionary Business Rates relief shall not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving Subsidy that is above the current de minimus level. For further information please visit <https://www.gov.uk/government/collections/subsidy-control-regime>

17. Financial implications

- 17.1 The implications of awarding a Discretionary Rate Relief are that the cost to the Council is 40% of the award.

18. Policy review

- 18.1 The council will review this policy every 5 years or earlier if legislation changes.

MEDIUM TERM FINANCIAL PLAN 2023 ONWARDS

1. Recommendations

Cabinet are asked to;

- a) note the contents of the report and the updates to the Medium Term Financial Plan; and
- b) endorse the approach taken to set the Asset Maintenance and Replacement Programme and Capital Programme Budgets for 2024/25

2. Purpose of Report

- 2.1 To consider the ongoing development of the Medium Term Financial Plan 2023 onwards and consider the factors that will influence its delivery and that of the annual budget strategy 2024/25.

3. Background

- 3.1 The Council has a legal requirement to set an annual fully funded balanced budget and must plan its finances over a medium term period.
- 3.2 The Council's financial strategy seeks to achieve a balanced budget through the crystallisation of efficiencies from all services, supported with the targeting of new and additional income generation and align available financial resources, and create additional financial resources, to deliver on corporate priorities. Financial stability over the medium-to-long term has underpinned the Council's financial strategy, with due consideration being given to the potential implications that the Fair Funding Review, Business Rate Reset, and national rent setting policy will have on this Council. The Council has understood the need to consider its overall organisational business model in order to ensure the future protection of its services and aligns the financial plan to ensure its delivery of key priorities as outlined in the Corporate Plan.
- 3.3 Actions need to commence on the development of future years' budgets. To support this work it is necessary that an assessment is made of the likely financial scenario based upon latest available information. The October MTFP set a baseline position and is now updated for changes (including Council decisions) and reviews undertaken since. As explored further in section 4, uncertainty still surrounds the local government finance settlement, which is expected early-mid December.
- 3.4 The Chancellor delivered the 2023 Autumn Statement on the 22nd November. There was very little new in the Autumn Statement for local government in terms of core funding, but there were several items that we have a direct impact to the Council, our residents and businesses. In summary:
 - The Local Housing Allowance rate was increased to the 30th percentile of local market rents from April 2024. Government figures suggest that 1.6 million households will benefit, by an average of £800 a year, and so this should have a positive impact to homelessness and temporary accommodation.

- A new flexibility has been introduced to charge a premium for major planning application fees.
 - An additional £120 million has been identified to support homelessness prevention, including support to Ukrainian households.
 - A new £110 million Local Nutrient Mitigation Fund for councils to mitigate the impact of nutrient pollution in waterways and deliver additional homes that have been on hold
 - The preferential rate for HRA borrowing has been extended by a further 12 months (to June 2025)
 - The small business rate multiplier will be frozen for a fourth consecutive year at 49.9p (in the £1), while the standard multiplier will be uprated by CPI to 54.6p in March 2024.
 - Freeport tax incentives have been extended from 5 to 10 years.
 - The National Living Wage (NLW) for 2024/25 was confirmed at £11.44 per hour. It is likely the National Joint Council (NJC) will want to retain a meaningful headroom between this NLW and its minimum pay point (currently £11.59). This will have an impact on the thinking behind the NJC pay award offer for 2024/25, to be confirmed at a later date.
- 3.5 We won't know the specific implications to NFDC in terms of Finance Settlement funding support until the release of the Provisional Finance Settlement, which will be released mid-December.
- 3.6 The Bank of England base rate is currently 5.25%. In the short term, it will have a positive impact to the Council's interest earnings, but in the medium term, will impact on the cost of borrowing required to support the Capital Programme. The current rate will also impact on residents who have variable rate mortgages, and so could further increase immediate cost of living pressures.
- 3.7 Although still high, inflation has fallen from its peak as annual headline CPI (Consumer Prices Index) declined to 4.6% in October 2023 from 6.7% in September. The largest downward contribution in recent months has come from food prices and the cost of utilities.

Section 4: The General Fund

4a. Updated Medium Term Financial Plan

- 4a.1 The October MTFP outlined a forecast deficit to 2027/28 of £3.537M. This base MTFP assumption assumes an annual increase in Council Tax, aligned to the flexibilities allowed by central government policy, which contributes cumulative income growth of £1.522M to 27/28 (the forecast deficit otherwise would be in excess of £5M).
- 4a.2 Significant quantifiable changes to consider since the September reported position are as follows:

4a.2.1 Tax Base Growth

An assumption of tax base growth (new housing within the District) is factored into the medium term forecast as it results in additional Council Tax precept being collected. The calculated growth for 23/24, to feed into the 24/25 budget setting has been confirmed elsewhere on this Cabinet Agenda. The confirmed

growth of 99.7 (0.14%) band D equivalent properties is less than the forecast assumption, which was assuming growth of 0.5% for the year.

4a.2.2 Car Parking Fees and Charges

The Council took a decision to introduce new charges to take effect from the 1st January 2024. The impact to the MTFP as a result of this decision is to support the delivery of the MTFP by a net additional £1.020m per annum.

4a.2.3 ICT revenue costs

The Council is currently completing a project to migrate its servers to the Azure cloud. This model necessitates a new annual revenue cost, as opposed to a large cyclical one-off replacement of physical hardware. A change within the Council's ICT network has also been required in light of Hampshire County Council withdrawing from the HPSN Service Level Agreement. This has necessitated revised in-house arrangements for Virtual Public Network access and Internet firewalls, at an additional cost to the Council.

4a.2.4 External Audit Fees

The Council has entered a new contract with its external auditors, via the Public Sector Audit Appointments scheme, and will see an increase in budgetary requirement of £72,000. This is reflective of the increased scope that External Auditors are required to deliver in comparison to the previous contract price, as well as the price being intended to allow External Auditors to increase their resource to deliver external audits in a more timely fashion.

4a.3 The resultant latest summary financial position showing the cumulative forecast deficit to 2027/28 is demonstrated in Table 1:

Table 1 – Resultant Updated Forecast Deficit to 2027/28

	Forecast 24/25 £'000	Forecast 25/26 £'000	Forecast 26/27 £'000	Forecast 27/28 £'000
October MTFP Cumulative Forecast (Deficit) / Surplus	(425)	(1,023)	(2,771)	(3,537)
Adjustments Post October	666	664	662	661
Latest (Deficit) / Surplus	241	(359)	(2,109)	(2,876)

4b. Other Matters for further consideration

4b.1 Other significant matters are still very relevant to the Council as we approach the finalisation of the new Corporate Plan, and budget for the 2024/25 financial year. Matters include:

4b.1.1 Pay Award

Pay Award was significant in both 2022/23 and 2023/24, to the extent that it added a total of £3.64 million (£2.74 million to GF and £0.900 million to HRA) to the Council's overall pay bill in just 2 years. The base assumption within

detailed budget preparation is 3% for 2024/25, and 2% thereafter, with an added contingency included within the base budget for 2024/25.

4b.1.2 Waste Strategy

Absolute confirmation in relation to New Burdens funding is still outstanding, although recent events suggest that a degree of new burdens capital funding will be forthcoming in the current financial year, and that revenue new burdens funding will be forthcoming in due course. At this stage, the Council is still unaware of the value and longevity of any new burdens funding that was initially confirmed to cover the added cost of separate food waste collection. The forecast additional cost of this separate collection service is now £1.85 million PA, so significant in the context of the Council's General fund budget. A paper elsewhere on this agenda gives fuller detail on this subject.

4b.1.3 Leisure Centres

The Leisure contractual position is under pressure as a result of the significant increases in utilities and the slower than anticipated income return, undoubtedly linked to the current cost of living crisis. Council representatives on the Partnership Board continue to work closely with Freedom Leisure. It is worthy of note that increased contractual income as the Council enters into contract year 3 is able to facilitate an increase in the Leisure Centre maintenance budget for 2024/5; this is covered further in section 7 of this report.

4b.1.4 Solent Freeport

Work is ongoing with Senior Officers and Cabinet members in their various roles within the Freeport Consortium Board and Committees. A request to extend the period of tax break incentives, to align more closely with regional investment zones, was submitted to the Government and has now been accepted. With this extension, the proposition for meaningful development within the tax sites is much improved, compared to the original Sept 26 deadline.

4b.1.5 Local Plan Delivery

The Council needs to have an up to date Local Plan with review required every 5 years. The Council has set aside an initial sum of £370,000 within a specific reserve for this purpose, although this will be insufficient to cover the full cost of the new plan.

4b.1.6 Planning Fees and Charges

Notice was received on the 14th November that statutory planning fee increases would come into effect from 6th December 2024. Householder and minor application fees will increase by 25% and major application fees increase by 35%. Financial monitoring during 2023/24 has confirmed a slowdown in application numbers and so income. The yield from the fee increases will cover this re-basing of the income budgets to levels more consistent with those seen in 2023/24, and provide an additional c£130,000 annually for a 3 year period to contribute towards the cost of the Local Plan (outlined above).

