



**New Forest**  
DISTRICT COUNCIL

---

# Council Meeting Agenda

---

**22 February 2016**



# SUMMONS

To All Members of the Council

You are hereby summoned to attend a meeting of the District Council to be held in the Council Chamber, Appletree Court, Lyndhurst on Monday, 22 February 2016, at 6.30 pm



**Bob Jackson**  
Chief Executive

Appletree Court, Lyndhurst, Hampshire. SO43 7PA  
[www.newforest.gov.uk](http://www.newforest.gov.uk)

This Agenda is also available on audio tape, in Braille, large print and digital format

---

# AGENDA

## Apologies

**1. MINUTES** (Pages 1 - 6)

To confirm the minutes of the meeting held on 7 December 2015 as a correct record.

**2. DECLARATIONS OF INTEREST**

To note any declarations of interest made by members in connection with an agenda item. The nature of the interest must also be specified.

Members are asked to discuss any possible interests with Democratic Services prior to the meeting.

**3. CHAIRMAN'S ANNOUNCEMENTS**

**4. LEADER'S ANNOUNCEMENTS**

**5. REPORT OF AUDIT COMMITTEE (Pages 7 - 26)**

To receive the report of the Audit Committee dated 22 January 2016.

**6. REPORTS OF GENERAL PURPOSES & LICENSING COMMITTEE  
(Pages 27 - 46)**

To receive the reports of the General Purposes & Licensing Committee dated 8 and 29 January 2016.

**7. REPORTS OF CABINET (Pages 47 - 52)**

To receive the reports of the Cabinet dated 6 January and 3 February 2016.

**8. QUESTIONS UNDER STANDING ORDER 22**

**9. QUESTIONS TO PORTFOLIO HOLDERS UNDER STANDING ORDER 22A**

To ask questions of Portfolio Holders. Questions received will be tabled at the meeting. (Members are reminded that questions must be submitted to the Chief Executive or to the Executive Head of Governance and Regulation by not later than noon on Friday 19 January 2016.)

**10. COUNCIL TAX 2016/17 (TO FOLLOW)**

To set the Council Tax for 2016/2017.

**11. MEMBERSHIP OF COMMITTEES AND PANELS**

To consider any changes to the membership of Committees or Panels that might be proposed by the political groups.

**12. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT**

This page is intentionally left blank

# Agenda Item 1

7 DECEMBER 2015

## NEW FOREST DISTRICT COUNCIL

Minutes of a meeting of the New Forest District Council held in the Council Chamber, Appletree Court, Lyndhurst on Monday, 7 December 2015

\* Cllr Mrs A J Hoare (Chairman)

\* Cllr G C Beck (Vice-Chairman)

### Councillors:

- \* A R Alvey
- \* Mrs D E Andrews
- \* W G Andrews
- \* P J Armstrong
- Mrs S V Beeton
- \* Ms R Bellows
- \* Mrs S M Bennison
- \* J E Binns
- \* G R Blunden
- \* D A Britton
- \* Mrs D M Brooks
- \* Mrs F Carpenter
- \* Mrs L D Cerasoli
- \* S J Clarke
- \* Mrs J L Cleary
- \* I C Coombes
- \* Ms K V Crisell
- \* S P Davies
- \* A H G Davis
- \* W H Dow
- \* Ms L C Ford
- \* R L Frampton
- \* A T Glass
- \* L E Harris
- \* M R Harris
- \* D Harrison
- \* J D Heron
- \* E J Heron
- \* Mrs M D Holding

### Councillors:

- \* Mrs P Jackman
- M J Kendal
- Mrs E L Lane
- \* Mrs P J Lovelace
- \* B D Lucas
- \* Mrs A E McEvoy
- \* A D O'Sullivan
- \* J M Olliff-Cooper
- \* N S Penman
- \* A K Penson
- \* D M S Poole
- \* L R Puttock
- \* B Rickman
- \* W S Rippon-Swaine
- \* Mrs A M Rostand
- \* D J Russell
- \* Miss A Sevier
- \* M A Steele
- \* M H Thierry
- \* Mrs B J Thorne
- \* D B Tipp
- \* D N Tungate
- \* A S Wade
- \* R A Wappet
- \* J G Ward
- \* Mrs C V Ward
- \* M L White
- \* C A Wise
- \* Mrs P A Wyeth

\*Present

### Officers Attending:

R Jackson, J Mascall, Miss G O'Rourke and Ms M Stephens

### Apologies

Cllrs Mrs Beeton, Kendal and Mrs Lane.

**42 MINUTES****RESOLVED:**

That the minutes of the meeting held on 19 October 2015 be signed by the Chairman as a correct record.

**43 DECLARATIONS OF INTEREST**

Cllrs Armstrong, Binns, Poole, Mrs Thorne and Wade in Minute No. 46, item 2 of the Report of General Purposes & Licensing Committee dated 13 November 2015 and Minute No. 47, item 1 of the Report of the Cabinet dated 4 November 2015.

**44 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had attended a variety of events and these were listed in the latest Information Bulletin. She wished to highlight the following:

**Remembrance Day – Sunday 8 November**

The Chairman, with the Deputy Lord Lieutenant of Hampshire, Hallum Mills, had attended remembrance services at Marchwood, Keyhaven and Milford on Sea. The Chairman also attended a Remembrance Day concert, performed by the New Forest Chamber Choir.

**Brilliance in Business Awards**

On Thursday, 27 November, the Chairman, along with the Leader of the Council and the Chief Executive, had attended this year's Brilliance in Business Awards at Carey's Manor Hotel where awards were presented on behalf of the Council. The event highlighted the wide variety of excellent businesses in the New Forest.

**The New Forest Veterans' Christmas Party**

The Chairman had the pleasure of welcoming 54 New Forest veterans to a special Christmas Party at Dibden Golf Centre on Friday 4 December. Combined, they had served a total of 454 years. They all thoroughly enjoyed the event.

**Lantern Parade**

On Sunday, 6 December the Chairman had the pleasure of attending the Totton Lantern Parade.

**Forthcoming events**

On Thursday, 10 December, the Chairman would host the annual volunteers' reception for dedicated volunteer groups in the New Forest. The event would provide the Chairman with the opportunity to thank the volunteers for their good work.

**Fundraising Events**

The Chairman was holding a raffle, in aid of her charities, the prize was a John Lewis Christmas Hamper. Tickets could be bought, at £1 a strip, from the Chairman or reception at Appletree Court.

