Council – 24 February 2025

Report of Cabinet – 19 February 2025

Part I – Items resolved by Cabinet

None

Part II – Recommendations to Council

1. Housing Revenue Account Budget and Housing Public Sector Capital Expenditure Programme 2025/26

Portfolio – Housing and Homelessness

Recommended:

That Council approve the following:

1. that from 07 April 2025, an increase in dwelling rents of 2.7% from the 2024/25 weekly rent level, in accordance with Government guidelines, be agreed;

2. that from 07 April 2025, an increase in garage rents of 2.7% from the 2024/25 weekly rent level be agreed;

3. that from 07 April 2025, an increase in shared ownership property rents of 3.2% from the 2024/25 weekly rent level, in accordance with Government guidelines of RPI +0.5%, be agreed, and that the weekly rent of one additional property sold under previous legislation be increased by 2.7%;

4. that from 07 April 2025 Service Charges will continue to reflect actual charges and following a reduction in window cleaning and utility costs, these respective charges will be reduced;

5. that the HRA budget, as set out in Appendix 1 of the Cabinet report, be agreed; and

6. that a Housing Capital Programme to 2027/28, as set out in Appendix 4 to the Cabinet report, be agreed.

Cabinet Discussion:

The Portfolio Holder for Housing and Homelessness reported he was delighted to present the HRA report which proposed a balanced budget for 2025/26 for approval, supporting the Corporate Plan commitments.

The proposed budget included a rent increase of 2.7%, which should be viewed against the current inflation rate of 3%. An uplifted maintenance budget was proposed of £18.93 million to be spent on maintaining tenants' properties during 2025/26. This included investment on additional windows, bathrooms, replacement heating and insulation to accelerate improvements to council housing which would reduce household energy bills for the benefit of tenants. This was a key priority of the Cabinet.

The development and acquisition of new council properties was proposed to continue. The budget was supported by a 30 year business plan, which detailed the spending decisions which would support the sustainability of the HRA for the duration of the plan.

The Strategic Director of Housing and Communities further highlighted that the budget proposed continued support for compliance and safety of tenants and their properties. The budget proposed £1.5 million for fire safety works and £1.87 million for decarbonisation works to support the energy efficiency measures which had already been highlighted.

In addition to these works, there was a proposed increase in expenditure, which was more than in previous years in order to support the Cabinet in the Corporate priorities. This included an increased level of borrowing. Borrowing over a 30 year period had been forecast and this was supported within the plan.

Rent was proposed to be increased, however the flexible service charging approach, instigated last year meant that some service charges would decrease. This was possible due to savings passed on by procuring a better value window cleaning contract, and a reduction in the utility costs for communal areas.

The Portfolio Holders each spoke in support of the report, recognising the benefits of a balanced budget and that it proposed an ambitious programme of works in difficult and challenging financial times. The importance of continuing to invest in properties to provide high standards to tenants and the decarbonisation works were welcomed. Finally, the housing team was praised for their work and it was noted that this had been recognised through the Corporate Peer Challenge.

A non Cabinet Member recognised the positive work which had been carried out, including the completion of the Stock Condition Surveys on the housing stock, to understand the future works which would need to be carried out. It was questioned how the programme of improvement works would be communicated to tenants.

The Portfolio Holder for Housing and Homelessness acknowledged the point made and recognised that the volume of works to be scheduled as part of the maintenance programme was huge. The works were prioritised and residents would be informed at the appropriate time.

The Strategic Director of Communities and Housing in addition to this, reported that investment had been made into forecasting software for maintenance works. Following the completion of the Stock Condition Surveys, there was a good understanding of the condition of properties and when the component parts would need to be replaced. A programme of works had been estimated over 30 years. It was important however to avoid setting false expectations to tenants as the programme of works was subject to change. Tenants were provided with details of the short term programme of works they could expect to be carried out, however, consideration would be given regarding whether this could be extended further, without setting false expectations.

