

## REPORT OF CABINET

(Meeting held on 4 December 2013)

### 1. COUNCIL TAX REDUCTIONS AND DISCOUNTS 2014/15 (REPORT A) (MINUTE NO 42)

The Cabinet discussed and approved, insofar as they are empowered by law, the recommendations of the task and finish working group that was established to review the local scheme for council tax reductions and discounts. The review, which looked at the Council's experience in the first year of operation, took place within the context of the anticipated withdrawal of transitional funding from the Government. Further information on Government funding is expected to be received following the Chancellor's autumn statement.

A number of options had been considered, ranging from no change to the current scheme, through to an increase to 20% minimum contribution. Other factors, such as the capital that should be discounted, and the degree to which higher tax band properties should attract relief, were also considered. Analysis of the implications of each option, both in terms of financial yield to the Council, and in terms of impact on the amount payable by households, was set out in the report and its appendices. The schemes had been subject to consultation with the public and with the precepting authorities.

For the longer term, in order to indicate the Council's aspiration to move towards a 20% minimum contribution from everyone except pensioners and vulnerable persons, it was the majority view of the task and finish group that the minimum contribution should be increased this year to 10%, from the 8.5% that applied under the transitional arrangements. A larger increase was rejected in recognition of the financial pressures already being felt by households on limited incomes. The Cabinet concurred with this view.

The current discount scheme is working well and consequently no change is proposed to that element of the scheme.

The Cabinet and the Chairman of the Corporate Overview and Scrutiny Panel thanked the Task and Finish Group and the officers for their work on this review.

#### **RECOMMENDED:**

***That, in so far as it is empowered to do so by law, the Council agrees that, if the Government withdraws the transitional grant from April 2014, the present Council Tax Reduction Scheme be revised for 2014/15 in respect of persons who are not pensioners and persons not regarded as vulnerable because paragraph 29(8) of the Council Tax Reduction Schemes (Default Schemes) (England) Regulations 2012 does not apply (i.e. not persons entitled to certain disability payments), as follows:***

- a. An Applicant for the Scheme whose home is in a council tax band higher than band D shall have their entitlement calculated as if their home were in band D; and***
- b. The capital limit above which there is no entitlement shall be reduced from £16,000 to £6,000. Capital below £6,000 shall be disregarded; and***

- c. *The 'relevant percentage' in regulation 29(7) of the Council Tax Reduction Schemes (Default Schemes) (England) Regulations 2012 shall be 90%, meaning that the minimum council tax contribution is 10%; and*
- d. *The Scheme document for 2013/14 shall be replaced with Appendix 5 of Report A to the Cabinet in order to give effect to the above three recommended changes.*

**2. THE COUNCIL TAX 2014/15 – SETTING THE TAX BASE (REPORT B) (MINUTE NO 43)**

The Cabinet considered and, insofar as they are empowered by law, approved the Tax Base for 2014/15, which is an important step in setting the Council Tax payable for that period. The factors taken into account in the calculation of the tax base are set out in Report B to the Cabinet and a summary of the tax base in 2014/15 compared to 2013/14 is attached as Appendix 3 to the report. A prudent approach has been taken to forecasting the tax base, which is expected to increase by 1.3% next year, taking a realistic view of the likely collection rate and the increased volatility of the tax base in the light of various welfare reforms.

**RECOMMENDED:**

*That, in so far as it is empowered to do so by law, the Council agrees that:*

- (a) *The calculation of the Council's tax base for the year 2014/15 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 2014/15 be as follows and as detailed in Appendix 1 to Report B considered by the Cabinet.*

<b>PARISH/TOWN</b>	<b>TAX BASE</b>
	<b>14/15</b>
<i>Ashurst &amp; Colbury</i>	<i>907.7</i>
<i>Beaulieu</i>	<i>511.1</i>
<i>Boldre</i>	<i>1043.0</i>
<i>Bramshaw</i>	<i>342.1</i>
<i>Bransgore</i>	<i>1772.7</i>
<i>Breamore</i>	<i>175.3</i>
<i>Brockenhurst</i>	<i>1837.4</i>
<i>Burley</i>	<i>771.5</i>
<i>Copythorne</i>	<i>1195.4</i>
<i>Damerham</i>	<i>225.3</i>
<i>Denny Lodge</i>	<i>147.2</i>
<i>East Boldre</i>	<i>379.4</i>
<i>Ellingham, Harbridge &amp; Ibsley</i>	<i>592.0</i>
<i>Exbury &amp; Lepe</i>	<i>108.9</i>
<i>Fawley</i>	<i>4445.4</i>
<i>Fordingbridge</i>	<i>2189.8</i>
<i>Godshill</i>	<i>220.5</i>
<i>Hale</i>	<i>257.9</i>
<i>Hordle</i>	<i>2341.3</i>
<i>Hyde</i>	<i>516.0</i>