4b.1.7 Regeneration Masterplan work

A Regeneration Vision for Totton has been produced. The next stage of the work will be to produce a detailed Masterplan and delivery Plan. It is highly likely that the Council will require a new budget, beyond the current £50,000 regeneration working budget as included within the original budget for 2023/24 to see through this work.

4b.1.8 Sustainability and Carbon Reduction

Over the period covered by this Medium- Term Financial Plan, the Climate and Nature Emergency actions will begin to be substantiated with financial implications that will need addressing in the budget cycle. Whilst there are no direct financial implications to include within this report (in addition to the annual £250,000 budgeted for sustainability projects), there is a likelihood that the February Budget will reflect on this level of funding and its suitability over the Medium Term.

4c. Use of headroom to invest in Corporate Plan Priorities

4c.1 Discussions have commenced at Senior Leadership level with the Portfolio Holders on resource gaps to deliver on emerging corporate plan priorities. Further information and clarity on where any budget headroom will be focused, including due consideration of the factors as included throughout section 4b, will be forthcoming in future budget planning reports as the Corporate Plan nears completion following consultation.

Section 5: The Housing Revenue Account

5a Updated Medium Term Financial Plan

5a.1 Plans are progressing with regards to the development of the HRA budget for 2024/25, which will include:

- The potential for additional income, as a result of new property developments and acquisitions and the Rent Setting Policy approved in February 2023.
- Additional income yield, based on the current policy of CPI +1%.
- Additional income from the second phase of the service charge review approved in February 2023.
- The additional costs of Pay Award and incremental progression.
- Cost pressures on external supplies and materials associated with the Consumer Price Index
- Cost and income pressures related to void properties, which have now seen an increase in number and cost over the last 3 financial years.
- New administrative requirements in relation to the Social Housing Regulation Act.

5a.2 The current rent policy of CPI+1% would result in a rent increase of 7.7% but it should be noted that last year the Government capped increases for 2023/24 at 7% rather than the 11.1% that would have applied under policy. Consultation on the increase for 2024/25 by the Government is therefore anticipated.

5a.3 The impact of every additional £1 spent in the revenue account is £1 less to provide funding to the large Housing Capital Programme or to fund the committed repayments on the existing borrowing. The 2023/24 budget currently shows a shortfall of £1.331 million in funding available to pay the £4.1m loan repayment, which effectively will need to be covered by new borrowing. The full detail behind the necessary budget changes as outlined above will be explored over the next couple of months during the detailed budget preparation stages.

- 5a.4 The Council has remained engaged with an external consultant to assist with the preparation and updating of the 30-year HRA business plan. It now starts to introduce additional costs to 2030 of £9 million - £15 million, as a result of the EPC-C target, which implicates around 3,000 HRA owned properties. Further updates will be presented to the Housing and Communities Overview and Scrutiny Panel as part of the budget consultation leading up to the adoption of the HRA budget in February.
- 5a.5 The Capital programme will include the significant Major Repairs Programme, continuing fire safety actions, increasing Disabled Facilities Grants and the continuation of the strategy to increase NFDC Council stock numbers. The Programme will follow a similar route to the General Fund programme in terms of having an initial review through the Capital and Change Board, followed by presentation at the Housing and Communities Overview and Scrutiny Panel, and ultimately onto Cabinet and Council as part of the formal budget setting process. The projects and financing will be fully explored in the updated Capital Strategy for 2024/25.
- 5a.6 The Capital Strategy and Investment Strategy will further explore the relationship between the outstanding loans held by the HRA, which as at the 31st March 2023 totalled £118 million, the current level of reserve balances, and the value of the proposed Capital Programme, to ensure the cost of debt is affordable over the short, medium and long term. This is likely to present a significant challenge considering the current interest rates applicable to external borrowing and the likely scale of the HRA Capital Programme required to 2030.

6. Fees and Charges

- 6.1 Following the adoption of the October MTFP and Fees and Charges policy for 2024/25 – 2026/27, work has commenced within services to review their fees and charges, including the basis of cost recovery on departments providing services to third parties. Further work will be ongoing as we approach February budget setting, and discussions will need to commence with third party partners as we enter the new financial year, to enable appropriate charging mechanisms to be adopted by the Council over the medium term.

7. Asset Maintenance and Replacement Programme

- 7.1 The General Fund budget for 2023/24 includes a budget for Asset Maintenance and cyclical Asset Replacement totalling £2.050M. Further pricing pressures on Vehicles and Plant have necessitated an increase of £200,000 for 2024/25. The additional income receivable through the Leisure Partnership with Freedom Leisure has enabled a top-up to the Leisure Maintenance budget of £300,000 (£250,000 to the AMR budget, and £50,000 to the Facilities Business Unit to enable programme and project delivery).
- 7.2 Table 2 demonstrates the indicative budgets for 2024/25, with the general £300,000 AMR budget to be allocated according to the priority order of bids submitted, as outlined further in paragraph 7.3 below;

Table 2 – Asset Maintenance and Replacement Budget Allowance and Indicative Budget for 2024/25

	2023/24 Budget Allowance £'000	2024/25 Budget Allowance £'000
Health & Leisure Centres (Landlord Maintenance)	500	750
ICT Replacement Programme	150	150
Other (Offices / Depots / Outlying Offices)	200	
Feasibility Surveys	10	
Deployable CCTV Cameras	15	
Contingency	65	
AMR Budget for 2024/25		300
Cyclical Replacement of Vehicles & Plant	1,450	1,650
Proportion Chargeable to the HRA	(340)	(350)
TOTAL	2,050	2,500

- 7.3 Service Managers were invited to submit their project requirements during the month of October, with the schedules collectively reviewed by the Capital and Change Board (CCB) in the first instance in November. Bids passed by the CCB will be shared with the Corporate Affairs and Local Economy Overview and Scrutiny Panel at its meeting in January.
- 7.4 At this stage via this report, the Cabinet is asked to endorse the approach taken to set the Asset Maintenance and Replacement Programme Budget for 2024/25.

8. Capital Programme & Reserves Held

- 8.1 Service Managers were invited to submit their project requirements during the month of October, with the schedules collectively reviewed by the Capital and Change Board (CCB) in the first instance in November. Bids passed by the CCB will be shared with the Corporate Affairs and Local Economy Overview and Scrutiny Panel at its meeting in January. The final proposed programme will be included in the Budget setting paper to Cabinet and Council during February.
- 8.2 The Capital reserves held by the Council to support the direct financing of the Capital Programme totalled £24.272 million as at 31/03/23 (a reduction in balance of £5.802 million in comparison to 31/3/22). Reserves held are split across the General Fund and HRA over various headings as follows:

Table 3 – Reserve Balances as at 31/3/23 Supporting the Capital Programme

	General Fund £'000	HRA £'000
Capital Programme	9,808	
Capital Receipts	2,381	3,805
Acquisitions and Development		8,278
TOTAL	12,189	12,083

- 8.3 The proposed programme to 2026/27 and financing will be fully explored in the updated Capital Strategy for 2024/25.
- 8.4 The Council will use flexibilities on the use of capital receipts to provide the funding for service transformation in waste collection, aligned with the new waste strategy.
- 8.5 The General Fund budget reserves remains in situ at £3M, and the HRA general reserve at £1M.

9. Crime and Disorder / Equality and Diversity

- 9.1 There are no direct implications as a result of this report, however, the Council's financial planning supports the aim of preventing and reducing crime and disorder within the District.

10. Environmental Implications

- 10.1 The Council's General Fund budget planning currently allows for £250,000 annually in the central sustainability fund, managed and overseen by the Council's Climate Change Manager. Significant officer time and resource across all departments will be required to support the work of the Climate Change Manager as the Council endeavours to transition to net zero.
- 10.2 The Council's Housing Revenue Account faces a significant budget requirement to address Decarbonisation of the stock. While detailed figures are still being worked on, indications are that £9 million - £15 million will be required up to 2030 to meet EPC-C targets and potentially a further £115 million by 2050 for other requirements.
- 10.3 Proposed actions and so funding will be required over the life of the MTFP, with financial implications being picked up in future reporting.

11. Portfolio Holder Comments

- 11.1 Sensible and pro-active decision making by the Administration continues to ensure that the Council has a strong Medium Term Financial position. We have established an excellent position to produce a balanced budget for 2024/25 and continue to work on

addressing the deficit to 2027/28.

For Further Information Please Contact:

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Background Papers:

Cabinet Oct '23 - MTFP

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RURAL ENGLAND PROSPERITY FUND: INVESTMENT PLAN FOR COMMUNITY INFRASTRUCTURE IMPROVEMENTS

1. RECOMMENDATIONS

That the Cabinet:

- 1.1 Approves the Rural England Prosperity Fund Community Grant awards, totalling £216,164, as set out in Appendix 2.
- 1.2 Delegates to the Strategic Director of Place, Operations and Sustainability, in consultation with the Portfolio Holder for Planning and Economy, any future request to Defra to alter the 60/40 split between funds to support businesses and those supporting community infrastructure to ensure full take up of our available Rural Fund allocation.
- 1.3 Delegates to the Strategic Director of Place, Operations and Sustainability, in consultation with the Portfolio Holder for Planning and Economy decisions on how any further Rural Fund resources are allocated in the event that additional funds are made available via the recommendation in paragraph 1.2 or in the event that the projects set out in Appendix 2 are underspent or do not progress.

