

Dear Member

COUNCIL – MONDAY, 11 DECEMBER, 2017

Please find attached, for consideration at the Council meeting on Monday, 11 December, 2017, the following report that was unavailable when the agenda was printed.

Please bring this document with you to the meeting.

Agenda No Item

5. **Report of the Cabinet (Pages 1 - 6)**

To consider the Report of the Cabinet dated 6 December 2017

Yours sincerely

**023 8028 5588 - ask for Melanie Stephens
Committee Administrator**

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REPORT OF CABINET

(Meeting held on 6 December 2017)

1. CORPORATE PEER CHALLENGE - FEEDBACK REPORT (MINUTE 48)

The Cabinet has received the feedback report from the Peer Review Group that visited the Council in October.

The Peer Review Group spent 4 days on site, undertaking extensive research to focus on the 5 subject areas on which the Council had sought feedback, following which they have made 8 key recommendations:

- a) Develop the strategic framework with underpinning action plans to deliver the Council's vision for the broader district area;
- b) Align the Medium Term Financial Plan and investment strategies within that strategic framework;
- c) Consider alternative models for delivery through options appraisals and the use of external expertise to most effectively achieve the Council's objectives;
- d) Invest in the ICT infrastructure to leverage change;
- e) Engage with staff and managers in developing the future direction of travel for the Council;
- f) Review levels of decision making to empower managers and staff to deliver;
- g) Review the requirements for more formal engagement arrangements with the National Park Authority including, to be fully effective, a review of current appointments to the National Park;
- h) Prepare a robust and sound Local Plan, in a realistic but timely way.

Further details are set out in the feedback report which is appended to Report Item 4 to the Cabinet. The next step is for the Council to develop an action plan and it is intended that this will be presented to the Cabinet early in 2018. The report, action plan and the Council's position statement will be published on the Council's website.

Under the Peer Review process a follow-up visit should normally take place between 12 and 24 months after the initial visit by the Peer Review Group.

2. REVIEW OF PARLIAMENTARY CONSTITUENCY BOUNDARIES (MINUTE 49)

The Cabinet has decided that, as the current position of two self-contained Parliamentary Constituencies covering New Forest District cannot be maintained under new rules, no objection should be raised to the revised arrangements proposed by the Boundary Commission for the New Forest East and New Forest West Parliamentary Constituencies.

Following an initial consultation process in 2016, the Boundary Commission published revised proposals for changes to the Parliamentary constituency boundaries. The proposals that affect the New Forest District are set out in Report Item 5 to the Cabinet and Appendix 2 to the report.

The proposals achieve an electorate of 71,289 for New Forest West and 72,750 for New Forest East, which is within the required 5% of the “electoral quota” of 74,757.

3. COUNCIL TAX REDUCTION SCHEME 2018/19 (MINUTE 50)

Insofar as it is empowered to do so, the Cabinet has approved changes to the local Council Tax Reduction Scheme, and is recommending the changes to the Council for approval. The revisions to the scheme will apply from 1 April 2018. Potential amendments to the current scheme had been considered by a task and finish group appointed by the Corporate Overview and Scrutiny Panel.

The Corporate Overview and Scrutiny Panel, based on the recommendations of the task and finish group, concluded that the current scheme should be amended, particularly to reflect changes to benefits at a national level. They did not however recommend that any change should be made to the minimum contribution of 10% of the Council Tax payable. The proposed changes are:

- (i) To disregard in full Bereavement Support Payments in the calculation of Council Tax Reduction, to mirror changes being introduced to Housing Benefit;
- (ii) To reduce from 13 weeks to 4 weeks the period of absence from the Country permissible to remain entitled to Council Tax Reduction (exemptions, for example for illness or other unavoidable delay, will apply); and
- (iii) To remove the Housing Element of Universal Credit within the calculation of Council Tax Reduction, to prevent the applicable amount for new claimants being inflated compared to existing claimants.

It is anticipated that the budgetary implications for this Council of items (i) and (ii) will be minimal, while option (iii) will achieve a saving of around £15,000 per annum.