The Chairman announced that on Saturday 26 March she would be abseiling down the Spinnaker Tower in Portsmouth in aid of her charities, Oakhaven Hospice and The Firefly Children's Home in Kathmandu. Donations could be given to Donna Langfield.

**45 LEADER'S ANNOUNCEMENTS**

There were none.

**46 REPORTS OF THE GENERAL PURPOSES & LICENSING COMMITTEE**

Cllrs Armstrong, Binns, Poole and Wade disclosed non-pecuniary interests in item 2 of the Report of the Committee dated 13 November as members of Hythe and Dibden Parish Council. They concluded that there were no issues under common law that prevented them from remaining in the meeting to speak and to vote. There was no discussion on this item.

Cllr Mrs Thorne disclosed a non-pecuniary interest in item 2 of the Report of the Committee dated 13 November as the local ward member for Hythe West & Langdown. She concluded that there were no issues under common law that prevented her from remaining in the meeting to speak and to vote. There was no discussion on this item.

Cllr Clarke, Chairman of the General Purposes and Licensing Committee, presented the reports of the meetings held on 13 November and 3 December 2015.

On the motion that the reports be received and the recommendations adopted, it was

**RESOLVED:**

That the reports be received and the recommendations be adopted.

**47 REPORTS OF THE CABINET**

Cllrs Armstrong, Binns, Poole and Wade disclosed non-pecuniary interests in item 1 of the Report of the Cabinet dated 4 November as members of Hythe and Dibden Parish Council. They concluded that there were no issues under common law that prevented them from remaining in the meeting to vote. They remained in the meeting to speak and to vote.

Mrs Thorne disclosed a non-pecuniary interest in item 1 of the Report of the Cabinet dated 4 November as the local ward member for Hythe West & Langdown. She concluded that there were no issues under common law that prevented her from remaining in the meeting to speak and to vote. She remained in the meeting to vote.

The Leader of the Council, as Chairman of the Cabinet, presented the reports of the meetings held on 4 November 2015 and 2 December 2015.

On the motion that the reports be received and the recommendations adopted: -

**Item 1 – Report of the Cabinet dated 4 November 2015 – St John’s Street Car Park, Hythe: Redevelopment Opportunity and Disposal**

In response to a question regarding the capital sum the Council would receive following the sale of the car park, the Environment Portfolio Holder explained that the use of the money received by the Council would, like any other asset, be determined through the normal democratic process.

**RESOLVED:**

That the reports be received and the recommendations be adopted.

**48 QUESTIONS UNDER STANDING ORDER 22**

There were none.

**49 QUESTIONS TO PORTFOLIO HOLDERS UNDER STANDING ORDER 22A**

**Question 1:**

**From: Cllr Harrison**

**To: Cllr Mrs Cleary, Housing & Communities Portfolio Holder**

“Will the Portfolio Holder make a statement with regard to the situation at Savoy House in Totton?”

**Answer:**

The Portfolio Holder replied that following detailed intrusive inspections of the fabric of the building, where a number of serious structural and health and safety concerns were revealed, officers had had to find alternative accommodation for tenants. Council officers had managed this difficult process well, with the support of the tenants involved. There were now only three households in B&B waiting for an offer of accommodation. The owner of the property had agreed the surrender of the lease, at no cost to the Council. In response to a supplementary question regarding lessons that could have been learnt in the inspection regime, the Portfolio Holder replied that the defects were only revealed when parts of the internal fabric of the building were dismantled when looking for the causes of damp issues, and it would not be reasonable for inspections of this nature to be routinely carried out.

**Question 2:**

**From: Cllr Harrison**

**To: Cllr Binns, Health & Leisure Portfolio Holder**

“Do you expect the Task and Finish group, formed recently to look at the health problems associated with sedentary lifestyles, to consider the likely impact of your decision to increase the cost of membership of our Health & Leisure Centres for those aged 60 - 65 or over by £130 a year, or would that be too embarrassing?”



**Answer:**

The Portfolio Holder replied that this matter has been given full consideration by the Community Overview & Scrutiny Panel. The Panel agreed that as people were living healthier lives for longer and the state pension for 'seniors' was 65, the policy should reflect that.

In implementing the decision, the Council had taken a fair approach by allowing all existing fitness direct members who are 60 – 65 years of age to have their current (lower) price honoured for as long as they remained members.

The change in policy would provide the Council with income of £52,000 which would be reinvested back into the Health and Leisure Centres. The Council, whilst achieving a 97% customer satisfaction rate, compared more favourably with other centre membership fees. The Portfolio Holder therefore did not believe that the decision would have a significant impact on customers, particularly as the Council's Health and Leisure Service offered extensive programmes to encourage residents to participate in active, healthy lifestyles. As such, the Portfolio Holder would not be asking the Task & Finish Group to review the matter again.

**Question 3:****From: Cllr Harrison****To: Cllr E Heron, Planning & Transportation Portfolio Holder**

"Are the decisions you make on car parking charges an expression of divine wisdom, or would they possibly be better decisions if you took the trouble to carry out an annual review, so that they were based on traffic management considerations, as well as setting charges at levels that meant our car parks were fully utilised?"

**Answer:**

The Portfolio Holder replied that as the matter had been the subject of robust discussion at the recent Environment Overview & Scrutiny Panel, he had nothing more to add.

**50 REVIEW OF HAMPSHIRE COUNTY COUNCIL ELECTORAL DIVISIONS****RESOLVED:**

That authority be delegated to the General Purposes and Licensing Committee to agree the Council's response on the LGBCE's draft recommendations for the electoral review of Hampshire County Council.

**51 MEMBERSHIP OF COMMITTEES AND PANELS****RESOLVED:**

That Cllr Thierry be appointed to serve on the Planning Development Control Committee, filling the vacancy on the Committee.

CHAIRMAN

This page is intentionally left blank

## REPORT OF AUDIT COMMITTEE

(Meeting held on 22 January 2016)

### 1. TREASURY MANAGEMENT STRATEGY REPORT 2016/17 (MINUTE 36)

The Committee has considered the Council's prudential indicators for 2015/16 – 2017/18 that relate to the treasury management function. (A related report, detailing the prudential indicators for 2016/17–2018/19 for capital expenditure was considered by the Cabinet on 3 February 2016 and details appear elsewhere on the Council agenda).

The Treasury Management Strategy Statement sets out how the Council's treasury service will support the Council's financial decisions taken over the three year period from 2016/17 to 2018/19. The day-to-day treasury management function and the limitations on activity through treasury indicators are also set out in the statement.

There are a number of target indicators but the indicator that must not be breached is the authorised limit for external debt. This is the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term.

