

## **Cllr Christopher's E-mailed Report – 29 January 2023.**

### **Help shape travel and transport across Dorset.**

Dorset Council are working with BCP Council to gather views on transport and travel across the whole of Dorset, and we have put together a briefing note for you with further details.

Residents, businesses, and visitors are being invited to share their views on what they consider to be the big transport issues across the whole of Dorset. This work plays an essential role in helping the councils understand the different transport needs of our diverse communities.

Dorset Council are encouraging people to fill in our online survey, or they can ask their local library for a paper copy of the questionnaire.

Events are also taking place where people can share ideas and find out more, with an online event also planned for February (more details to follow).

If you have any questions regarding the survey or the Local Transport Plan, please do get in touch with the team by email at [ltpl@dorsetcouncil.gov.uk](mailto:ltpl@dorsetcouncil.gov.uk)

### **Dorset Council Budget.**

Dorset Council has published its initial proposals to deliver a balanced budget next financial year, 2024-25. The proposals will see essential frontline council services continuing to be provided to residents and businesses and protected from cuts.

The proposed budget means that in the coming year the council will spend £376m on its residents, an 8 per cent increase in funding for essential services. Around 60 per cent of the budget will support vulnerable children, families, older people, and those with disabilities. In total, Dorset Council provides around 450 different services to just under 380,000 residents, including adults and children's social care, road maintenance, waste collection, housing support and libraries.

This year's budget setting exercise once more takes place against a national background of extreme pressures for councils. These pressures include the high level of inflation which affects the cost of delivering council services, and the continued growth in need for social care services as a result of the ageing population.

The council proposes to increase council tax next year by just under 3 per cent and to levy the adult social care precept of 2 per cent. The increase would be equivalent to £1.82 extra per week for a Band D property.

Cllr Gary Suttle, Dorset Council's Portfolio Holder for Finance, Commercial and Capital Strategy, said: "We have carefully developed proposals to deliver a balanced budget, in a national context of significant financial challenge for councils. Our overriding aim is to protect the essential frontline council services on which local residents and businesses rely.

"Throughout the life of this administration, and in contrast with a number of councils across the country, we have set a balanced budget every year with no cuts to frontline services."

### **Facebook LIVE Q&A – Dorset Council budget explained - Thursday 8 February – 6pm**

Dorset Council are inviting residents to ask questions about the council budget during our next Facebook LIVE Q&A on Thursday 8 February at 6pm.

The panel for the Q&A is:

1. Cllr Spencer Flower, Leader of Dorset Council
2. Cllr Gary Suttle, Portfolio holder for Finance, Commercial and Capital Strategy
3. Cllr Laura Beddow, Portfolio holder for Culture, Communities and Customer Services
4. Aidan Dunn, Executive Director for Corporate Development

Residents are being invited to submit questions in advance by emailing [comms@dorsetcouncil.gov.uk](mailto:comms@dorsetcouncil.gov.uk). The panel will also take questions live on the night in the comments of our live stream on Facebook.

If you miss it live, you will be able to watch it back on YouTube.

## **Energy saving materials VAT relief extended from February 2024**

Businesses that install qualifying energy-saving materials (ESMs), and customers that have ESMs installed, in residential accommodation and certain charity buildings in the United Kingdom (UK).

General description of the measure

Installations of ESMs in residential accommodation currently benefit from a temporary VAT zero rate until 31 March 2027, after which they revert to the reduced rate of VAT at 5%.

This measure extends the relief to installations of ESMs in buildings used solely for relevant charitable purposes, such as village halls or similar recreational facilities for a local community.

It also expands the scope of the relief to the following technologies:

- electrical batteries that store electricity generated by certain ESMs and from the National Grid (the grid)
- water-source heat pumps
- diverters that enable excess electricity from certain ESMs to be used within a building in which it is generated rather than exported to the grid.

It also adds certain preparatory groundworks that are necessary for the installation of ground- and water-source heat pumps.