2. INTRODUCTION

- 2.1 The Rural England Prosperity Fund (REPF or 'The Rural Fund') is a top-up to the UK Shared Prosperity Fund (UKSPF) and is available to eligible local authorities in England. Funding allocations were determined at local authority level, dependant on the area defined as 'rural' and are for the financial years 2023/24 and 2024/25. The total allocation for the New Forest is £540,115 and funding is to be spent by 31 March 2025.
- 2.2 The Rural Fund is a capital grant programme supporting business growth and improvements to community infrastructure, it will not fund revenue costs such as running costs, staffing or promotional activities. In November 2022, following a Portfolio Holder Decision, the fund was allocated 60/40 between projects to support businesses and those supporting community infrastructure. This split was submitted to Defra (Department for Environment Food & Rural Affairs), the managing authority for the scheme, as part of the New Forest's UKSPF Investment Plan.
- 2.3 In relation to community projects, the Rural Fund provides capital funding to support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy. The objective of the fund is to: '*strengthen our social fabric and foster a sense of local pride and belonging through investment in activities that enhance physical, cultural and social ties and amenities*'. This includes community infrastructure, local green space and community-led projects. The fund can also support capital grants for provision of net zero infrastructure for rural communities.

2.4 Projects must be within the Rural Fund area, as determined by Defra. A map of the Rural Fund area is at Appendix 1.

2.5 At its meeting of 1 March 2023, Cabinet agreed the following recommendation:

- That the Cabinet agree that an Investment Plan be prepared for Cabinet approval to allocate the Community Infrastructure Improvements.

3. PROCESS FOR DETERMINING RURAL FUND PROJECTS

3.1 The Rural Fund is one of a number of sources of funding which could be made available to community projects in the current year. Other funds include the Council's Capital Grants for Community and the Community Infrastructure Levy.

3.2 The Capital Grants for Community Fund is a discretionary grant to support a range of voluntary and community organisations to carry out projects and provide activities to benefit local people in support of the Council's priorities. It is an annual fund which is designed to support local community projects. Bids are submitted in the autumn and considered by a Task and Finish Group. In February 2023, Cabinet awarded £129,600 of revenue grants and £92,000 in capital grants. A similar process will be followed for a decision early in 2024 with an allocation of £100,000.

3.3 In addition, on 4 October 2023 Cabinet agreed to release £1m of funding from the Community Infrastructure Levy to support local infrastructure projects. Cabinet instructed officers to report back by the end of 2024 with a review of the allocation. The bidding process for CIL is currently underway.

3.4 To simplify the process for applicants, the Rural Fund Community Grants and the Council's Capital Grants for Communities were combined into one application process called 'The Community Grants Scheme'. This was launched on 1 August 2023. Except for the requirement for Rural Fund projects to be within the specified Rural Fund area (see map at Appendix 1), eligibility criteria for both funds were broadly similar. However, the deadline of March 2025 for completion of Rural Fund projects makes readiness and deliverability particularly important considerations for the Rural Fund

3.5 The scheme was publicised via direct emails to members, town and parish councils and community organisations and supported by press releases and social media activity. In total 30 applications were received by the combined fund although not all met the criteria of the Rural Fund.

3.6 There was no upper limit on grant requests and although applicants were encouraged to match fund their project from other sources, this was not essential for the Rural Fund.

3.7 Community Grant applicants were asked to provide:

- details of their organisation and proposed project,

- how their application would meet the needs of, and benefit, residents within the district
 - details of the project costs
 - the start and completion date of the project (Rural Fund projects must be completed and grant monies claimed by 01 Dec 2024)
 - the funding already secured, or grants applied for (if applicable)
 - the number of paid employees whose jobs would be safeguarded by the project.
 - if planning permission is required,
 - the outputs and outcomes from the project.
- 3.8 After the closing date of 31 October, officers from Economic Development, (responsible for administration of the Rural Fund) and Revenues and Benefits, (responsible for administration of the Council's Capital Grants for Communities) determined the potential appropriate source of funding for each application, based on its location (ie, whether it was within the Rural Fund area) and according to the priorities and objectives of each funder.
- 3.9 Applications that met basic Rural Fund criteria ie were in the fund area and required capital funding above the minimum grant rate of £5,000, requested total funding of over £528,000; more than double the available Rural Fund budget of £216,046.
- 3.10 Projects which were assessed as eligible were ranked by four criteria – deliverability in the timeframe, readiness to progress, the degree to which they would be transformative for the local area and the breadth of impact in terms of users of the facility. In a small number of cases, projects identified as being more suited to a CIL (Community Infrastructure Levy) bid than the Rural Fund bid were ruled out on that basis.
- 3.11 The recommendations outlined in this report do not constitute an absolute decision to fund or not fund a particular project; rather they identify those projects which are most relevant solely to the Rural Fund. This is particularly important given the relatively short window for delivery of the Rural Fund. Projects which have not been selected for the Rural Fund will be signposted to other potential funding routes – most obviously CIL or the Council's Capital Grants for Communities Task and Finish Group. Projects will be informed that the Council scheme is a competitive process and they are not guaranteed funding. These alternative funding sources are also administered by the Council. Projects may also become reserve projects for a Rural Fund allocation in the event that additional resources are made available, as set out in Paragraph 4.
- 3.12 The recommendations for each of the grant requests, are summarised in Appendix 2.

4. BUSINESS FUND

- 4.1 A separate process is currently underway to assess applications for the business element of the Rural Fund. In the event that the business fund does not receive the requisite number of eligible applications to utilise all of the funding (ie £324,000), it will be appropriate to approach DEFRA to allow any underspend to be used to support additional community projects. It is proposed that the business fund remain

open until 31 March 2024 and, at that point, consideration be given as to whether the 60/40 split between funds to support businesses and community infrastructure be reviewed. It is further proposed that such a decision is delegated to the Executive Director in consultation with the Portfolio Holder for Planning and Economy along with decisions relating to how such funds are allocated.

5. FINANCIAL IMPLICATIONS

- 5.1 None: the proposals set out in Appendix 2 are fully funded by the Rural England Prosperity Fund. A proportion of the Shared Prosperity Fund (4%) is available to assist authorities in implementing both the UKSPF fund and the Rural Fund.

6. CRIME & DISORDER IMPLICATIONS

- 6.1 None.

7. ENVIRONMENTAL IMPLICATIONS

- 7.1 The proposed Rural Fund grant awards will enable community organisations to improve the energy efficiency and resilience of community buildings.

8. EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 The Rural Fund will support organisations within the rural areas of the district to support, engage and benefit our communities and residents.

9. DATA PROTECTION IMPLICATIONS

- 9.1 None.

10. PLACE AND SUSTAINABILITY OVERVIEW AND SCRUTINY PANEL COMMENTS

- 10.1 The Panel supported the process for allocating Community Projects as set out in this report and the principle of referring unsuccessful bids to other potential funding sources if appropriate. The Scrutiny Panel asked questions on DEFRA's criteria for rural funding eligibility and made comments relating to the application process.

11. PORTFOLIO HOLDER COMMENTS

- 11.1 I am very pleased that we are able to support our rural communities through the Rural England Prosperity Fund. In particular, I am delighted that we have a wide range of projects recommended for support that will benefit all parts of our district. The grants will help well used community facilities to be more sustainable, resilient, and accessible. This will enable the grant recipients to continue to deliver important services and help to foster a sense of local pride and belonging through activities that enhance physical, cultural and social ties. Where we have not been able to directly fund projects through the Rural Fund we will, where appropriate, signpost organisations to alternative funding options.