The Council's investment policy has regard to the Department for Communities and Local Government's Guidance on Local Government Investments, and the 2011 revised Chartered Institute of Public Finance and Accountancy treasury management in public services code of practice and cross sectoral guidance notes.

The investment strategy sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

This strategy is shown in Section 5 of Appendix 1 to this report. The proposed investment strategy is relatively unchanged, with priority continuing to be on security of funds through a diversity of investments.

The above policies and parameters provide an approved framework within which officers undertake the day to day treasury activities.

Subject to the Council's agreement, the investment strategy will take effect from 23 February 2016.

#### **RECOMMENDED:**

***That the Treasury Management Strategy 2016/17 – 2018/19, and the Treasury Indicators contained within Appendix 1 to this report, be approved.***

**Cllr A O'Sullivan  
CHAIRMAN**

**Attachment:** Appendix 1

This page is intentionally left blank

**TREASURY MANAGEMENT STRATEGY 2016/17 – 2018/19****1. INTRODUCTION**

- 1.1. In February 2012 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.
- 1.2. In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.
- 1.3. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.
- 1.4. The Council has potentially large exposures to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

**2. EXTERNAL CONTEXT**

- 2.1. The following paragraphs explain the economic and financial background against which the Treasury Management Strategy is being set.

**2.2. Economic background**

Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Movements in transport costs, and alcohol and tobacco prices contributed to annual CPI inflation of 0.0% in November. Wages are growing at 2.4% a year, and the unemployment rate has dropped to 5.2%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 82<sup>nd</sup> consecutive month at its meeting in December 2015.

**2.3. Interest rate forecast**

Uncertainty over the outcome of the forthcoming EU referendum could put downward pressure on UK GDP growth and interest rates.

NFDC's treasury adviser, Arlingclose, projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

#### **2.4. Credit outlook**

The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, whilst those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, whilst Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to NFDC; returns from cash deposits remain stubbornly low.

### **3. Balance Sheet summary and forecast**

- 3.1. The Council currently has £144.4m of borrowing and £75.2m of investments as at 31 December 2015. This is set out in further detail at Appendix B. Forecast changes in these sums are shown in the balance sheet analysis in Table 1.

<b>Table 1: Balance Sheet Summary and Forecast</b>	<b>31.03.15 Actual £m</b>	<b>31.03.16 Estimate £m</b>	<b>31.03.17 Estimate £m</b>	<b>31.03.18 Estimate £m</b>	<b>31.03.19 Estimate £m</b>
General Fund CFR	3.7	3.9	3.5	4.4	3.8
HRA CFR	1.9	1.9	1.9	1.9	1.9
HRA settlement	142.7	142.7	142.7	138.6	134.5
<b>Total CFR</b>	<b>148.3</b>	<b>148.5</b>	<b>148.1</b>	<b>144.9</b>	<b>140.2</b>
Less: Total debt **	(144.5)	(144.3)	(144.1)	(139.8)	(135.5)
<b>Internal (over) borrowing</b>	<b>3.8</b>	<b>4.2</b>	<b>4.0</b>	<b>5.1</b>	<b>4.7</b>
Less: GF Usable reserves	(18.2)	(16.6)	(15.8)	(16.4)	(17.0)
Less: HRA Usable reserves	(18.5)	(18.2)	(14.9)	(13.6)	(13.3)
Less: Working capital	(17.7)	(10.3)	(6.6)	(6.6)	(6.6)
<b>Resources for investments</b>	<b>(54.4)</b>	<b>(45.1)</b>	<b>(37.3)</b>	<b>(36.6)</b>	<b>(36.9)</b>
<b>Net borrowing or (investments)</b>	<b>(50.6)</b>	<b>(40.9)</b>	<b>(33.3)</b>	<b>(31.5)</b>	<b>(32.2)</b>

\*\* external borrowing - shows only loans to which the Council is committed and excludes optional refinancing

- 3.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3. The Council's CFR is forecast to remain relatively stable over the coming years but is currently planned to reduce in 2017/18 as the first instalment of the HRA settlement is due for repayment. The Council's reserves are currently shown to remain relatively consistent over the next few years.
- 3.4. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2016/17.

#### **4. BORROWING STRATEGY**

- 4.1. The Council held £144.4m of loans at 31 December 2015, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 1 shows that this will reduce by a further £0.1m during 2015/16, and £0.2m per annum thereafter as the £2.0m PWLB (Lymington Harbour Commissioners) loan is repaid and by £4.1m per annum from 2017/18 as the PWLB (Housing Subsidy

Settlement) loan instalments become repayable. The Council does not expect to need to borrow in 2016/17 but is allowed to borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £178.1m.

#### 4.2. Objectives

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

#### 4.3. Limits

The Council is required to put in place the following Prudential Indicators to control its limits on borrowing; these are operational and authorised boundaries for external debt, and the maximum HRA debt limit.

##### Operational Boundary for External Debt

The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring.

Operational Boundary	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
<b>Total Debt</b>	<b>163.5</b>	<b>163.1</b>	<b>159.9</b>	<b>155.2</b>

##### Authorised Limit for External Debt

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.



<b>Authorised Limit</b>	<b>2015/16 Revised £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>	<b>2018/19 Estimate £m</b>
<b>Total Debt</b>	<b>178.5</b>	<b>178.1</b>	<b>174.9</b>	<b>170.2</b>

#### **Maximum HRA Debt Limit**

The Council is also limited to a maximum HRA CFR through the HRA self-financing regime. The Council may not borrow more than this limit for HRA purposes.

This limit is dictated by the DCLG and is based on the amount of the settlement payment of £142.7m plus the old Housing Subsidy Notional Debt amount of £12.8m, plus any further borrowing approved by the DCLG. The Council is not currently planning to seek further approvals to increase HRA borrowing and therefore actual total borrowing for the HRA is currently predicted to remain at £142.7m until 2017/18.

<b>HRA Debt Limit</b>	<b>2015/16 Revised £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>	<b>2018/19 Estimate £m</b>
<b>Total</b>	<b>155.5</b>	<b>155.5</b>	<b>155.5</b>	<b>155.5</b>

#### **4.4. Strategy**

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to use internal resources.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise.

In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

#### **4.5. Sources**

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB)
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK

- UK public and private sector pension funds (except the Hampshire Pension Fund)
- capital market bond investors
- special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Council has previously raised all of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

#### **4.6. Short-term and Variable Rate loans**

These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

#### **4.7. Debt Rescheduling**

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

### **5. INVESTMENT STRATEGY**

5.1. The Council holds invested funds representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £49.2 and £87.4m, and levels are expected to be marginally lower in the forthcoming year.