In response to a question from a non Cabinet Member about the proportion of council homes which had been brought up to an EPC C rating, the Strategic Director of Housing and Communities reported that a plan was in place to bring properties up to the EPC C rating by the 2030 deadline. £1.8 million had been allocated to these improvement works, and it was hoped that the council would be successful in receiving grant funding, which would enable the work to be carried out on a 50:50 shared cost basis. It was highlighted that the Council had been successful in the delivery of retrofit work and last year and windfall grants had been received to support an enhanced programme of retrofit work, which had been successfully completed. It was reported that 2,700 properties would need retrofit work to be carried out in order to achieve the EPC C requirement. The worst performing council properties had already received retrofit works, these being properties with an EPC rating of G, F or E. The work required to the remaining properties was fairly minimal and this was expected to be completed by the 2030 target.

Appendix 1 – Background Report to Cabinet

2. Medium Term Financial Plan and Annual Budget 2025/26

Portfolio – Finance and Corporate

Recommended:

That Council approve:

1. the updated Medium Term Financial Plan (MTFP) and financial strategy, as set out in the Cabinet report and throughout appendices 1-3, be approved;

2. there is a General Fund Net Budget Requirement in 2025/26 of £25.509 million, as set out in appendices 5a - 5d to the Cabinet report;

3. the New Forest District Council Band D Council Tax for 2025/26 shall be £205.77 (paragraph 24);

4. the General Fund Capital Programme for 2025/26 of £19.411 million, as set out in appendix 6 to the Cabinet report be approved;

5. the proposed fees and charges as included at appendix 7 to the Cabinet report be approved; and

6. the principal of utilising up to £1.377 million of the budget equalisation reserve to fund investment in community assets, supporting the future transition to the new unitary authority and town and parish councils, is approved.

Cabinet Discussion:

The Cabinet heard from two members of the public, speaking in opposition to the proposed fees and charges in relation to the beach huts in the district. This was contained within recommendation 5. of the Cabinet report and Appendix 7.

Melissa Ashman Kulesza addressed Cabinet reporting that she was speaking on behalf of the Barton on Sea beach hut owners, strongly objecting to the proposed increase in fees. The reasons for this objection included; that beach hut fees had been increased by over 20% last year; that they were unjustified, other than to maximise income; were discriminatory, alleging they were in breach of the Equalities Act 2010 and it was felt that the fee structure with differential charges for residents and non residents (41% increase in annual charge) was both unfair and unethical. It was highlighted that the proposed increases had created much stress and anxiety amongst beach hut owners and it was felt that a fairer and equitable solution would be to increase the fees and charges by a small amount to all owners or not at all.

Malcolm Wells addressed the Cabinet as a Calshot beach hut owner. He reported he had owned and enjoyed his beach hut for 15-20 years. It was in good condition, recently being rebuilt and he was proud of it. The fees about 10 years ago had been circa £500-600 a year. The annual fee had increased by 20% last year and a further 30% increase was proposed for the next financial year, taking the annual licence fee to just under £1,400 a year for a non resident. The annual licence fee proposed for a resident of the District was £899. The disparity between the two figures was questioned and considered unfair. The proposed administration fee to transfer a beach hut was felt to be too high, and it was reported that the proposed fee was higher than other local areas, highlighting that a fee was proposed even if an owner passed away. It was acknowledged that the council was under financial pressure, however, it was asked that the fees and charges reviewed to be fair and that the imbalance be addressed.

The Portfolio Holder for Finance and Corporate reported he was pleased to present the Medium Term Financial Plan and annual budget report setting out a balanced budget for 2025/26. It continued to support residents, visitors and businesses by investing in the delivery of corporate priorities. This achievement was in spite of what had essentially been a reduction in Government funding through the financial settlement. This was further compounded by the significant shortfall in the promised financial funding meant to offset the increase in employers National Insurance.

Notwithstanding these challenges, a balanced budget had been achieved, which would fund investment into council services and has been as a result of continuous improvement and diligent financial stewardship of the Council.

One of the most significant activities in the forthcoming coming year would be the implementation of the new waste strategy. This would see over £2 million invested in the revenue budget supporting the transition to the new service, including the new weekly food waste collection. Furthermore, over £8 million in capital expenditure was proposed for new vehicles and bins across the district. Significant investment was proposed towards transformation, to support modern digital customer services, with a movement towards more customer self service, in line resident expectations. ICT improvements were therefore more important than ever and it was necessary to ensure that services were fit for devolution and local government reform.