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Background Papers:

Business, High Streets & Tourism Portfolio Holder
Decision – 21 November 2022

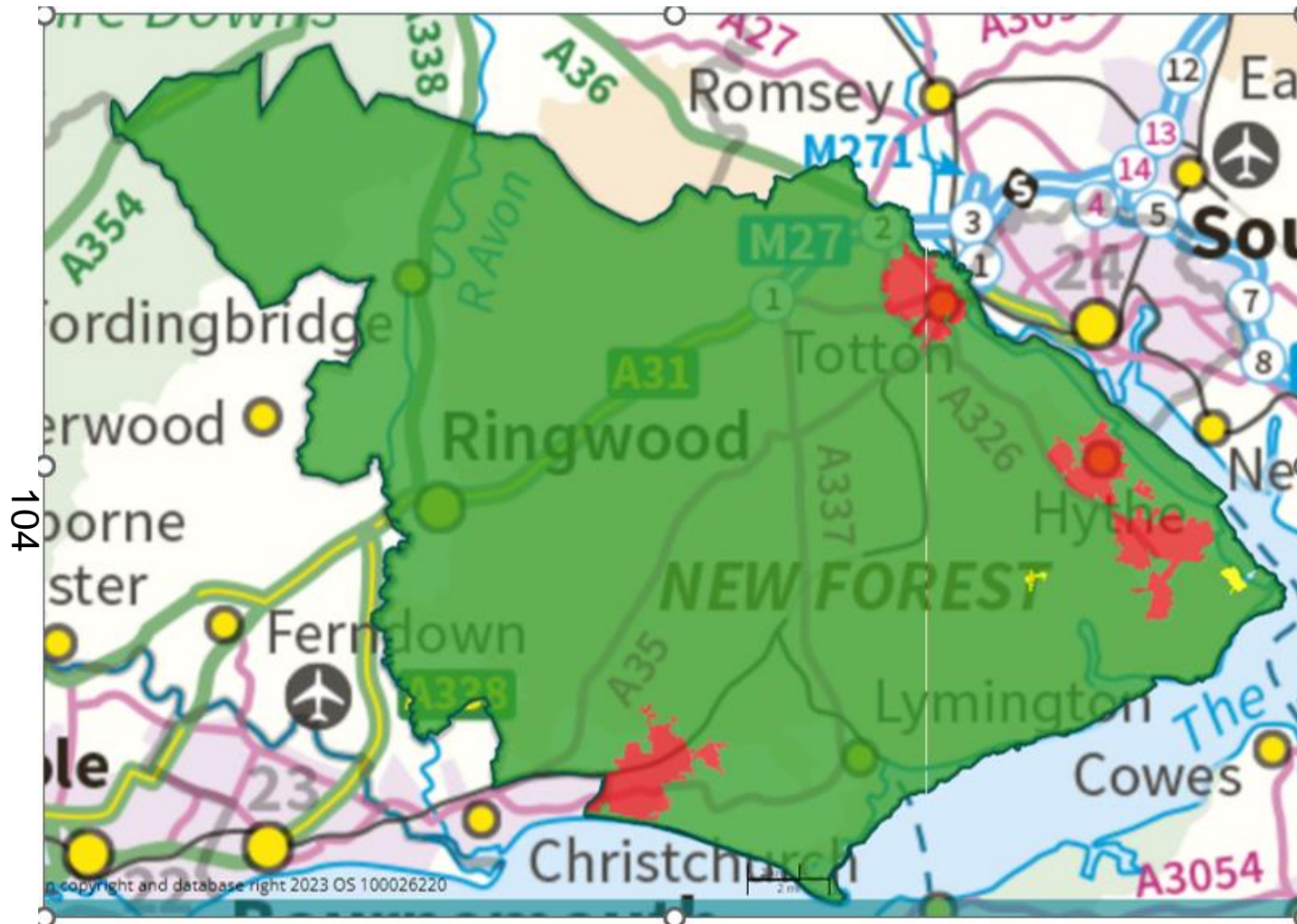
Cabinet Report: UK Shared Prosperity Fund - 29
July 2022

Cabinet Report: Rural England Prosperity Fund
Wednesday, 01 March 2023

Cabinet Report: Rural England Prosperity Fund
Wednesday, 05 July 2023

Rural England Prosperity Fund: prospectus
Published 3 September 2022 available at
<https://www.gov.uk/government/publications/rural-england-prosperity-fund-prospectus>

Appendix 1: Map of New Forest Rural Fund Area



Key

Green = Area covered by REPF

Red = urban area not eligible for REPF

Yellow = area needing confirmation of eligibility

Appendix 2: RURAL FUND COMMUNITY GRANT APPLICATIONS:

SUMMARY

Number of applications submitted to combined Community Fund	30
Total grant requested by all applications broadly eligible for REPF	£528,349.16
REPF Community Budget available (at 40% of total REPF budget)	£216,046.00
Total Value of Recommended Applications* (*if necessary, the small over-commitment will be met from wider REPF budget)	£216,164.50

2.a Summary of projects recommended for REPF Funding

	Applicant Name	Project summary	Users of facility per week	Location	Total Project Cost	£ Grant Request	£ Grant Award	Recommendations	Rationale
1	SPUD: spudWorks	SPUD is an arts charity that also provides workspace for small businesses in the creative sector. The project will install an Air Source Heat Pump and Solar panels within the former ArtSway buildings.	200	Sway	£21,274	£21,274	£21,274	Eligible, meets REPF priorities	The project will improve the sustainability and resilience of the spudWorks building. The project scored highly on each of the criteria in particular, because the project will ultimately support both local businesses (a REPF priority) and the community.
2	NFDC: St Georges Hall Calshot	To improve the layout of the hall and other rooms as well as an upgraded kitchen and DDA accessible toilets.	220	Calshot	£375,054	£161,138	£62,638*	Eligible, meets REPF priorities	Transformation of the hall would bring about greater community cohesion, improving the higher-than-average deprivation and health inequalities found in this isolated part of the district. The project scored highly on each of the criteria because the project will be transformative in nature and detailed plans for the proposed works were provided. <i>*Grant award capped at minimum required for Phase 1 of the project to proceed.</i>
3	The Hulse Hall Breamore	Installation of air-source heat pump and solar panels.	300	Breamore	£21,020	£10,510	£10,510	Eligible, meets REPF priorities	The project will improve the sustainability and resilience of this community asset, through investment in renewable energy infrastructure. The project scored highly due to the impact of the project on the number of users of the facility and the deliverability of the proposals.
4	1st Fording-	Refurbishment of toilet	90	Fording-	£20,655	£10,300	£10,300	Eligible,	The building hosts community meetings as well as the

	bridge Scout Group	and shower facilities so they are accessible to all users of the hall.		bridge				meets REPF priorities	Scout group. The grant will improve the accessibility of the hall to a wider range of users, particularly young people with mobility issues. The project scored highly due to the transformative nature of the proposals and the readiness of the project.
5	The Bramshaw Trust	To replace windows, external doors, fire door and replace cladding.	125	Bramshaw	£60,083	£50,083	£50,083	Eligible, meets REPF priorities	The project will improve the sustainability and resilience of this community asset. The project scored highly due to the readiness of the project and the deliverability of the proposals.
6	Netley Marsh Community Hall	Installation of solar power, CCTV, Broadband & Wi-Fi.	380	Netley Marsh	£31,860	£26,860	£26,860	Eligible, meets REPF priorities	The project will improve the sustainability and resilience of this community asset. The project scored highly due to the readiness of the project and the impact of the proposals.
7	Lyndhurst & District Community Association	To refurbish a roof and improve the central heating system.	1350	Lyndhurst	£35,000	£17,500	£17,500	Eligible, meets REPF priorities	The project will improve the sustainability and resilience of this community asset, through a more responsive and efficient heating system and refurbishment of a roof. The project scored highly due to the deliverability of the project and the impact of the proposals for the centre's considerable number of users.
8	Hale Village Hall	Ceiling Insulation to reduce energy bills	500	Hale	£24,000	£10,000	£10,000	Eligible, meets REPF priorities	The project will improve the sustainability and resilience of this community asset. The project scored highly due to the readiness of the project and the impact of the proposals for its users.
9	Sway Youth Centre	To improve access to the area outside the centre to enable it to be used as an outside space	100+	Sway	£16,603	£7,000	£7,000	Eligible, meets REPF priorities	The project will lead to an improvement in useable and accessible community space outside the building, leading to an increased range of groups & individuals using the facility. This project scored well on its deliverability within the REPF timeframe and improvements to accessibility for the users of the hall.

2.b. Summary of projects broadly eligible for REPF but not recommended for REPF grant:

The following projects were not selected for REPF funding as they received appraisal scores of less than 14 (out of a maximum of 20)

	Applicant	Project summary	Next steps for application
1	Lymington Community Association	To fund solar panels for new café building	To be considered by NFDC Capital Funds Task & Finish
2	Greyfriars Community Centre-Ringwood & District Community Association	Replacement of the worn-out main Greyfriars Hall floor to ensure the space is safe for all users of the facility	To be considered by NFDC Capital Funds Task & Finish
3	Lyndhurst Drama and Musical Society	Provide a Changing Facility for children to re-establish the Youth Theatre Group in Lyndhurst	To be considered by NFDC Capital Funds Task & Finish
4	Fawley Parish Council: Gang Warily Inclusive Group Improvements	To buy a Thera Trainer Balo, specialist equipment for use of the Gang Warily Inclusive group (GIG), who aim to improve people's mobility, such as Stroke sufferers.	To be considered by NFDC Capital Funds Task & Finish
5	Brockenhurst cricket club	To replace the cricket pavilion: changing rooms, showers, toilets etc.	To be considered by NFDC Capital Funds Task & Finish
6	Boldre Parish Council	To improve the recreation ground so that it will provide new opportunities for all ages	Direct to CIL
7	Sway Parish Council	To develop children's playground for children of all ages including teenagers	Direct to CIL
8	Fordingbridge Town Council	Funding for Accessible circular path at Fordingbridge Recreation Ground	Direct to CIL