#### **5.2. Objectives**

Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of

incurring losses from defaults and the risk of receiving unsuitably low investment income.

### 5.3. Strategy

Due to the increasing risk from bank 'bail-ins' and continued low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2016/17. This is especially the case for the estimated £25m that is available for longer-term investment. Approximately 48% of NFDC's surplus cash is not subject to bail-in risk as it is invested in local authorities, corporate bonds, pooled property funds, and secured bank bonds. Whilst the remaining cash is subject to bail-in risk, 48% of these instruments are saleable, and 46% is subject to a reduced risk of bail-in through money market funds. The remaining 6% of funds subject to bail-in risk is held in an instant access account. This diversification will therefore represent a continuation of the new strategy adopted in 2015/16.

### 5.4. Investment Limits

Given the impact of the Bank Reform Act, Bank Recovery and Resolution Directive, and the recast Deposit Guarantee Schemes Directive, which have increased the credit risk that unsecured bank/building society investments could be 'bailed-in', the following investment limits are proposed to mitigate the risk whilst allowing sufficient flexibility to manage the Council's investment balances.

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Maximum limits will also be placed on fund managers and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

The Investment Limits in Table 2 have not been adjusted from those agreed as recommended in the Treasury Management Mid-Year Monitoring Report 2015/16, as it is anticipated that changes in cash balances will not be significant in the forthcoming year.

<b>Table 2: Investment Limits</b>	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£8m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£8m per group
Any group of pooled funds under the same management	£8m per manager
Registered Providers	£6m in total
Money Market Funds	50% in total

## 5.5. Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in Table 3, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved Investment Counterparties and Limits						
Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers Unsecured	Registered Providers Secured
UK Govt	n/a	n/a	£ Unlimited 4 years	n/a	n/a	n/a
AAA	£4m 4 years	£8m 4 years	£8m 4 years	£4m 4 years	£4m 4 years	£4m 4 years
AA+	£4m 4 years	£8m 4 years	£8m 4 years	£4m 4 years	£4m 4 years	£4m 4 years
AA	£4m 4 years	£8m 4 years	£8m 4 years	£4m 4 years	£4m 4 years	£4m 4 years
AA-	£4m 3 years	£8m 4 years	£8m 4 years	£4m 4 years	£4m 4 years	£4m 4 years
A+	£4m 2 years	£8m 3 years	£4m 4 years	£4m 3 years	£4m 4 years	£4m 4 years
A	£4m 13 months	£8m 2 years	£4m 4 years	£4m 2 years	£4m 4 years	£4m 4 years
A-	£4m 6 months	£8m 13 months	£4m 4 years	£4m 13 months	£4m 4 years	£4m 4 years
BBB+	£2m 100 days	£4m 6 months	£2m 2 years	£2m 6 months	£2m 2 years	£4m 2 years
BBB	£2m next day only	£4m 100 days	n/a	n/a	n/a	n/a
None	£1m 6 months	n/a	£4m 4 years	n/a	£4m 4 years	£4m 4 years
Pooled funds	£8m per fund					

This table must be read in conjunction with the notes below

## 5.6. Credit Rating

Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

## 5.7. Banks Unsecured

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Council's current account bank at Lloyds if its rating was to fall to such levels from its current rating of A.

#### **5.8. Banks Secured**

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank/building society's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank/building society will not exceed the cash limit for secured investments.

#### **5.9. Government**

Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities (which generally do not have a credit rating) and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 4 years.

#### **5.10. Corporates**

Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Investing with any unrated corporate entity will be judged on a case-by-case basis and only considered if suitable security can be obtained for the Council's investment.

#### **5.11. Registered Providers Secured and Unsecured**

Registered Providers of Social Housing, formerly known as Housing Associations; these bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed. Registered Providers can issue loans and bonds, either on an unsecured or secured basis. The secured loans and bonds are secured on the underlying assets of the Registered Provider.

### **5.12. Pooled Funds**

Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a consistent net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Depending on the type of pooled fund invested in, it may have to be classified as capital expenditure. Because pooled funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

### **5.13. Risk Assessment and Credit Ratings**

Credit ratings are obtained and monitored by the Council's treasury advisers, Arlingclose, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

### **5.14. Other Information on the Security of Investments**

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

Based on the available information and the advice of the Council's advisers, Arlingclose, the investment limits shown in Tables 2 and 3 may be reduced, and investing with certain counterparties may be suspended as necessary.

If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

#### **5.15. Specified Investments**

The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

The Council defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

#### **5.16. Non-specified Investments**

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in Table 4 below.

The investment limit for total investments without credit ratings or rated below A- (excluding investments with other local authorities) has been reduced from £10.00m to £7.50m, as currently only £3.05m of NFDC's cash balance has been invested in these types of instrument. It is not expected that £10.00m would ever be required to be invested in these types of instruments.

<b>Table 4: Non-Specified Investment Limits</b>	<b>Cash limit</b>
Total long-term investments	£25.0m
Total investments without credit ratings or rated below A- (excluding investments with other local authorities)	£7.5m
Total non-Sterling investments	-
Total investments in foreign countries rated below AA+	-
Total non-specified investments	£32.5m

### 5.17. Liquidity Management

The Council has due regard for its future cash flows when determining the maximum period for which funds may prudently be committed. Historic cash flows are analysed in addition to significant future cash movements, such as payroll, grant income and council tax precept. Limits on long-term investments are set by reference to the Council's medium term financial position (summarised in Table 1) and forecast short-term balances.

## 6. TREASURY MANAGEMENT INDICATORS

6.1. The Council measures and manages its exposures to treasury management risks using the following indicators.

### 6.2. Interest Rate Exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of principal borrowed or invested will be:

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Upper limit on fixed interest rate investment exposure	£25.0m	£25.0m	£25.0m
Upper limit on variable interest rate investment exposure	£90.0m	£90.0m	£90.0m
Upper limit on fixed interest rate borrowing exposure	£178.1m	£174.9m	£170.2m
Upper limit on variable interest rate borrowing exposure	£178.1m	£174.9m	£170.2m

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later). Short-term instruments (with a maturity of less than one year) are classed as variable rate.



### 6.3. Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	25%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

### 6.4. Principal Sums Invested for Periods Longer than 364 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2016/17	2017/18	2018/19
Limit on principal invested beyond 365 days	£25m	£25m	£25m

## 7. OTHER ITEMS

7.1. There are a number of additional items that the Council is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

### 7.2. Policy on Use of Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy,

although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit.