RECOMMENDED:

That, in so far as it is empowered to do so by law, the Council agrees that the Local Council Tax Reduction Scheme be amended with effect on 1 April 2018 as follows:

- (i) To disregard in full Bereavement Support Payments in the calculation of Council Tax Reduction, to mirror changes being introduced to Housing Benefit;***
- (ii) To reduce from 13 weeks to 4 weeks the period of absence permissible to remain entitled to Council Tax Reduction (exemptions will apply); and***
- (iii) To remove the Housing Element of Universal Credit within the calculation of Council Tax Reduction, to prevent the applicable amount for new claimants being inflated compared to existing claimants.***

4. COUNCIL TAX SUPPORT SCHEME - PROSECUTIONS AND PENALTIES POLICY (MINUTE 51)

The Cabinet has approved a new policy for prosecutions and the penalties that should be applied in respect of fraudulent claims for assistance under the local Council Tax Reduction Scheme. Whereas, historically, the Council was only able to claim back monies that had been claimed fraudulently, it is now possible to impose penalties to act as a deterrent.

The Benefits Manager and Corporate Fraud and Compliance Officer have been given delegated authority to make decisions under the policy.

5. THE COUNCIL TAX 2018/19 - SETTING THE TAX BASE (MINUTE 52)

In so far as it is empowered to do so by law, the Cabinet has approved the Council Tax Base for 2018/19, and is recommending it to the Council for approval. Setting the Council Tax Base is an important step in setting the Council Tax and it is important to take a realistic approach to ensure that the Council Tax collected is as predicted, with no shortfall.

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 2018/19 be approved; and*
- (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 2018/19 be as follows and as detailed in Appendix 1 to Report Item 8 to the Cabinet:*

PARISH/TOWN	TAX BASE 18/19
<i>Ashurst & Colbury</i>	<i>926.8</i>
<i>Beaulieu</i>	<i>511.8</i>
<i>Boldre</i>	<i>1066.1</i>
<i>Bramshaw</i>	<i>346.5</i>
<i>Bransgore</i>	<i>1814.5</i>
<i>Breamore</i>	<i>179.2</i>
<i>Brockenhurst</i>	<i>1861</i>
<i>Burley</i>	<i>791.3</i>
<i>Copythorne</i>	<i>1209.3</i>
<i>Damerham</i>	<i>234.9</i>
<i>Denny Lodge</i>	<i>154.8</i>
<i>East Boldre</i>	<i>381.1</i>
<i>Ellingham, Harbridge & Ibsley</i>	<i>606.7</i>
<i>Exbury & Lepe</i>	<i>116.1</i>
<i>Fawley</i>	<i>4548.9</i>
<i>Fordingbridge</i>	<i>2279</i>
<i>Godshill</i>	<i>224.7</i>
<i>Hale</i>	<i>261.4</i>
<i>Hordle</i>	<i>2393.6</i>

<i>Hyde</i>	518
<i>Hythe & Dibden</i>	7390
<i>Lymington & Pennington</i>	7177.4
<i>Lyndhurst</i>	1442.5
<i>Marchwood</i>	2061.2
<i>Martin</i>	197.4
<i>Milford on Sea</i>	2783.3
<i>Minstead</i>	370.3
<i>Netley Marsh</i>	815.6
<i>New Milton</i>	10457.9
<i>Ringwood</i>	5257.3
<i>Rockbourne</i>	164.4
<i>Sandleheath</i>	278.9
<i>Sopley</i>	370.5
<i>Sway</i>	1700.8
<i>Totton & Eling</i>	9373.4
<i>Whitsbury</i>	103.6
<i>Woodgreen</i>	250.8
<i>Whole District</i>	70621.0

6. MEDIUM TERM FINANCIAL PLAN 2018 ONWARDS (MINUTE 53)

The Cabinet has been updated on the development of the Medium Term Financial Plan. Since the Cabinet was last updated in October the Chancellor of the Exchequer had presented his Autumn Statement, which has implications for this Council as it includes fundamental changes to the operation of the business rates system, and also the suggestion that there will be a competitive bidding process for the various funds that have been announced to support housing. The Local Government Finance Settlement will be announced towards the middle of December. This will be the second year of the 4 year guarantee arrangement in terms of formula funding. The funding assumptions that have been used are set out in Section 4 of report Item 9 to the Cabinet, together with a summary of the latest projected position for 2018/19. Of particular note is that further savings and income additions of £441,000 have been identified since October which has resulted in a balanced budget position for 2018/19. The Cabinet recognised and welcomed the efforts that had been made to achieve a balanced budget and reiterated their commitment to continuing to do so, notwithstanding the projected financial challenges ahead.