2.c. Other Applications received by the combined Community Fund but not eligible for REPF:

	Applicant	Project Summary	Next steps for application
1	Bashley Village Hall	For Installation of Solar Panels	Not eligible for other funds as project already completed
2	Totton Sharks Basketball Club	Requires funding to pay for court hire	To be considered by NFDC Revenue Fund for Communities
3	Healthy Haven Garden	Requires funding for benches	To be considered by NFDC Capital Fund for Communities
4	Lymington Cricket Club	Requires funding for bowling machine	To be considered by NFDC Capital Fund for Communities
5	Orchard Junior School	Requires funding for a minibus	To be considered by NFDC Capital Fund for Communities
6	New Forest Pride	Requires revenue funding for event	To be considered by NFDC Revenue Fund for Communities
7	Sway Cricket Club	Requires funding for cricket nets	To be considered by NFDC Capital Fund for Communities
8	Ringwood and District Round Table	Requires funding for skate ramp at Poulner Skate Park	To be considered by NFDC Capital Fund for Communities
9	Burley Cricket Club	Requires funding for cricket nets	To be considered by NFDC Capital Fund for Communities
10	New Forest for Ukraine	Funding for collection and delivery service - Electric Forklift Truck & Ford Transit van with tail lift	To be considered by NFDC Capital Fund for Communities
11	Foxies Future	Funding for the purchase of Foxlease Activity Centre	To be considered by NFDC Capital Fund for Communities
12	Totton and Eling Town Council: (Eling Tide Mill)	Eling Tide Mill Community Engagement Project: to improve the facility layout for wider community use/benefit.	To be considered by NFDC Capital Fund for Communities

13	Lymington Town Sailing Club Ltd	Install Solar PV, improve building insulation, futureproof energy system.	To be invited to apply for REPF Business Grants (as Ltd Company)
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CABINET – 6 DECEMBER 2023

PORTFOLIO: ALL

SUPPORTING THE ARMED FORCES AND THE ARMED FORCES COVENANT

1. RECOMMENDATIONS

- 1.1 That Cabinet note the current position with regard to the Armed Forces Community Covenant and the initiatives in place to support the Armed Forces community within the District.
- 1.2 That Cabinet authorise officers to work with HQ Solent Station to review the Armed Forces Community Covenant, including the enhancements outlined in section 6 of this report. This will be formally signed by the Chairman of the Council as the District's First Citizen, in recognition of the nation's commitment to the Armed Forces community at the local level.

2. INTRODUCTION

- 2.1 This report presents the Council's current initiatives to support the Armed Forces community within the District. This covers both serving and former members and their families working or residing within the District.
- 2.2 Additionally, this report details what we have undertaken to do, what we are actually doing and what more could be done, with proposals on how this may be achieved. Due regard has also been given to latest guidance and best practice.

3. BACKGROUND

- 3.1 The Council entered into a Community Covenant with the Armed Forces Community of Solent Station in May 2013.
- 3.2 The Armed Forces Community Covenant is an additional, voluntary statement of mutual support between a civilian community and its local Armed Forces Community. It is intended to complement the Armed Forces Covenant, which outlines the moral obligation between the Nation, the Government and the Armed Forces, at the local level.
- 3.3 The purpose of this Community Covenant is to encourage support for the Armed Forces Community working and residing in Solent Station, Hampshire and to recognise and remember the sacrifices made by members of this Armed Forces Community, particularly those who have given the most. This includes in-Service and ex-Service personnel, their families and widow(er)s in Solent Station, Hampshire.
- 3.4 For the Council, the Community Covenant presents an opportunity to bring our knowledge, experience and expertise to bear on the provision of help and advice to members of the Armed Forces Community. It also presents an opportunity to build upon existing good work on other initiatives such as the Welfare Pathway.
- 3.5 For the Armed Forces community, the Community Covenant encourages the integration of Service life into civilian life and encourages members of the Armed Forces community to contribute to and assist their local community whenever possible.
- 3.6 In 2021, the relevant legislation was amended to place a legal duty (the 'Covenant Duty') on specified public persons and bodies, including Local Authorities, to have due

regard to the principles of the Armed Forces Covenant when exercising certain statutory functions in the fields of healthcare, education and housing. The Covenant Duty came into effect on 22 November 2022, with guidance issued alongside the Act stating that the specified bodies must have regard to this Guidance when exercising a relevant function.

4. KEY COMPONENTS OF THE STATUTORY ARMED FORCES COVENANT FOR NEW FOREST DISTRICT COUNCIL

- 4.1 The relevant functions discharged by New Forest District Council covered by the national Covenant and its legislation, are mainly in housing. Namely; the allocations policy for social housing; tenancy strategies; homelessness and disabled facilities grants.
- 4.2 The Council must have a due regard when exercising the above functions. The duty is primarily about informed decision making. This means as an authority, we should think about and place an appropriate amount of weight on the principles of the Armed Forces Covenant when considering all the factors concerned with carrying out the above functions.
- 4.3 The Covenant is not prescriptive about the actions specified bodies should take in order to comply with their legal obligations, and it does not mandate specific public service delivery outcomes. Local authorities are expected to draw on their experience and practice in complying with similar 'due regard' duties. The due regard duties of the Armed Forces Covenant are split into the following categories:-
 - i. Having due regard to the unique obligations and sacrifices made by the armed forces.
 - ii. Having due regard to the principle that it is desirable to remove disadvantages for Service people from membership, or former membership, of the armed forces.
 - iii. Having due regard to the principle that special provision for Service people may be justified by the effects on such people of membership, or former membership of the armed forces.
- 4.4 Only a small minority of the Armed Forces Community will need to access the housing services provided by the Council as the local housing authority. However, when disadvantages are experienced, they are most likely to be experienced by veterans. These disadvantages at a national level may include:-
 - i. A lack of knowledge about the social housing services available in their local area, or how to access them.
 - ii. Not building up sufficient 'local connection'.
 - iii. Not being prioritised to receive suitable social housing, or experience a lack of available social housing.
 - iv. Finding it more difficult to communicate with a housing body, particularly if overseas.
 - v. A lack of knowledge about how to navigate the civilian housing sector, welfare system and budgeting.
 - vi. A reluctance to seek early help to avoid homelessness, for reasons such as stigma, shame or a belief that civilian bodies may not understand their experiences.
 - vii. Requiring adaptations to be made to their home when they move to a new area, or lacking knowledge of what grants are available.

4.5 New Forest District Council complies with its statutory duty under the Covenant as part of the following initiatives:-

- i. The Army Welfare Unit at Marchwood are in regular contact with our Homelessness Team and have worked with them in the past.
- ii. Recognising the unique circumstances of those who are leaving the Armed Forces by providing individually tailored support throughout their homelessness journey, as well as ensuring appropriate signposting to relevant support agencies as necessary.
- iii. Utilisation of additional funding sources and services available for veterans and their families from SSAFA (the Armed Forces Charity), The Royal British Legion and other charities such as Homes for Heroes to help secure housing, advocacy and support.
- iv. Provision of Mental Health Support through the Council's Mental Health Practitioner
- v. Working with Domestic Abuse charities to support those experiencing domestic abuse and homelessness from the sector.
- vi. Providing support to access specialist ex-armed forces accommodation nationally.
- vii. The Council's Allocations Policy features a number of specific armed forces pledges, ensuring our duty of care is met through:
 - a. disregarding compensation payments received for injury or disability;
 - b. exemption from the local connection qualification requirement, and
 - c. automatic placement into housing needs band 3.

5. GOING FURTHER TO SUPPORT – OUR ARMED FORCES COMMUNITY COVENANT

5.1 The Community Covenant the Council entered into with the Armed Forces Community of HQ Solent Station in 2013 pursues not only the initiatives above, but non-statutory, voluntary commitments to the Armed Forces community locally to enhance the support available.

5.2 This is now timely for review to ensure it remains fit for the organisational and operational circumstances of both the Council and HQ Solent Station, including whether there are additional measures that can be included in support of the local Armed Forces community.

5.3 A summary of the wide ranging work currently taking place across the Council in support of the voluntary community covenant commitment is detailed below:-

- i. The Council has recently received the Bronze award from the Defence Employer Recognition Scheme. This follows the Council being nominated, by a newly employed veteran. In doing so, the Ministry of Defence has thanked the Council's statement of intent in this area. The DERS encourages employers to support defence and inspire others to do the same. The scheme encompasses bronze, silver and gold awards for employer organisations that pledge, demonstrate or advocate support to defence and the armed forces community, and align their values with the Armed Forces Covenant. The Council will now move forward to pursue Silver, and then Gold awards.
- ii. The Council is a 'Forces Friendly' Employer. We have an HR policy for Reservists, ensuring they receive additional paid leave, if necessary, for their annual military training requirements. Our HR Team advertise available employment opportunities on the Ministry of Defence's Career Transition Partnership website. This website is accessible to military personnel during the last 2 years of their military career and includes course providers, CV writing

guidance, interview advice and industry programmes alongside job opportunities. We have recently had our first successful recruitment through this website, for a gas engineer.