### **7.3. Policy on Apportioning Interest to the HRA**

On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the average % Local Authority 7 day rate.

### **7.4. Investment Training**

The needs of Hampshire County Council's treasury management staff delivering services to NFDC, for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, and other appropriate organisations.

CIPFA's Code of Practice requires that the Council ensures that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Representatives of the Audit Committee attended a workshop by Arlingclose on 23 November 2015, which gave an update on treasury matters.

### **7.5. Investment Advisers**

The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled through quarterly review meetings with the Chief Executive, the County Council's Investments and Borrowing Team, and Arlingclose.

## **7.6. Investment of Money Borrowed in Advance of Need**

The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £178.1m.

## APPENDIX A – ARLINGCLOSE ECONOMIC & INTEREST RATE FORECAST NOVEMBER 2015

### Forecast:

- Arlingclose forecasts the first rise in UK Bank Rate in Q3 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2 and 3%.
- The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.
- The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
<b>Official Bank Rate</b>													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.75</b>	<b>0.75</b>	<b>1.00</b>	<b>1.00</b>	<b>1.25</b>	<b>1.25</b>	<b>1.50</b>	<b>1.50</b>	<b>1.75</b>	<b>1.75</b>
Downside risk				-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.25	-1.25
<b>3-month LIBID rate</b>													
Upside risk	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
<b>Arlingclose Central Case</b>	<b>0.55</b>	<b>0.60</b>	<b>0.70</b>	<b>0.80</b>	<b>0.95</b>	<b>1.05</b>	<b>1.15</b>	<b>1.30</b>	<b>1.40</b>	<b>1.55</b>	<b>1.65</b>	<b>1.80</b>	<b>1.85</b>
Downside risk		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
<b>1-yr LIBID rate</b>													
Upside risk	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
<b>Arlingclose Central Case</b>	<b>1.10</b>	<b>1.20</b>	<b>1.35</b>	<b>1.45</b>	<b>1.55</b>	<b>1.70</b>	<b>1.80</b>	<b>1.95</b>	<b>2.00</b>	<b>2.10</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>
Downside risk	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
<b>5-yr gilt yield</b>													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>1.50</b>	<b>1.55</b>	<b>1.60</b>	<b>1.70</b>	<b>1.80</b>	<b>1.90</b>	<b>2.00</b>	<b>2.10</b>	<b>2.20</b>	<b>2.25</b>	<b>2.30</b>	<b>2.35</b>	<b>2.35</b>
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
<b>10-yr gilt yield</b>													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>2.00</b>	<b>2.05</b>	<b>2.10</b>	<b>2.20</b>	<b>2.30</b>	<b>2.40</b>	<b>2.50</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.80</b>
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
<b>20-yr gilt yield</b>													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>2.45</b>	<b>2.50</b>	<b>2.55</b>	<b>2.55</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.85</b>	<b>2.90</b>	<b>2.95</b>	<b>2.95</b>
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
<b>50-yr gilt yield</b>													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
<b>Arlingclose Central Case</b>	<b>2.45</b>	<b>2.50</b>	<b>2.55</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.85</b>	<b>2.90</b>	<b>2.95</b>	<b>3.00</b>	<b>3.00</b>
Downside risk	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

## APPENDIX B – EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

	31.12.2015 Actual Portfolio		31.12.2015 Rate of Return
	£m	%	%
<b>BORROWING</b>			
Long-term loans - PWLB	144.41		3.12%
<b>Total Gross External Debt</b>	<b>144.41</b>		
<b>INVESTMENTS</b>			
<b>Banks Unsecured</b>			
Direct deposits:			
- Svenska Handelsbanken	0.79	1.05%	0.45%
Certificates of Deposit:			
- Bank of Montreal	2.00		
- Credit Suisse	2.00		
- Lloyds	1.50		
- Nationwide	3.00		
- Nordea	3.00		
- Oversea-Chinese Banking Corporation	3.00		
- Rabobank	3.00		
- Standard Chartered	3.00		
	<b>20.50</b>	<b>27.26%</b>	<b>0.64%</b>
<b>Total Banks Unsecured</b>	<b>21.29</b>	<b>28.31%</b>	<b>0.63%</b>
<b>Banks Secured</b>			
Covered Fixed Bonds:			
- Lloyds	2.00		
- Yorkshire Building Society	2.00		
	<b>4.00</b>	<b>5.32%</b>	<b>1.12%</b>
Covered Floating Rate Notes:			
- Abbey National	2.00		
- Nova Scotia	1.70		
- Toronto Dominion	1.05		
- Yorkshire Building Society	2.50		
	<b>7.25</b>	<b>9.64%</b>	<b>0.74%</b>
<b>Total Banks Secured</b>	<b>11.25</b>	<b>14.96%</b>	<b>0.88%</b>
<b>Government</b>			
Other Local Authorities loans	13.0	17.29%	1.07%
Covered Fixed Bonds:			
- Network Rail Infrastructure Finance	3.00	3.99%	0.76%
<b>Total Government</b>	<b>16.00</b>	<b>21.28%</b>	<b>1.01%</b>

	31.12.2015 Actual Portfolio		31.12.2015 Rate of Return
	£m	%	%
<b>Corporates</b>			
Corporate Fixed Bonds:			
- GE Capital	1.19		
- Heathrow Funding Ltd	2.30		
- Linde Finance	1.00		
	<b>4.49</b>	<b>5.97%</b>	<b>0.86%</b>
Corporate Floating Rate Notes:			
- BMW US Capital LLC	1.00	1.33%	0.84%
<b>Total Corporates</b>	<b>5.49</b>	<b>7.30%</b>	<b>0.86%</b>
<b>Pooled Funds</b>			
Property Funds:			
- Aviva Lime Property Fund	1.05		
- CCLA Property Fund	2.00		
	<b>3.05</b>	<b>4.06%</b>	<b>4.73%*</b>
Money Market Funds:			
- Aberdeen (SWIP)	3.60		
- Deutsche	3.71		
- Federated	3.60		
- Insight	3.60		
- Standard Life	3.60		
	<b>18.11</b>	<b>24.09%</b>	<b>0.48%</b>
<b>Total Pooled Funds</b>	<b>21.16</b>	<b>28.14%</b>	<b>1.10%</b>
<b>Total Investments</b>	<b>75.19</b>	<b>100.00%</b>	<b>0.90%</b>
<b>Net Debt</b>	<b>69.22</b>		-

\* average estimated annual income return to 31 December 2015

## REPORT OF GENERAL PURPOSES AND LICENSING COMMITTEE

(Meetings held on 8 & 29 January 2016)

### 1. ELECTORAL REVIEW OF HAMPSHIRE COUNTY COUNCIL (MINUTE NO. 37 – 8 JANUARY 2016)

The Local Government Boundary Commission for England (LGBCE) is reviewing electoral arrangements in Hampshire County Council to deliver electoral equality across the county. After consultation, the LGBCE has published draft recommendations. The Council on 7 December 2015 delegated authority to the Committee to respond to the draft recommendations.