<i>Hythe &amp; Dibden</i>	<b>7225.0</b>
<i>Lymington &amp; Pennington</i>	<b>6789.3</b>
<i>Lyndhurst</i>	<b>1366.1</b>
<i>Marchwood</i>	<b>2046.2</b>
<i>Martin</i>	<b>188.5</b>
<i>Milford on Sea</i>	<b>2738.4</b>
<i>Minstead</i>	<b>361.8</b>
<i>Netley Marsh</i>	<b>807.3</b>
<i>New Milton</i>	<b>10137.9</b>
<i>Ringwood</i>	<b>5058.4</b>
<i>Rockbourne</i>	<b>163.7</b>
<i>Sandleheath</i>	<b>273.7</b>
<i>Sopley</i>	<b>285.2</b>
<i>Sway</i>	<b>1655.1</b>
<i>Totton &amp; Eling</i>	<b>9156.2</b>
<i>Whitsbury</i>	<b>99.4</b>
<i>Woodgreen</i>	<b>249.1</b>
<i>Whole District</i>	<b>68581.2</b>

### **3. MEDIUM TERM FINANCIAL PLAN 2013-2017 (REPORT C) (MINUTE NO 44)**

The Council's Medium Term Financial Plan has been reviewed and updated in the light of developing circumstances. The Local Government Finance Settlement for 2014/15 was still unknown at the time of the Cabinet meeting and forecasts were therefore based on previous Government announcements. The announcements made to date indicate that there will be a further reduction in income of £2.3 million over the next 3 years, emphasising the need for further careful financial planning and the setting of priorities to safeguard the delivery of services into the future. The projected funding gap for next year has already been reduced to £100,000 and it is confidently anticipated that the gap for next year will be closed by the time the budget is finalised in February. Significant work is however needed to address the projected shortfall in future years.

Progress has been made in developing 3 to 5 year revenue expenditure programmes, under each Portfolio, for future expenditure requirements for planned maintenance and replacement work on fixed assets; development projects and grants to third parties. Summary information is set out in Appendix B to Report C considered by the Cabinet.

Summary information about the initial capital programme for 2014/15 to 2016/17 is set out in Appendix C to the report. Work is continuing to identify the potential programme, including the research being done by a task and finish group looking at the funding of major coastal protection works, following Government changes to the funding regime. Another factor which will need to be kept under close review is that funding for Disability Facilities Grants, a statutory function for this Council, will now be directed through the County Council as part of the Integration Transformation Fund.

Each Portfolio Holder has been asked to review their spending requirements and to report back to the February meeting of the Cabinet on their recommended 3 year draft proposals for works to assets; the replacement of equipment; and development and capital programmes, in line with the Council's Medium Term Financial Strategy. All members of the Council have also been invited to put forward constructive suggestions and to contribute to this important task.

On 2 October 2013 (minute 33 refers) the Cabinet had also agreed, in principle, that a tapering transitional grant should be paid to town and parish councils to assist their financial planning to take account of the loss of income caused by the change from Council Tax Benefits to the Local Council Tax Reduction scheme, with its in-built reduction in Government funding. Consultations have subsequently been held with town and parish councils, including a special meeting with their representatives on 31 October 2013. The local councils have expressed a range of views, as set out in the report, but in general terms this Council's proposal is acceptable. While some concern was expressed that the scale of reduction in the financial settlement to local councils was greater than that to the District Councils, this Council's calculations had taken account of the various measures that have been put in place to maximise the proportion of the potential council tax revenue that they would achieve. The proposed grants to each local Council, totalling £300,000 for 2014/15, are set out in Appendix D to the Report C.

The Cabinet thanked the Task and Finish Group and the officers for their work on this review. Members also praised the responsible attitude that town and parish councils were taking towards this issue.

**RECOMMENDED:**

***That the provision of a Discretionary Grant of £300,000 to Town and Parish Councils in 2014/15 be approved, with the basis of individual distribution to be as set out in Appendix D to Report C considered by the Cabinet.***

**4. REVISED TREASURY BORROWING AND INVESTMENT STRATEGY 2013/14 (REPORT D) (MINUTE NO 45)**

The Cabinet is recommending the adoption of revisions to the Council's borrowing and investment strategy to take account of current market conditions. Allowing greater flexibility will broaden the range of counterparties with which the Council can do business and should also improve yields.

In addition, following a review of Treasury Management Services, it has been concluded that it would be advantageous to enter into a Service Level Agreement with Hampshire County Council's Treasury Management Service. This arrangement should improve efficiency and the management of risk at this time of banking uncertainty. Under the proposed arrangements the Council will continue to set its own treasury strategy and its funds will continue to be separately identified, with the County Council carrying out the operational functions. The County's wider opportunities in this area of work, combined with the improved rates available through greater volume transactions, should however improve this Council's returns on investments.

A cautious approach will continue to be taken to the Council's borrowing and debt strategy, using reserves and cash flows as far as possible to minimise borrowing.

Overall, the officers will continue to take a pro-active and vigilant approach to the management of the Council's finances.