- iii. The Council's Physical Activity and Partnerships Manager is in regular communication with the 17 Port and Maritime Regiment's Community Development Worker, who is part of the Army Welfare Service. We have collaborated on a number of projects and programmes as well as the general communication flow, sharing pertinent information that can be of interest and benefit for the community. Some recent projects include:-
 - a. Working with the Army Welfare Unit and other partners, to set up the Calshot Youth Group, supporting the army community living in that area.
 - b. Working with Fawley Parish Council, The Handy Trust and the Army Welfare team to support local families.
 - c. Identifying and targeting the Armed Forces Community in our application to the Arts Council England for Culture in Common and ensuring that the delivery of the Culture in Common programme has supported the Army Welfare Unit to deliver cultural activity for the local army community.
 - d. The Community Development Worker is also invited to the New Forest Youth Forum and the Local Children's Partnership, to aid partnership working and information sharing.
 - e. Working with HQ Solent Station to ensure the delivery of the Covenant outcomes through the artificial turf pitch at Applemore College, with the Council contributing £50,000 toward the costs.
- iv. Membership of Freedom Leisure centres can be obtained at a corporate discount rate, including the gym, public swimming and group fitness classes at any of the New Forest Partnership Leisure Centres.
- v. There is a long standing civic commitment to the Armed Forces in the District, most notably with the District Council awarding Freedom of the District to 17 Port and Maritime Regiment RLC in 2016. These commitments also include the marking of Armed Forces day and Armistice and Remembrance Sunday Commemorations, with the work of the Armed Forces Member Champion, who supports the Chairman at these events.

6. WHAT FURTHER CAN THIS COUNCIL DO?

- 6.1 In refreshing the Community Covenant, there are some initiatives that the Council could pursue to enhance the local offer to our armed forces communities. This could include:-
 - i. The creation and maintenance of a dedicated website for the Armed Forces, providing appropriate signposting to support available across the Council.
 - ii. Ensuring appropriate support is provided to applicants for temporary road closure applications relating to Remembrance Sunday parade road closures.
 - iii. Exploring the appetite for an annual meeting with HQ Solent Station to ensure the spirit of the Community Covenant is being met and review of any measures taken, in order to ensure not only that the appropriate engagement and assistance is being provided, but also whether any further actions would be helpful.

- iv. An annual review of Community Covenant activity undertaken across the Council, sponsored by the Armed Forces Member Champion, with a report to the Council's EMT and made available to all councillors.

7. CONCLUSIONS

- 7.1 It is important to note that the Council is meeting its statutory duties in respect of the national Armed Forces Covenant, and also does a significant amount in addition to these, as part of the Community Covenant. This report seeks to work with HQ Solent Station to understand if there are any appropriate additional activities that the Council could also consider, to meet the principles of a refreshed Community Covenant.

8. FINANCIAL IMPLICATIONS

- 8.1 There are none arising directly from this report. The creation and maintenance of a website page can be managed within existing resources. Meeting with the Armed Forces community at HQ Solent Station on an annual basis can also be met from within existing budgets and resources.

9. CRIME & DISORDER IMPLICATIONS

- 9.1 There are none arising directly from this report.

10. ENVIRONMENTAL IMPLICATIONS

- 10.1 There are none arising directly from this report.

11. EQUALITY & DIVERSITY IMPLICATIONS

- 11.1 The Armed Forces Covenant and the Council's Community Covenant are in support of delivering positive measures to enable equality of opportunity and outcome with other citizens.
- 11.2 The measures specifically mentioned throughout paragraph 4.5 ensure there is a positive impact to the protected characteristic of disability, which is experienced by some veterans, by ensuring the Council makes adjustments, such as disregarding compensation received for injury or disability.

12. PORTFOLIO HOLDER COMMENTS

- 12.1 Whilst it is critical that the Council continues to meet its statutory responsibilities of the National Covenant, namely in Housing, I am delighted to note all of the additional activity this Council is undertaking in support of our local armed forces community.
- 12.2 I am particularly thrilled that the Council has received the Bronze award for the Defence Employer Recognition Scheme. I look forward to seeing us pursue Silver, and then Gold, as we pledge, demonstrate and advocate support to defence and the armed forces community, aligning our values with the Armed Forces Covenant as an Employer of Choice.
- 12.3 We have a long standing commitment to our local armed forces community and I welcome the opportunity to review our Community Covenant and build on the excellent work outlined throughout the report.

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Background Papers:

Armed Forces Covenant – A Guide for
Local Authorities: How to deliver the
Covenant in your area

Statutory Guidance on the Armed
Forces Covenant Duty (Issued under
section 343AE(1) of the Armed Forces
Act 2006

CABINET – 6 DECEMBER 2023
COUNCIL – 11 DECEMBER 2023

PORTFOLIO: COMMUNITY, SAFETY
& WELLBEING / FINANCE &
CORPORATE SERVICES

FREEDOM LEISURE CONTRACT VARIATION

1. RECOMMENDATIONS

- 1.1 That Cabinet recommend to Council the proposals set out in this report to vary the contract with Freedom Leisure to deal with the significant challenges presented by the unforeseen increases in energy costs, achievable via the incorporation of a mechanism for the Council to share the cost of utilities over and above the costs assumed in the bid.

2. INTRODUCTION

- 2.1 This report sets out a proposal to deal with a request from Freedom Leisure for the Council to offer support considering the significant unforeseen increase in energy costs.

3. BACKGROUND

- 3.1 On 18 June 2021, the Council entered into a contract with Freedom Leisure to run the Council's 5 Health and Leisure facilities commencing on 1 July 2021, for a term of 11 years (with an optional four-year extension). It is worthy of note that the contract years are not contiguous with the Council's year end accounting period, with 9 months of a contract year falling into one NFDC accounting year, and 3 months falling into the next. It is also worthy of note that the contract was signed before the commencement of the war in Ukraine and at a time when the subsequent significant increases in utilities costs could not have been foreseen.
- 3.2 Freedom Leisure is one of the UK's leading charitable and not-for-profit leisure trusts. They manage leisure and cultural services on behalf of over 25 local authority partners and operate more than 100 leisure and cultural venues across the country.
- 3.3 The extraordinary increase in utility costs nationally has had a particular adverse effect on the leisure industry. The sector is finding it extremely challenging to cover the huge energy cost increases and this is at a time when providers are still recovering from the fallout of Covid, which saw leisure facilities close with a slower than expected post Covid recovery.
- 3.4 Freedom Leisure, like many other in the industry, are experiencing these same challenges. Freedom Leisure first formally wrote to the Council in November 2022 to highlight the issues they were facing as a result of the exceptional costs of energy and to ask for a variation to the utility risk share within the contract with the Council taking the additional cost risk over and above bid levels. Freedom Leisure have provided a report, enclosed at Annex A, which explains the impact of the increased energy costs on the deliverability of the contract and the financial sustainability of the New Forest partnership as well as for Freedom Leisure as a group.
- 3.5 The contract between NFDC and Freedom Leisure allows for a 'Net Income Adjustment' calculation to take effect based on the year 2 outturn. Where financial

performance hasn't met the forecast bid position, resulting in the occurrence of a deficit, both parties share the deficit according to a staircase methodology, as summarised in table 1 below;

TABLE 1

	NFDC	Freedom
First £50k	80%	20%
Second £50k	60%	40%
Third £50k	40%	60%
Above £150k	20%	80%

- 3.6 The Net Income Adjustment did not anticipate such significant increases in utilities expenditure; conversely, it assumed a scenario based on utilities expenditure being stable, with the volatility expected within income, on the assumption that post-covid recovery may extend into year 2 of the contract.
- 3.7 Officers of the Council have been meeting regularly with Freedom Leisure to discuss the support that the Council may be able to offer specifically tailored to utilities, and this report sets out the recommendations of officers in this regard. The proposed support deals solely with the increase in utility costs as a result of unforeseen consequences relating to the Ukraine war and global influences, leaving the contractual Net Income Adjustment to support the other financial variations witnessed throughout year 2 of the contract.
- 3.8 Officers have taken expert legal advice on the matter and Appendix 1 to the report contains a confidential summary of the legal advice received from the Council's external legal experts, which is exempt information by virtue of Paragraph 5 of Schedule 12A of the Local Government Act 1972 (Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings). The public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. PROPOSAL

4.1 The Increase in utility costs due to unforeseen circumstance

- 4.1.1 Following a sustained period of stability in utilities pricing, Russia's invasion of the Ukraine, including global influences, resulted in a significant and unforeseen spike in gas and electricity pricing early in 2022.
- 4.1.2 In recognition of the significant increase in wholesale prices, the Government passed its Energy Bill Relief Scheme Regulations 2022 (known as the EBRs) in November 2022. Although this provided some relief as a result of lowering the wholesale unit price of gas and electricity by means of a discount directly reflected on utility bills, it didn't prevent consumers from seeing residual large increases when compared to previous billing and contract pricing.
- 4.1.3 There are 2 factors here that have been considered in the dialogue with Freedom Leisure;
- 1) the increase in utility expenditure during contract year 2 (covering 1 July 2022 – 30 June 2023); and

- 2) the forecast increase in utility expenditure expected over contracts years 3, 4 and 5.