The LGBCE's recommendations include reducing the number of councillors representing the New Forest from 11 to 10. This would mean significant re-drawing of the County Division boundaries within the District.

A special meeting of the Committee was held on 8 January 2016 to consider this Council's response. Hampshire County Councillors representing divisions in New Forest District, and all District Councillors, were invited to attend the meeting.

The Committee heard that the County Council was requesting that the LGBCE reinstate 11 members to the New Forest by increasing the total number of members on the County Council from 78 to 79. The Committee supported this approach, but considered at length the make-up of the Divisions if the total number allocated to the New Forest remained at 10.

The Committee has put forward the Division arrangements as set out in Appendices 1 and 2 to this report and it has recommended that the following names be given to the proposed Divisions: -

<b>LGCE Proposal</b>	<b>Recommended Alternative</b>
Lyndhurst & Fordingbridge	North Forest
Brockenhurst	Mid-Forest
Ringwood	West Forest
Milford & Hordle	Milford, Hordle & Fernhill

Final recommendations will be published in April 2016 with new electoral arrangements coming into effect at the local elections in May 2017.

### 2. RELOCATION OF HYTHE MARKET AND TRANSFER OF MANAGEMENT AND CONTROL OF HYTHE MARKET TO HYTHE AND DIBDEN PARISH COUNCIL (MINUTE NO. 41 – 29 JANUARY 2016)

The Committee has at its last two meetings considered a request by Hythe & Dibden Parish Council for the District Council to relocate the weekly market from part of New Forest District Council's car park at St Johns Street to parts of the High Street, St Johns Street and The Marsh and to transfer management control of the market from the District Council to the Parish Council.

The consultations required under the relevant legislation have been undertaken and the necessary public notices have been published. No responses were received. In addition, Hythe & Dibden Parish Council has consulted local businesses likely to be affected.

The Committee has, therefore, under its delegated powers, passed a resolution to relocate the weekly market from part of New Forest District Council's car park at St Johns Street to parts of the High Street, St Johns Street and The Marsh, with the designation coming into force on 16 March 2016. Delegation of the Council's functions to Hythe & Dibden Parish Council, which include the power to issue consents to traders to trade in the designated streets, requires the approval of the Council and the following recommendations are made.

**RECOMMENDED:**

- (a) That, subject to an agreement being entered into under recommendation (b) below, and the making of a Traffic Regulation Order in relation to part of St Johns Street and The Promenade, all the Council's functions under paragraphs 7 and 9 of Schedule 4 to the Local Government (Miscellaneous Provisions) Act 1982 be delegated to Hythe and Dibden Parish Council in respect of those parts of the High Street, St Johns Street and The Marsh in Hythe which are to be designated as consent streets on 16 March 2016;***
- (b) That the Executive Head (Governance and Regulation) be authorised to enter into a written agreement with Hythe and Dibden Parish Council concerning the terms on which the Parish Council is to exercise this delegation; and***
- (c) That the Chief Executive, in consultation with the appropriate Executive Head and the Chairman of the General Purposes and Licensing Committee, be authorised to exercise the Council's powers under the terms of the agreement referred to in (b) above.***

**3. PAY POLICY STATEMENT 2016-17 (MINUTE NO. 42 – 29 JANUARY 2016)**

The Localism Act 2011 requires Councils to prepare a pay policy statement each financial year. The statement must set out the Council's policies for the financial year relating to the remuneration of its Chief Officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its Chief Officers and other employees.

This year's statement also sets out the changes to senior management pay agreed by the Council in 2015. The pay bands for the proposed new Service Manager roles have been included.

The Industrial Relations Committee will consider the Pay Policy Statement at their meeting on 18 February. That Committee's views will be reported verbally to the Council.

**RECOMMENDED:**

***That the Pay Policy Statement 2016-17 as set out in Appendix 3, be approved.***

**4. FEES AND CHARGES 2016/17 (MINUTE NO. 45 – 29 JANUARY 2016)**

The Committee has considered the fees and charges for 2016/17 for the services which are the responsibility of the General Purposes and Licensing Committee.