**RECOMMENDED:**

***That each of the key elements of the Treasury Management Strategy, as set out below, and in more detail in Report D to the Cabinet, be approved:***

- (i) The additional information in the borrowing strategy relating to sources of borrowing and debt rescheduling;***
- (ii) The revised Investment strategy relating to the ability to place deposits of up to £10m for up to 2 years (3 years for other local authorities and other public sector bodies) and the inclusion of counterparties with a long term credit rating of A-, as set out in Annex A to Report D to the Cabinet;***
- (iii) The revision of the use of non-specified investment instruments, as set out in Annex B to Report D to the Cabinet;***
- (iv) The revised reporting requirements; and***
- (v) The strategy for financial derivatives.***

**5. NEW FOREST DISTRICT COUNCIL LOCAL ENFORCEMENT PLAN (REPORT E) (MINUTE NO 46)**

The Cabinet is recommending the adoption of a revised Local Enforcement Plan for the District outside the National Park. The revised plan takes account of new National Planning Practice Guidance, including "Ensuring Effective Enforcement", which is expected to supersede current Circular 10/97 on this issue. The draft plan was subject to consultation over the summer and has been amended in response to some of the comments received. The Planning Development Control Committee and the Environment Overview and Scrutiny Panel both support the Plan, which now reflects current practices, and is much clearer about when the Council will take action, what nature that action may take, the timescales involved and, importantly, the reasons why the Council may decide not to take any action. Under this Plan it is anticipated that 80% of all enforcement cases will be concluded within 26 weeks of initial registration.

The Cabinet, and the Chairman of the Planning Development Control Committee, congratulated the officers on the quality and usefulness of this document.

**RECOMMENDED:**

***That the draft Local Enforcement Plan, attached as Appendix 1 to Report E considered by the Cabinet, be approved and adopted***

**6. ICT STRATEGY (REPORT F) (MINUTE NO 47)**

The Cabinet is recommending the adoption of a revised ICT Strategy to cover the period 2014-2019, as set out in Report F to the Cabinet. The current Strategy, for the period 2009-2013, has largely been directed towards the implementation of the office optimisation programme, including projects such as the new telephone system, the installation of multi-function printing/copying devices and the introduction of an electronic document and records management system.

There are no major technology or information systems that need to be updated over the next Strategy period. The emphasis will therefore be refocused towards the maintenance and security of systems, while developments in technology and operating opportunities must be kept under close review to ensure the Council continues to make the most appropriate use of ICT and to meet the changing expectations from the public about modes of interaction. This must however remain within the context of the security requirements imposed by the Council's interaction with Government ICT systems, and the consequent need to comply with the Government's Code of Connection. The updating of systems and means of contact with the Council's systems, to improve efficiency and flexibility, have been welcomed by Members.

The Corporate Overview and Scrutiny Panel and the "Dragons Den" both support the proposed Strategy.

Members thanked the officers for providing a readable and understandable strategy document and also expressed their thanks for the excellent level of service provided by the ICT Help Desk.

**RECOMMENDED:**

***That the ICT strategy for the period 2014 – 2019, as set out in Report F to the Cabinet, be approved.***

**7. PLANNING FOR THE INTRODUCTION OF UNIVERSAL CREDIT (REPORT G) (MINUTE NO 48)**

The Department for Work and Pensions has indicated that they have a growing expectation that local Government will play a significant role in delivering the proposed Universal Credit. There is no doubt that the proposed changes will have a significant impact on the Council in its roles as a payer of benefits that will be amalgamated into the Universal Credit; as a provider of social housing; as an employer and as a community leader.

As yet there is no clarity with respect to the timetable for implementation, or the role that will be expected of local government. The deadline for full implementation, of July 2017, has not been changed, but the initial rollout has now been confined to just a few areas, covered by just 10 of the 740 job centres. A new framework document is expected to be published shortly, which should give some greater clarity. The degree to which the Government will defray local authorities' costs in supporting and introducing the new system is also undefined at present.

It is important that the Council is properly prepared, in a timely manner, not least because the changes may need to be implemented with very little lead-in time. It is also important however that resources are not wasted on work that is, ultimately, abortive. The Cabinet has concluded that it would be prudent to initiate some of the planning now, in particular working with potential partners at an early stage in the process, and have agreed to the establishment of a project board to take this work forwards. The membership of the Project Board will be the Housing and Communities and Finance and Efficiency Portfolio Holders; a member of the Executive Management Team and the Head of Housing and Customer Services. A number of key workstreams have been identified to structure the necessary activity and will be delivered by a Project Team, chaired by the Head of Housing and Customer Services, drawing in expertise from other service areas and partner organisations as necessary. The Corporate Overview and Scrutiny Panel and the

Housing Policy Focus Group will be involved as necessary, and a task and finish group may be established to examine the details.

This preparatory work will allow the Council to take informed decisions about its role, where ultimately there is a degree of discretion available, and will ensure that the Council's planning for this area of work is soundly based.

It has been agreed that a presentation on this issue will be arranged before a Council meeting, at an appropriate date in the future, as the situation becomes clearer.

**Councillor B Rickman  
CHAIRMAN**