4.2 1) The increase in utility expenditure during year 2 of the contract

- 4.2.1 The yearend accounts covering year 2 of the contract show a gas and electricity overspend of £785,864 as against the originally budgeted (3% indexed) gas and electricity budget of £489,641.
- 4.2.2 Freedom Leisure has instigated several mitigating actions, including the reduction of pool temperatures, the temporary closure of Sauna / Steam facilities, and fees and charges adjustments, reflecting on CPI.
- 4.2.3 Despite these mitigations, and a successful grant from Sport England to support the utility overspend (further info in para 4.2.5), there is a residual gap between the budgeted position, and the actual spend (whereby actual spend = Gas and Electric spend net of Sport England grant), to the end of June 2023 (contract year 2).
- 4.2.4 Through a contract variation, officers recommend Freedom Leisure absorb the first 10% of the increased utilities costs, when compared to their year 2 bid assumption (3% inflation adjusted), reflecting a reasonable risk tolerance on utilities, and propose a share arrangement for the overspend beyond this 10%. The proposed share is then 50% NFDC / 50% Freedom Leisure. Based on the year 2 outturn figures this equates to;

TABLE 2

	Bid Position £	Actual Outturn £	Variance £
Gas and Electric (net of Sport England grant)	489,641	1,234,336	744,695
Freedom Leisure to absorb first 10% above bid;			48,964
Balance to be shared 50 / 50;			695,731
NFDC Share			347,866
Overall Freedom Leisure Share			396,829

- 4.2.5 It should be noted that the Council (in Partnership with Freedom Leisure) has been successful in obtaining support funding from the Government's Swimming Pool Support Fund (£20M cash fund to support community pools with their increased costs). This income has been deducted from the gross Energy Spend, thus reducing the Council's share accordingly for the fiscal period that ties in with the grant (impacting contract years 2 and 3).

4.3 2) The forecast increase in utility expenditure expected over the next 3 years of the contract

- 4.3.1 Officers recommend Freedom Leisure absorb the first 10% of the increased utilities costs, when compared to their year 3,4 and 5 bid assumption (3% inflation adjusted), reflecting a reasonable risk tolerance on utilities, and

propose a share arrangement for the overspend beyond this 10%. The proposed share is then 50% NFDC / 50% Freedom Leisure.

5. PROCUREMENT CONSIDERATIONS

- 5.1 The contract was awarded pursuant to a public procurement carried out under the Public Contracts Regulations 2015 (the PCR). Any variation of the contract therefore needs to take place in accordance with the PCR.
- 5.2 Regulation 72(1)(c) provides that modifications can be made to public contracts where:
- the need for the modification has been brought about by circumstances that a diligent contracting authority could not have foreseen;
 - the modification does not alter the overall nature of the contract; and
 - any increase in price does not exceed 50% of the value of the original contract.
- 5.3 In this case, officers are satisfied that the grounds for reliance on Regulation 72(1)(c) are met. The modification is necessary due to significantly increased energy prices that could not have been foreseen by the Council at the time it signed the contract in order to ensure that the contract remains deliverable without a reduction in service levels/changes to service delivery for the remainder of the contract term. Officers have noted that Freedom Leisure has carefully considered ways it can seek to mitigate the impact and that a variation to the contract in some form will be necessary to avoid significant risk of future service delivery failure. The utilities risk share mechanism that has been agreed in principle with Freedom Leisure is flexible and will therefore limit additional payment to the minimum necessary to ensure that the impact of energy costs is managed. The variation will not alter the overall nature of the contract, and the increase in payment from the Council will not exceed 50% of the value of the contract.

6. FINANCIAL IMPLICATIONS OF RECOMMENDATIONS

- 6.1 The Council's budget for 2022/23, which covers the majority of year 2 of the contract, included a £475,000 contingency (the headroom above and beyond the annual savings associated with the operational review already built into the General Fund budget) to take account of the contractual Net Income Adjustment, and other potential financial matters arising. The 2022/23 accounts allowed for 9/12ths of the estimated Net Income Adjustment based on figures available over the yearend period. A further £400,000 was placed in a provision and will now be used to fund the Council's contribution towards the year 2 utility payment. The Net Income Adjustment payment balance applicable to NFDC FY 23/24 (3/12ths) will be funded from the equivalent 2023/24 contingency.
- 6.2 The expected financial contribution from NFDC as a result of the proposed contract variation over the next 3 years will be covered by the budgeted contingency. Through the additional contractual income, due from Freedom Leisure in years 3, 4 and 5 of the contract, the Council can still make the intended top-up to the Leisure Maintenance budget, to fulfil our landlord maintenance responsibilities.

7. CRIME & DISORDER IMPLICATIONS

7.1 There are none directly associated with this report.

8. ENVIRONMENTAL IMPLICATIONS

8.1 There are none directly associated with this report, however it is worth noting that the Council continues to work with Freedom Leisure on matters that will reduce energy consumption at the Leisure Centres. A recent example can be cited as the replacement of the end-of-life gas boilers at New Milton Leisure Centre, being replaced with more energy efficient air-source heat pumps.

9. EQUALITY AND DIVERSITY IMPLICATIONS

9.1 There are positive equality and diversity implications for the community in the provision of leisure facilities across the District. The services provided improve the health and wellbeing of residents, take into account those with particular characteristics and play an important contribution to the District's social wellbeing.

10. PORTFOLIO HOLDER COMMENTS

10.1 Community, Safety and Wellbeing

As good partners, it is only right that NFDC should both acknowledge and help to address the significant challenges presented by the unforeseen increases in energy costs for Freedom Leisure.

10.2 Finance & Corporate Services

The contract, including the proposed variation, continues to provide value for money for both the Council and our residents and without which, under previous arrangements the full cost of the unforeseen energy increases would have fallen solely to the Council.

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Background Papers:

Public documents

Exempt information (legal advice)

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New Forest DC – Utility Crisis Implications

November 2023

Context

This report is being provided as part of our further information to NFDC relating to our Operator Change of Notice request (Schedule 24 Part 5 of the LOC)

This relates to the significant increases in utility costs which was unforeseen

Background

The ongoing utility crisis has been raised with Officers at NFDC since the early part of 2022.

For unforeseen reasons outside of our control, including a worldwide shortage of gas due the Ukraine War, the utility tariffs for gas and electricity have increased significantly (up to 500%) since 2020

The government introduced the Energy Bill Relief Scheme (EBRS) from October 2022 until March 2023 but this fell short of offsetting the significant increased costs

Bid Assumptions

Based on the information provided by NFDC we estimated our utility consumption and costs for the sites for years 1 and 2, which is provided by site (see tab Utility Bid Assumptions) and summarised below:

Table 1.

New Forest DC Utilities Bid Assumptions Yr1 & Yr2				
	Yr1	Yr2	Variance	%
Electricity Consumption (kWh)	2,783,834	2,606,272	- 177,562	-6%
Electricity Cost (£)	£ 328,381	£ 308,880	-£ 19,501	-6%
Electricity average tariff	£ 0.118	£ 0.119	£ 0.001	0%
Gas Consumption (kWh)	5,937,046	4,968,691	- 968,355	-16%
Gas Cost (£)	£ 198,799	£ 166,500	-£ 32,299	-16%
Gas average tariff	£ 0.033	£ 0.034	£ 0.000	0%
Total Consumption (kWh)	8,720,880	7,574,963	- 1,145,917	-13%
Total Cost (£)	£ 527,180	£ 475,380	-£ 51,800	-10%
Total average tariff	£ 0.151	£ 0.152	£ 0.001	0%

This assumed that;

- The cost of gas would increase by 15% from our group rate of 2.9p/kWh to 3.4p/kWh. Note that the NFDC rate had been in the order of 2.9p/kWh in 2019-20
- The cost of electricity would remain stable with the NFDC rates and the Freedom Leisure rates at about 12p/kWh
- We would reduce consumption from year 1 to year 2 by 16% (gas) and 6% (electricity)

Both NFDC (New Forest utility consumption/cost tender document) and Freedom Leisure had been experiencing very stable gas and electricity rates. This had been the case for several years, which is shown in the attached:

<https://tradingeconomics.com/commodity/uk-natural-gas>

Year 1 of the Partnership – July 2021 to June 2022 Actual Performance

For contract year 1 the sites made an overall deficit of £1.9m. Through contractual arrangements the Council contributed a management fee of £1.5m

The cost of utilities during Year 1 were £984k, an increase of £457K compared to our tender. The summary is as follows:

Table 2.