**RECOMMENDED:**

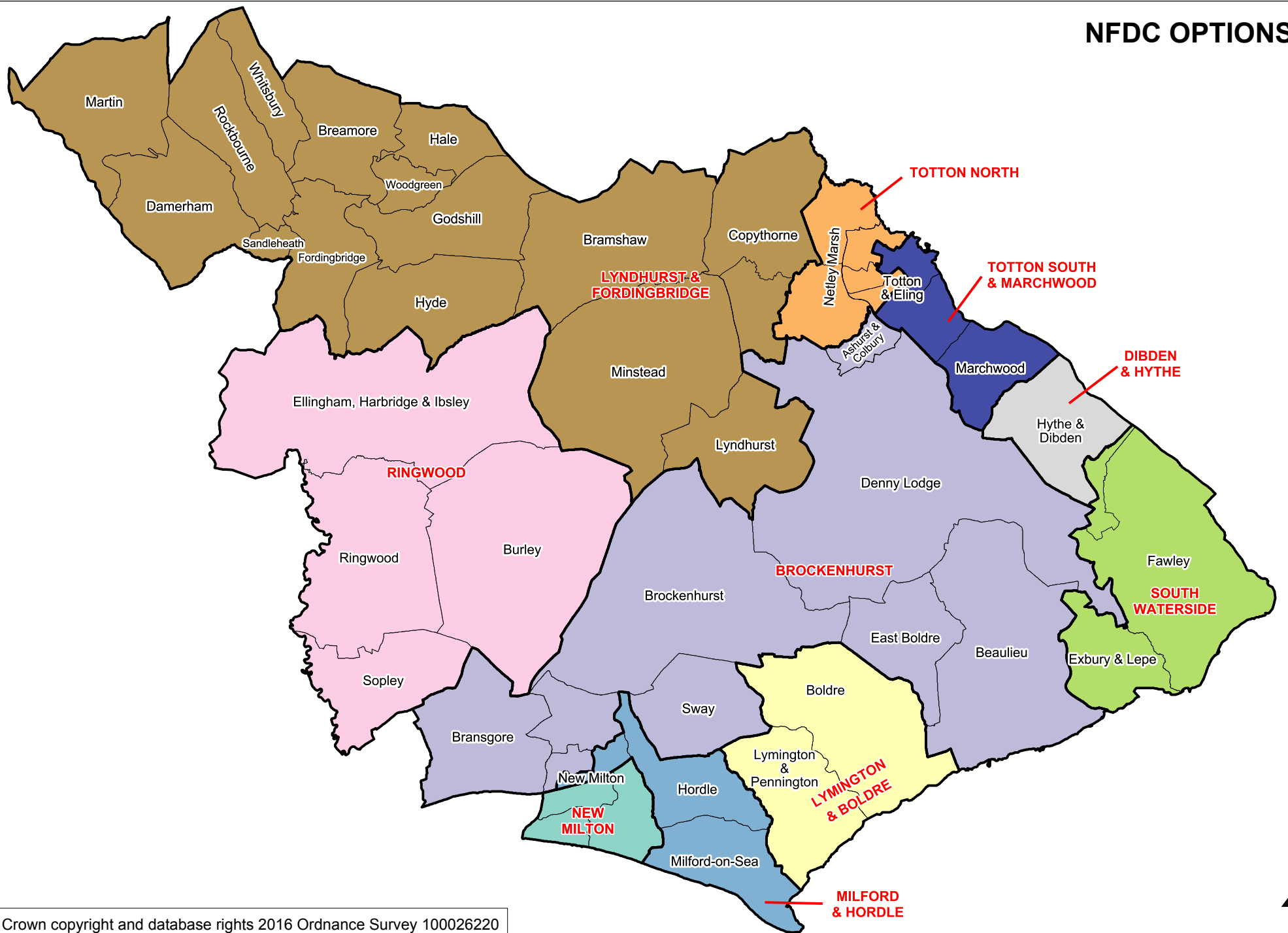
***That the fees and charges for 2016/17, as set out in Appendix 4, be approved.***

**CLLR S J CLARKE  
CHAIRMAN**

Attachment: Appendices 1 - 4

This page is intentionally left blank

# NFDC OPTIONS



This page is intentionally blank

## APPENDIX 2

### Suggested composition of County Divisions - recommended by NFDC

			Variance from County Average - 2021 (13,846)
<b>Brockenhurst</b>		<b>14,957</b>	<b>8%</b>
Ashurst & Colbury	1833		
Denny Lodge	260		
Beaulieu	663		
East Boldre	693		
Brockenhurst	2904		
Sway	2903		
Bashley ward of New Milton Town Council	2168		
Bransgore	3533		
<b>Dibden &amp; Hythe (as LGBCE's recommendation)</b>		<b>14,371</b>	<b>4%</b>
The parish of Hythe & Dibden, with the exception of the Furzedown ward			
<b>Lymington &amp; Boldre (as LGBCE's recommendation)</b>		<b>14,749</b>	<b>7%</b>
The parishes of Lymington & Pennington; and Boldre			
<b>Lyndhurst &amp; Fordingbridge</b>		<b>14,981</b>	<b>8%</b>
Bramshaw	564		
Breamore	280		
Copythorne (north & south)	2,267		
Damerham	418		
Fordingbridge	4,994		
Godshill	379		
Hale	452		
Hyde	750		
Lyndhurst	2,681		
Martin	329		
Minstead	567		
Rockbourne	241		
Sandleheath	505		
Whitsbury	151		
Woodgreen	403		
<b>Milford &amp; Hordle (as LGBCE's recommendation)</b>		<b>13,877</b>	<b>0%</b>
Parishes of Milford on Sea and Hordle; and the Fernhill ward of New Milton Town Council			

<b>New Milton (as LGBCE's recommendation)</b>		<b>14,511</b>	<b>5%</b>
Barton, Becton and Milton wards of New Milton Town Council			
<b>Ringwood</b>		<b>14,240</b>	<b>3%</b>
Ringwood	11,641		
Burley	1,119		
Sopley	586		
Ellingham, Harbridge & Ibsley	894		
<b>South Waterside</b>		<b>12,738</b>	<b>-8%</b>
Fawley Parish and Furzedown ward of Hythe & Dibden Parish Council	12,602		
Exbury & Lepe	136		
<b>Totton North</b>		<b>14,705</b>	<b>6%</b>
Totton Central; Totton North and Totton West wards of Totton & Eling Town Council	12,890		
Netley Marsh North	314		
Netley Marsh South	1,501		
<b>Totton South &amp; Marchwood (as per LGBCE's recommendation)</b>		<b>13,781</b>	<b>0%</b>
Totton South and Totton East wards of Totton & Eling Town Council	9,329		
Marchwood	4,452		
<b>Total</b>		<b>142,910</b>	

## New Forest District Council Pay Policy Statement Financial year 2016-17

### Background

1. The purpose of this Pay Policy Statement ("Pay Statement") is to set out New Forest District Council's pay policies relating to its workforce for the financial year 2016-17, including the remuneration of its Chief Officers and that of its lowest paid employees.
2. The functions of appointment, dismissal and related matters for all employees below Chief Officer Level shall be dealt with by the Chief Executive and Executive Heads, or such other employees as may be authorised. Standing Orders for General Procedures deal with procedures for appointing and dismissing employees at Chief Officer level.
3. With the exception of apprentices on the National Minimum Wage, pay for all staff, including Chief Officers, is negotiated and recommended by the Pay Panel. Consultation takes place through the Industrial Relations Committee onto the General Purposes and Licensing Committee which will make recommendations to the Council.
4. For the purposes of this Pay Statement and in accordance with the Localism Act 2011 ("Localism Act"), staff employed by the Council have been separated into two groups:-
  - (a) Chief Officers as defined by the Localism Act
  - (b) Employees who are not Chief Officers as defined by the Localism Act
5. An "employee who is not a Chief Officer" refers to all staff who are not covered within the "Chief Officer" group as outlined below. This includes the "lowest paid employees". In the context of this Council, the "lowest paid employees" are those employed at Band 1 on the District Council's pay structure (appended as item 1).
6. Section 43(2) of the Localism Act defines Chief Officers for the purposes of the Localism Act. The following roles within the Council fall within the definition of "Chief Officers": -
  - (a) Head of Paid Service (Chief Executive)
  - (b) Monitoring Officer
  - (c) Section 151(Chief Finance Officer)
  - (d) Non-Statutory Chief Officers (Executive Heads)
  - (e) Officers reporting directly to those officers falling within (a), (b), (c) and (d) above (Deputy Monitoring Officer and Deputy S151 Chief Finance Officer)

