

## REPORT OF CABINET

(Meeting held on 7 December 2022)

### 1. LEADER'S ANNOUNCEMENTS (MINUTE NO 51)

At the Cabinet meeting, the Leader stated that the UK Shared Prosperity Fund had been confirmed and would provide £1million of funding to the District across a three year period. This funding will provide capital and revenue to the Council. Cabinet were reminded that they had approved their submission to the UK Shared Prosperity Fund at their July meeting, which focused on three priority themes. These being: improvements to place and town centres, car park enhancements and renovations to beach shelters and litter reductions. The Leader was encouraged that this funding would support local businesses and start-ups allowing the Council to harness the opportunities presented for a green economy. The Council will work with its partners across the District in the New Forest Partnership Board to oversee the implementation of this program of funding.

### 2. COUNCIL TAX 2023/24 - SETTING THE TAX BASE (MINUTE NO 55)

The Cabinet, having considered the annual Tax Base calculation as part of the integral budget setting process in determining all Council Tax levels, endorsed the calculation of the Council's tax base for the year 2023/24 as set out in the Cabinet report and detailed at Appendix 3.

The Council Tax Base is a yearly calculation that represents the estimated number of chargeable dwellings and is set to a "Band D equivalent" figure.

The annual report for 2023/24 includes detailed calculations that are required to set the tax base for tax setting purposes and a number of properties are adjusted in each valuation band to allow for exemptions, reductions and premiums, for example.

There may be some growth in the tax base in the forthcoming year, with the total base calculated at 72,271.7. Cabinet was advised that this was a prudent approach and that a realistic collection rate has to be determined and factored into the calculations.

The change in the number of dwellings set to the Band D equivalent within the tax base is not unusual. This was due to a variety of reasons, such as the change in property numbers overall or dwellings that receive discounts or exemptions.

#### **RECOMMENDED:**

- a) *That the calculation of the Council's tax base for the year 2023/24 be approved*
- b) *That 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 2023/24 be as follows and as detailed in Appendix 3 of the Cabinet report.*

PARISH/TOWN	TAX BASE 23/24
Ashurst & Colbury	937.3
Beaulieu	516
Boldre	1,059.7
Bramshaw	343.4
Bransgore	1,827.6

Breamore	184.3
Brockenhurst	1,906
Burley	803.6
Copythorne	1,219.9
Damerham	248.9
Denny Lodge	160
East Boldre	382.7
Elingham, Harbridge & Ibsley	632
Exbury & Lepe	116.1
Fawley	4,655.9
Fordingbridge	2,427.9
Godshill	227.6
Hale	268
Hordle	2,440.1
Hyde	514.2
Hythe & Dibden	7,494.8
Lymington & Pennington	7,531.1
Lyndhurst	1,480.4
Marchwood	2,067.6
Martin	198.5
Milford on Sea	2,934.2
Minstead	377.3
Netley Marsh	812.2
New Milton	10,624
Ringwood	5,474.9
Rockbourne	164.8
Sandleheath	283.8
Sopley	389.8
Sway	1,730.8
Totton & Eling	9,484.4
Whitsbury	102.9
Woodgreen	249
<b>Whole District</b>	<b>72,271.7</b>

### 3. ASSET INVESTMENT STRATEGY (MINUTE NO 56)

Cabinet endorsed the Asset Investment Strategy, the proposed level of investment and the continuation of the Property Investment Panel; both as set out in Cabinet Report 5 of the Cabinet agenda and is recommending approval to Council.

Since 2017, the Council has implemented an asset investment strategy to invest in commercial property in support of its stated priorities to help local businesses grow, to boost the economic viability of the District and to identify opportunities to generate income to maintain services that are important to residents. Cabinet has considered the second stage of the Asset Investment Strategy which continues the existing work conducted on the strategy.

The Council has secured a diverse portfolio of good quality commercial property within the District to support economic activity and industrial development as well as providing a worthwhile rental income to support the Medium-Term Financial Plan.

Cabinet considered the Financial Strategy and Business Case for the continuation of the programme and endorse the additional funding of £20M to be made available to accommodate further property acquisitions before a further review of the strategy is necessitated.

A Commercial Property Panel, comprised of senior officers and members, provides decision-making, oversight and guidance in respect of the implementation of the present Asset Investment Strategy. The Panel has reviewed the proposed Asset Investment Strategy 2022 and has endorsed it.