### Policy objective

The policy objective is to incentivise the installation of ESMs across the UK to improve energy efficiency and reduce carbon emissions.

### Background to the measure

The government has made a commitment to support improvements in energy efficiency across the economy to bring down bills for households, businesses, and the public sector. In addition, improving the energy efficiency of the UK's housing stock and increasing the proportion of energy provided from low-carbon, renewable energy sources will be a key part of meeting our legally binding commitment to reach net zero greenhouse gas emissions by 2050.

At Spring Statement 2022, the government announced an expansion of the VAT relief for the installation of ESMs in residential accommodation in Great Britain. The changes reinstated the relief for wind and water turbines and removed complex eligibility criteria. They also introduced a temporary VAT zero rate until 31 March 2027 (after which installations will revert to the reduced rate of VAT at 5%). The Windsor Framework enabled these changes to be extended to Northern Ireland with effect from 1 May 2023.

While the expansion of the VAT relief was welcomed, there were requests for further changes to make the relief more effective and easier to access. At Spring Budget 2023, the government therefore published a Call for Evidence (CfE) seeking views on potential areas for reform and published a summary of responses to this CfE on 11 December 2023.

This measure implements reforms that the government has judged best meet the objectives of the relief as set out in the CfE, namely:

- Improving energy efficiency and reducing carbon emissions
- cost effectiveness
- alignment with broader VAT principles

## **National Living Wage Increase.**

The hospitality industry I note with interest has criticised the government's announcement that it will increase the National Living Wage by almost 10% from next April.

It will increase from £10.42 to £11.44 from 1 April 2024.

The Treasury said it was the largest ever increase in the minimum wage in cash terms and the first time it had risen by more than £1. The government added the rise will benefit an estimated 2.7m workers.

But I note the news has left many in the sector warning the government that such a rise could shut down many venues and businesses, particularly smaller operators, in an already struggling sector.

Some business organisations are calling for a permanent reduction in VAT for accommodation and attractions enterprises to boost rural tourism, ahead of the spring budget.

## **Key recommendations to help level up the rural economy and deliver the government's net zero objectives include:**

- To support the rural tourism sector, there needs to be a permanent reduction in VAT to 12.5% for accommodation and attractions enterprises.
- To support the decarbonisation of owner-occupied and rented homes, more people should be able to qualify for the zero-rate of VAT on energy-saving materials. This can be done by extending relief to the purchase of energy-saving materials as well as their installation.

- Simplify the tax system and encourage investment in agricultural buildings, equipment, and infrastructure which will ultimately modernise the sector and drive productivity growth. This means, in particular: extending the full expensing regime to unincorporated businesses; and extending the annual investment allowance and the writing down allowances to include buildings and structures.
- Provide certainty for landowners wishing to deliver environment land management or ecosystem services by confirming at the Budget that it will proceed with legislation to ensure that land used for environmental delivery/ecosystem services is not subject to inheritance tax.
- Keep the framework of capital taxes stable to give confidence to those planning the reorganisation of substantial but illiquid capital assets, given land is a significant input to their businesses.

As an accountant I recognise that the coming year seems likely to be the one when the reality of post-CAP (Common Agriculture Policy) farm support hits home on many farms. In England, Basic payments i.e. area-based payments will be down to at least half of their historic levels - more for larger farms. The offer under Environmental Land Management i.e. ELMS will be further developed, but farmers will need to do more to access this money than under area payments.

This should crystallise producers' thoughts about having to farm profitably with less financial assistance from Government. A thriving agricultural sector requires a significant improvement in overall productivity in the next decade. Technology will undoubtedly have a part to play in addressing the issue, but there is also need for high-quality people whether in Dorset or elsewhere, both management and staff will be equally, if not more, important.

For most farmers, food production will remain the core of their businesses. However, maximising income from all aspects of the farm will be vital. This encompasses traditional 'diversification' activities as well as newer income streams from selling environmental services, and this will be a focus area for land agents. The point that I hear most commonly made is that it does not appear environmentally friendly to import food that could be produced in the UK.

Best regards

Simon

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