The financial challenges facing the Council include an identified funding gap of £1.140 million, the introduction of a grants system for statutory duties under the Homeless Reduction Act; and the roll-out of Universal Credit. The Council will respond through the actions already set out in the Medium Term Financial Plan.

The Asset Maintenance and Replacement Programme that has been supported by the Corporate Overview and Scrutiny Panel is set out in Section 6 of the report, and has been set within the £2.3 million General Fund revenue budget, as required. The programme includes the second year of the “Protect and Maintain Frontline Services” ICT fund. As part of the 2018/19 Asset Maintenance and Replacement programme, the Cabinet has given authority to start initial preparatory work and approved the programme budget at high level.

A summary of the General Fund Reserves is set out in Section 7 of the report.

The Cabinet is recommending to the Council that the charges levied for pre-application advice and other non-statutory services in the Planning Service should be amended, as set out in Appendix 2 to Report Item 9 to the Cabinet. This was a recommendation of the Environment Overview and Scrutiny Panel following a review by a Task and Finish Group that was appointed to look at the issue.

RECOMMENDED:

That the schedule of fees and charges, as set out in Appendix 2 to Report Item 9 to the Cabinet, be approved to take effect from 1 January 2018.

7. CHANGES TO THE 2017/18 TREASURY MANAGEMENT STRATEGY (MINUTE 54)

The Cabinet has approved necessary changes to the Council's Treasury Management Strategy in response to an increase in the Council's investment balances. A number of causes have contributed to the increased balance, which mainly results from additional funds being collected each month in both Council Tax and National Non-Domestic Rates following bill increases in those areas; and increased reserve balances as a result of the 2016/17 outturn position. As the balances were higher than initially predicted there had been a passive breach of the upper limit on variable interest rate investment exposure. The changes are set out in section 3 of Report Item 10 to the Cabinet.

8. RESIDENTIAL PROPERTY INVESTMENT STRATEGY (MINUTE 55)

The Cabinet is recommending approval of a new strategy for investment in residential property to complement the strategy for investment in business assets that was considered by the Cabinet on 20 February 2017 (Minute 62 refers), and the Council on the same date (Minute 51 refers). The purpose of the new strategy is to invest in residential property, in particular to purchase privately owned residential properties for letting to private sector tenants; and to develop Council-owned sites to build housing to deliver a range of housing and tenure types. This will make a contribution to closing the identified funding gap in the Council's finances.

The Strategy will be implemented through the establishment of a Wholly Owned Company, limited by shares, to acquire, build, hold and manage the properties through a range of subsidiary companies. The Company will have a Board of Directors comprising 2 members of the Cabinet and 2 senior officers. The Company's Memorandum and Articles of Association, business plan and documentation will set out the relationship between the Council and the Company and determine the operational framework.

It is proposed that the investment will be funded through current reserve balances together with loans to the Company, on commercial terms, through the Public Works Loans Board. Full details of the financial context for investment are set out in Section 3 of Report Item 11 to the Cabinet.

RECOMMENDED:

(a) That the Residential Property Asset Investment Strategy attached to Report Item 11 to the Cabinet be approved;

- (b) That the proposed level of initial investment, as set out Report Item 11 to the Cabinet, be approved;**
- (c) That the Chief Executive, the Executive Head Governance and Regulation, and the S151 Officer, in consultation with 2 Portfolio Holders determined by the Leader of the Council, be authorised to take all decisions in respect of the Strategy, including entering into all necessary contracts and agreements; the setting up of the Wholly Owned Company (and subsidiaries) and related costs, to implement the Residential Property Asset Investment Strategy as set out in Report Item 11 to the Cabinet; and**
- (d) That the appointment of 2 Cabinet Members and 2 senior officers to the board of directors of the Wholly Owned Company, following its incorporation, be approved such individuals to be agreed by the Chief Executive in consultation with the Leader of the Council.**

9. PAYMENT SERVICES DIRECTIVE (MINUTE 56)

The Payment Services Directive, incorporated into UK law, will make it illegal for the Council to charge extra for credit or debit card transactions after 13 January 2018. The Council's existing policy of levying a 1.5% fee on credit charge transactions for Housing Rents, Council Tax and Business Rates will therefore be redacted from this date.

**COUNCILLOR B RICKMAN
CHAIRMAN**