Capital financing will be considered in the round alongside other Council strategies, such as the Housing Strategy. This will allow the Council to best budget going forward, enabling the Council to utilise internal funding first with the prospect of external funding or borrowing if required.

The income that is generated by the Asset Investment Strategy will go into the Council's general fund which will support all services provided and the residents of the District.

Following Cabinet's endorsement of the Asset Investment Strategy, an increase of £20M to the investment portfolio, making a total of £50M, is recommended to Council as a supplementary estimate to the Council's Capital Budget.

**RECOMMENDED:**

- a) ***That the Asset Investment Strategy attached as Appendix 1 to the Cabinet report be approved;***
- b) ***That the proposed level of investment, at £20M, and associated financial implications as set out in the Strategy and the Cabinet report be approved; and***
- c) ***the continuation of the Property Investment Panel for the purposes set out in the Cabinet report.***

**4. MEDIUM TERM FINANCIAL PLAN 2022 ONWARDS (MINUTE NO 57)**

The Cabinet, having considered the Medium-Term Financial Plan for 2022 Onwards, noted the contents of the report and, having endorsed and approved the approaches at recommendation b and c of the Cabinet report, is recommending to Council the approval of the proposed fees and charges, as detailed in Appendices 1 and 2 of the Cabinet report.

Cabinet took into consideration the ongoing development of the Medium-Term Financial Plan and the factors that will influence its delivery and that of the annual budget strategy 2023/24.

The underlying message is that the Council still has financial challenges ahead. The Council is being proactive and prudent when it comes to financial budgeting and there is confidence that the Council is well placed to present a strong financial strategy through to 2027/28.

The financial strategy seeks to align available financial resources to corporate priorities and achieve a balanced budget through the crystallisation of efficiencies from all services, supported with the targeting of new and additional income generation.

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.

The Autumn Spending Review awarded Local Government an additional £4.8billion in grant funding over the next three years as well as some business rate relief measures and settlement grants. The items that are known as either impacting or potentially impacting the NFDC finances over the Medium Term as a result of this Government policy include Business Rate Reset, the Lower Tier Services Grant, Services Grant, Council Tax Increase, New Homes Bonus, National Insurance Contributions, Extended Producer Responsibility Scheme, Homelessness Prevention Grant and the HRA Cap.

Council Tax will play an important role in the overall scale of the Council's budget going forward. The increase in the Band D Council tax threshold of £5 or 2.99% for District Councils will provide added flexibility to achieve the updated forecasted deficit, as detailed in paragraph 5.2 of the Cabinet report.

Options are identified to address the deficit, as outlined in the Cabinet report, including Commercial and Residential Income Generation and the Efficiency Programme.

Cabinet considered the additional, significant quantifiable changes to consider since the September reported position. These included Homelessness Cost Pressures, Triennial Pension Revaluation, National Insurance, Pay Award, Tax Base Growth, investment in the New Forest economy, the freezing of the Business Rate multiplier, investment in Service Change Resources, and service changes in Garden Waste Collections and Trade Waste.

Formal financial setting will take place in February awarding greater clarity to the 2023/24 budget.

**RECOMMENDED:**

***That the proposed fees and charges as included at Appendix 1 and 2 to the Cabinet report be approved.***

**5. COUNCIL TAX REDUCTION SCHEME 2023/24 (MINUTE NO 58)**

The Cabinet, having considered the Council Tax Reduction Scheme for 2023/24 report and the detailed recommendations of the Task and Finish Group, is recommending to Council that the backdate period be extended from 6 months to 12 months as detailed in Section 6 of the Cabinet report; and that a Task and Finish Group review a Banded scheme during 2023.

Local authorities are responsible for setting up their own Council Tax Reduction Schemes to support those of working age on low income paying their council tax. There are currently 7904 claimants receiving Council Tax Reduction which currently costs approximately £9.1M. The amount of Council Tax Reduction awarded affects the tax base and is not identified within the overall formula grant allocation.

The Task and Finish Group was set up to review the current Council Tax Reduction scheme with any proposals for change to take effect from 1 April 2023. The Group met and considered the varying factors that impacted the Council Tax in-year collection rate for those in receipt of Council Tax Reduction. It is acknowledged that in 2022/2023 council tax bills had increased, the level of administration involved in collecting council tax had increased and welfare reform changes and the cost-of-living crisis had also negatively affected low income households.