New Forest DC Utilities Summary Yr1				
	Bid Figures	Yr1 Actual	Variance	%
Electricity Consumption (kWh)	2,783,834	1,839,508	- 944,326	-34%
Electricity Cost (£)	£ 328,381	£ 540,151	£ 211,770	64%
Electricity average tariff	£ 0.118	£ 0.294	£ 0.176	149%
Gas Consumption (kWh)	5,937,046	6,833,880	896,834	15%
Gas Cost (£)	£ 198,799	£ 443,717	£ 244,918	123%
Gas average tariff	£ 0.033	£ 0.065	£ 0.031	94%
Total Consumption (kWh)	8,720,880	8,673,388	- 47,492	-1%
Total Cost (£)	£ 527,180	£ 983,868	£ 456,688	87%
Total average tariif	£ 0.151	£ 0.359	£ 0.207	137%

Within year 1:

- We managed to reduce consumption by 47,492 kWh (1%) compared to our year 1 projections. Had we not achieved this the costs would have been higher
- Average tariffs increased from January 2022. The gas tariffs were on a flex contract from January to June 2022, hence the variance per month
- Even though we were on lower tariffs from June 2021 to December 2021, they increased significantly following the start of the War in Ukraine. Gas prices increased by 94% (from 3.3p/kWh in the bid to 6.5p/kWh) and electricity prices increased by 149% (from 11.8p/kWh in the bid to 29.4p/kWh). The War in Ukraine and the energy crisis across the UK (which affects both households and business) could not have been foreseen

Year 2 of the Partnership – July 2022 to June 2023 Actual Performance

For contract year 2, the sites made an overall deficit of £1.482m. Expenditure includes the contractual management fee payment to the District Council, and subject to the finalisation of audited works, a 'Net Income Adjustment' will be completed resulting in the Council making a contribution towards the deficit.

The cost of utilities during Year 2 were £1,275k, an increase of £786k. The summary is as follows:

Table 3.

New Forest DC Utilities - Year 2 Actual v Bid				
	Bid Figures	Year 2 Actual	Variance	%
Electricity Consumption (kWh)	£ 2,606,272	1,657,145	- 949,127	-36%
Electricity Cost (£)	£ 318,146	£ 663,566	£ 345,420	109%
Electricity average tariff (£)	£ 0.122	£ 0.400	£ 0.28	228%
Gas Consumption (kWh)	4,968,691	5,712,006	569,820	11%
Gas Cost (£)	£ 171,495	£ 611,939	£ 440,444	257%
Gas average tariff (£)	£ 0.035	£ 0.107	£ 0.073	210%
Total Consumption (kWh)	7,574,963	7,369,151	- 205,812	-3%
Total Cost (£)	£ 489,641	£ 1,275,505	£ 785,864	160%
Total Average Tariff (£)	£ 0.065	£ 0.173	£ 0.1084	168%

- Consumption levels were close to the projected consumption of 7,574,963 kWh
- The cost was an increase of 160%
- The average tariff increased from 12.2p to 40.0p for electricity and from 3.5p to 10.7p for gas

Arrangements from April 2023

Freedom Leisure has been closely monitoring the utility market prior to the contract renewal process for both Gas (October 22) and Electricity (November 22). Due to the extremely volatile nature of wholesale prices at the time, we decided to opt for shorter term contracts of 6 months for Gas and 5 months for Electricity. This was based on broker advice in the hope that the market would settle over the months ahead. The short term contracts signed at that time were broadly 6 times the previous tariffs but these were reduced to only 3 times after the impact of the Governments Energy Bills Relief Scheme.

In late February 2023, new contracts were negotiated and signed on the basis of a 2 year fixed Electricity contract and 3 year flexible Gas contract. These have resulted in an improved position where prices are now roughly 2 times the tariffs prior to October 22. The reason for taking the flexible contract for Gas was to allow us to benefit from the forecasted drop in wholesale prices. Unfortunately at the time of needing to sign the new contracts, there was not a Flexible Electricity contract available from any supplier.

We are continuing to monitor the wholesale market, especially for Gas, and are taking advice from our brokers on buying periods for the coming 3 years to ensure opportunities for reduced pricing are taken.

We have supplied the Council with some sample invoices to evidence the tariffs/costs

Year 3 Projections – July 2023 to June 2024

Based on continuing high utility costs we project that 2023-24 could result in a deficit of **£560,000**. This assumes an improvement in income but includes a full 12 months of additional utility costs with increased tariffs, which could be in the region of **£699,000** (including irrecoverable VAT)

Longer Term Outlook

Many leading experts have provided a longer term view over increasing energy prices

One of these, Cornwall Insight, has warned that the high prices seen this year are unlikely to return to “pre-2021 ‘normality’” this decade. “In all scenarios, gas prices in the UK are projected to continue to be impacted as the country’s heavy reliance on imported gas sees it vulnerable to global rises,”

This has implications for the financial sustainability of the New Forest partnership as well as for Freedom Leisure as a group

Necessity of Support

The significant increases in the utility tariff/costs are something no business is able to sustain for any period of time. For Freedom Leisure as a group we will be eating into our modest reserves over the next 6 months

We have been in similar discussions with all of our local authority partners to provide support for 2022-23, where we have had a good level of support based on an open book approach, including evidencing the additional costs through providing invoices for this year and previous years

We have also been discussing the necessity of support required from April 2023, with some Councils agreeing to support and others putting together reports for future Cabinet/Executive meetings

Our discussions with all of our partners clarifies that we do not expect any Council partner to bail out another Council, and that each partner should play their part in supporting their leisure service through the significant increases in utility costs, which were totally unforeseen when we submitted our tender.

This is why we are seeking a contract modification/variation through the Operator Change of Notice (Schedule 24 Part 5) of the Contract

The financial implications of the significant increase in utility tariffs, which results in an additional utility cost of £786k in year 2 of the partnership, justify the need for the Operator Change of Notice.

If support is provided to Freedom Leisure then we will be able to carry on undertaking our responsibilities under the contract and can work hard to reduce the deficit caused by under achieving on the income projections. We now have an Area Manager within the New Forest and are confident that he will be able to commercially drive the income levels. The cost of utilities would be the same if another operator or the Council were to operate the facilities

If support is not provided to Freedom Leisure, we will be left in an extremely vulnerable position, which cannot be sustained for any period of time. Although we are expecting further support from client partners, no support would mean that we could run out of cash within 1 year.

There are recent instances where we have had to take/agreed action where no support has been forthcoming. This includes:

- A mutual termination of the partnership with Lichfield District Council from 1 April 2023
- The closure of the swimming pool at Rye Sports Centre, part of Rother DC
- The closure of the swimming pool at one of our sites in Milton Keynes

We would hope that we would not get to this point with New Forest DC

Sector Lobbying

There has been much lobbying to government by UK Active, CLUK, Swim England and other operators.

From a Freedom Leisure perspective there have been media interviews by Ivan Horsfall Turner – CEO of Freedom Leisure (Radio 5 Live – Adrian Chiles, Radio 2 – Jeremy Vine), as well as many regional radio stations from all around the UK

We have sent letters to MP's in all partnership areas to encourage them to lobby their MP colleagues

We have met Sally Ann-Hart, MP for Rye and Hastings who is lobbying to see if pools and leisure centres can be classified as an intensive industry under the EBDS

On Wed 25 Jan 2023, a question was raised by Carolyn Harris (Swansea East MP) to the Prime Minister (in PMQ's) regarding the utility crisis and the effects on swimming pools and leisure centres

In April 2023 the government announced the Swimming Pool Support Fund (SPSF), where all Councils could apply for a grant, against increasing utility costs. This is administered by Sport England and the Council has applied, and been successful with their application, although the grant does not cover all the additional utility costs

Support from other Councils

We have provided a summary of support agreed with many of our local authority partners but really require support from all our partners to ensure future sustainability.

Examples of Council reports are set out in Appendix 4 and on the attached links:

Worcester City Council – 25.1.23

<http://committee.worcester.gov.uk/documents/s56215/Freedom%20Leisure%20Report%20Final.pdf>

Stafford Borough Council – 3.1.23

<https://www.staffordbc.gov.uk/sites/default/files/cme/DocMan1/Committee-Agenda-22-23/Resources/Resources-Scrutiny-Committee-3-January-2023-Agenda.pdf>

Derbyshire Dales DC – 24.11.22

<https://democracy.derbyshiredales.gov.uk/documents/s4034/Additional%20funding%20for%20Freedom%20Leisure%20due%20to%20the%20increased%20cost%20of%20engery.pdf>

Conclusion

We have outlined the financial implications of the partnership resulting from the significant increases in utility costs as a result of the War in Ukraine, which were **£457K** in Year 1 and **£786K** in Year 2

We believe that our formal request for an Operator Change of Notice to provide support for the additional utility costs is a legitimate and sensible mechanism to deal with this situation which was totally unforeseen when we were originally tendering for the New Forest Leisure Centres in 2020

An agreement of financial support will ensure that the partnership between New Forest DC and Freedom Leisure can continue and be sustainable for the medium and longer term

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