£250,000 of revenue funding was proposed towards community grants. In addition, it was proposed to utilise up to £1.377 million from reserves over the medium term to invest in community assets. This would support the future transition to the new unitary authority and town and parish councils, to ensure that the council's assets could be handed over in the best possible condition.

Finally, the Portfolio Holder thanked Cabinet Members for their involvement in what had been a collective piece of work and he expressed his thanks to staff in the delivery of the work, recognising that they were essential in the provision of council services.

The Assistant Director of Finance confirmed that the report proposed a balanced budget for 2025/26. The net budget requirement for 2025/26 was £25.5 million. In addition to those items already referenced, the budget made provision for other significant sums including; £1.36 million to cover the increase in pay costs. This included the known and forecast pay award implications and the requirement to cover the 75% shortfall in support of employer national insurance costs. £100,000 had been made available to manage inflationary pressures.

There were a number of one off items which had been removed in relation to 2024/25 activities as they had been concluded, with £40,000 included to fund reviews for commercial waste and the glass collection services.

Whilst a significant amount was proposed to be spent on the new waste collection service, as referred to by the Portfolio Holder, the budget included assumptions that £1.175 million of Extended Producer Responsibility funding and £1.5 million of new burdens support to the new food waste service, would be forthcoming.

Additional income to fees and charges was proposed following an external benchmarking exercise. All fees and charges for 2025/26 had been detailed in Appendix 7 of the report.

Council tax was proposed to be increased by 2.99% in line with government expectations and the flexibilities allowed. This equated to a £5.98 increase for Band D properties, which would mean that all services provided by the District Council cost just under £4 per week and accounted for approximately 9% of the total Council Tax bill.

Paragraph 31 of the report was highlighted which demonstrated the balanced budget position for 2025/26 and 2026/27 and showed a £2.22 million gap in funding over the remainder of the medium term.

Subject to future assumptions regarding fees and charges there would be a requirement to draw down £1.3 million from the budget equalisation reserve. This would provide up to £1.377 million to be considered to support the investment in community assets as detailed earlier by the Portfolio Holder.

The revenue budget included £2.5 million to support the asset maintenance and replacement programme and the recommendation sought to approve the £19.411 million capital programme. This had been considered at the previous Cabinet meeting.

The Section 25 Statement from the Section 151 officer was highlighted from paragraph 39. of the report which set out their satisfaction that the figures included in the report, including estimates were appropriate and robust and that the availability of cash and level of reserves held by the council was appropriate in the medium term.

The Portfolio Holder for Environment and Sustainability spoke in relation to the proposed beach hut fees and charges, which had been raised by the public speakers at the meeting. He understood the concerns which had been expressed regarding the price increases on the beach huts. Great consideration had been given to them and the proposed increase had not been taken lightly. An extensive benchmarking exercise had been carried out looking at beach hut fees across the country, particularly focusing on the local area. The exercise indicated that the proposed increases to the fees and charges were both fair and reasonable. Whilst the proposed increased were not desirable, it was highlighted that the Council was facing significant financial challenges in the budget and therefore they necessary in order to address these.

The Portfolio Holder for Finance and Corporate highlighted that the Medium Term Financial Plan showed extreme pressure on the Council's finances. All Portfolio Holders had been asked to review fees and charges in order to maximise income to address these budget pressures. Any shortfall in the budget would come from council tax and this could be detrimental to residents, particularly those in deprived areas. The Portfolio Holder expressed sympathy to the speakers in relation to the increases to the charges and reported that it was not something he wanted to do. However, with the reduction in central government funding and the budgetary pressures, it was important to ensure that the council continued to deliver essential services to local residents.

A non Cabinet Member recognised the uncertainty ahead with devolution and the local government review, and sought confirmation that conversations between partners were ongoing to ensure that any movement to a new authority and that any transfer of assets would be as smooth as possible. The Leader responded and confirmed that these conversations and considerations were taking place.

In addition, a non-Cabinet Member questioned how the benchmarking had been carried out and whether it had included the fees and charges of the Cadland Estate, which was privately run. A comment was made that non residents were being charged disproportionately and that this could be considered differently.

Appendix 2 – Background Report to Cabinet