There is confidence that collection rates for Council Tax will remain high and that anyone who may face difficulty in paying their Council Tax should always make contact with the Council at the earliest opportunity as there are support measures on offer.

**RECOMMENDED:**

**a) That the backdate period be extended from 6 months to 12 months as detailed in Section 6 of the Cabinet report.**

**b) That a Task and Finish Group review a Banded scheme during 2023.**

**6. COUNCIL TAX EMPTY HOMES PREMIUM, SECOND HOMES PREMIUM, DISCOUNTS AND POLICIES (MINUTE NO 59)**

The Cabinet agreed that the empty homes premium, as detailed in Section 3 of the Cabinet report, remains unchanged; that the extension of the Empty Homes Premium as detailed in Section 4 be approved; that the introduction of a second homes premium of 100%, as detailed in Section 4, be approved; that the removal of the council tax discount for properties in Prescribed Class D, as detailed in Section 5, be approved; and that the updated policies as detailed in Section 6 be approved.

These recommendations were put to Cabinet by the Council Tax Reduction Task and Finish Group. The report was also the subject of consideration by the Corporate Affairs and Local Economy Overview and Scrutiny Panel.

The Empty Homes premium seeks to bring empty properties back into use as quickly and efficiently as possible. The Queen's speech in May 2022 included a Levelling Up and Regeneration bill which proposed to give local authorities discretion to address second homes and to extend their existing provision in relation to empty homes. The Task and Finish Group considered the proposals and recommended that a second homes premium be introduced of 100% and that a 100% empty homes premium apply when a property had been empty for more than one year. These two premiums are subject to legislation being implemented. Should Royal Assent be received prior to 31 March 2023, the Council could apply these new proposals from 1 April 2024.

The upcoming change, following the annual review, is the removal of the Prescribed Class D Council Tax band discount.

Three policies contained within the review have been reviewed and updated. These include the fair collection and debt recovery policy, the discretionary housing payment policy and the exceptional hardship payment policy.

**RECOMMENDED:**

**a) That the empty homes premium as detailed in Section 3 of the Cabinet report remains unchanged.**

**b) That the extension of the Empty Homes Premium as detailed in Section 4 of the Cabinet report be approved.**

**c) That the introduction of a second homes premium of 100%, as detailed in Section 4 of the Cabinet report be approved.**

**d) That the removal of the council tax discount for properties in Prescribed Class D, as detailed in Section 5 of the Cabinet report be approved.**

**e) the updated policies as detailed in Section 6 of the Cabinet report be approved.**

**7. SOLENT FREEPORT – HM GOVERNMENT MEMORANDUM OF UNDERSTANDING (MINUTE NO 60)**

The Leader updated Cabinet on the recommendation for the Solent Freeport, HM Government Memorandum of Understanding. The Leader proposed a minor amendment to the recommendation, accounting for the fact that delegation to the Chief Executive, in consultation with the Section 151 Officer and the Leader of the Council, for sign off of the final version of the MoU, allowing flexibility in the event of minor amendments. The Cabinet accepted this minor amendment and agreed that that delegated authority is given to the Chief Executive, in consultation with the Section 151 Officer and Leader of the Council, to sign the final Memorandum of Understanding on behalf of the Council as part of the Freeport designation process.

New Forest District Council is required to be a signatory of the MoU. This latest document reaffirms the objectives and aims of the Solent Freeport and is consistent with the full business case that was submitted and is nearing the final stage of Government review and sign off. The signing and return of the MoU will leverage the release of the £25million worth of seed capital, which will give tax incentives to those businesses operating within the freeport area. This latest version of the MoU supplements the paper presented to and approved by Cabinet and Council at their March 2022 extraordinary meetings.

***RECOMMENDED:***

***That the Council delegate authority to the Chief Executive, in consultation with the Section 151 Officer and Leader of the Council, to sign the final Memorandum of Understanding on behalf of the Council as part of the Freeport designation process.***

**8. OUTSIDE BODIES (MINUTE NO 61)**

The Cabinet noted that the appointments to Outside Bodies, in respect of the Leader and Deputy Leader of the Council, will be fulfilled by Cllrs Cleary and Andrews respectively, for the remainder of the four-year period ending May 2023.

The Cabinet also agreed the appointment of Leader of the Council (Cllr Cleary) and Cllr E Heron to the Hampshire and Isle of Wight Local Government Association for the remainder of the four-year period ending May 2023.

**COUNCILLOR J CLEARY  
CHAIRMAN**