### Chief Officers as defined by the Localism Act 2011

7. The Chief Executive's pay is set in comparison with other district councils. The Chief Officers below the Chief Executive are paid on Band 11 of the Council's pay structure (the Band for each role is determined by a consistent job evaluation process), Chief Officers' current salaries are outlined below:

8. The Head of Paid Service salary range is detailed below. CX4 (£114,741) and CX5 (£118,290) are available for exceptional performance:

Spinal points	Salary
CX1	£104,721
CX2	£107,960
CX3	£111,299

9. The Council has a duty to appoint a Returning Officer responsible for local government elections, and has decided that this role be carried out by the Chief Executive. The Returning Officer's fees are regarded as a special responsibility payment in relation to independent duties carried out.
10. The fees and charges for European, UK Parliamentary and Police & Crime Commissioner elections and National Referendums are set by external bodies. The scale of fees and expenses for County, District, Parish & Town Council elections will be set in partnership with the County Council and other Hampshire local authorities to ensure uniformity and will be submitted to General Purposes and Licensing Committee.
11. The Head of Paid Service is also the Section 151 (Chief Financial Officer). This is currently under review.
12. The Monitoring Officer and 3 Executive Heads salary range is detailed below. Spinal point 73 (£78,308) and spinal point 74 (£80,604) are available for exceptional performance:

Spinal points	Salary
70	£71,817
71	£73,906
72	£76,076

13. The Executive Head of Operations also takes on the additional role of Deputy Chief Executive and receives an additional payment of £6,000 per annum.
14. The Deputy Monitoring Officer and the Deputy S151 Chief Finance Officer will be paid a salary on Bands 9 or 10.
15. The Council reviews its terms and conditions and pay levels regularly. The Chief Executive and Executive Heads' pay was reviewed during 2015. There is currently a review of Service Managers' pay.
16. An Independent Pay Consultant has undertaken a benchmarking exercise to establish the pay level for the Service Manager roles, encompassing the current car allowance into the salaries for the posts. On that basis the benchmarking exercise shows the rates set out below to be the market median. Pay band 10, as detailed below, is therefore proposed. Pay progression will be through annual review of performance and objectives:



### **New Band 10 (Spinal points)**

Spinal points	Salary
58	£52,748
59	£53,854
60	£54,965
61	£56,155
62	£57,660
63	£59,184

17. Pay awards are considered annually for all staff including Chief Officers. The outcome of the national consultations by the Local Government Employers in negotiation with the Trades Unions is applied.
18. The Chief Executive and Chief Officers' performance and pay progression is reviewed annually on the achievement of clear organisational objectives. The Chief Executive's annual review is undertaken by a member panel (comprising of the Leader of the Council, plus three other Portfolio Holders to be determined by the Leader).
19. The Council believes in rewarding outstanding performance. It operates this through a system of bonus payments which are designed to reward outstanding performance at the time it occurs. The size of the award paid to a Chief Officer will be commensurate with the work being rewarded. The Chief Executive will approve bonus payments for Chief Officers. Any bonus payments to the Chief Executive will be agreed by the Council.
20. The Council recognises that Chief Officers sometimes incur necessary expenditure in carrying out their responsibilities e.g. travel costs. Chief Officers will be reimbursed for reasonable expenses incurred on council business in accordance with local Terms and Conditions.
21. The Chief Executive, Executive Heads and Service Managers are no longer entitled to a cash alternative to a lease car. Band 9 staff will continue to be entitled to the lease car cash alternative; this will be reviewed during 2016.
22. Chief Officers as a result of their employment are eligible to join the Local Government Pension Scheme in the same way as other employees. The pension policy statement appended as item 2 to this statement applies to all employees including chief officers.
23. All employees including Chief Officers with more than 2 years' continuous service will be entitled to a redundancy payment. If employees are aged at least 55 they are also automatically entitled to the immediate payment of pension benefits if they are retired on the grounds of redundancy. The redundancy payments are based on actual weekly pay. The number of weeks individuals are entitled to is based on the statutory redundancy grid which provides for a maximum of 30 weeks. A multiplier of 1.5 is used to support efficient organisational change. The Council's scheme therefore provides for an entitlement of up to a maximum of 45 weeks based on length of service and age. The Council operates one redundancy scheme for both voluntary and compulsory redundancies. All redundancies are subject to a full business case which requires a maximum financial payback of 3 years.

24. The Council's practice is not to re-employ Chief Officers who have received a redundancy or severance package on leaving the Council.
25. In accordance with the Code of Recommended Practice for Local Authorities on Data Transparency, pay and benefits information for staff paid over £58,200 are published. This information is contained in the 'Transparency and Open Government' pages on the Council's external website. Information on senior employees' remuneration can also be found in the Council's annual Statement of Accounts.

### **Employees who are not Chief Officers as defined by the Localism Act**

26. These employees are all paid on the Council's pay structure on Bands 1-10. Each employee will be on one of the 10 Bands based on the job evaluation of their role. Each Band consists of 3, 4, 5 or 6 spinal points. Pay progression within the Band is subject always to good performance.
27. Each "lowest paid employee" is paid within the salary range for Band 1. All other employees are paid within the salary range for the Band of their role i.e. (2-10). In very exceptional cases individuals are paid a pay supplement.
28. Employees new to the Council will normally be appointed to the first spinal point of the salary range for their Band. Where the candidate's current employment package would make the first spinal point of the salary range unattractive (and this can be demonstrated by the applicant in relation to current earnings) or where the employee already operates at a level commensurate with a higher salary, a different spinal point for the starting salary may be considered by the recruiting manager. This will be within the salary range for the Band. The candidate's level of skill and experience should be consistent with that of other employees in a similar position on the salary range.
29. Employees' performance during the course of the year is reviewed within the Council's performance management arrangements, and pay progression within the Band is subject always to good performance.
30. Pay awards are considered annually for staff. For all staff up to and including the Chief Executive the outcome of the national consultations by the Local Government Employers in negotiation with the Trades Unions is applied.
31. The Council believes in rewarding outstanding performance. It operates this through a system of bonus payments which are designed to reward outstanding performance at the time it occurs. The size of the award paid to an employee will be commensurate with the work being rewarded. All bonuses are subject to Executive Management Team approval.
32. The Council recognises that employees sometimes incur necessary expenditure in carrying out their responsibilities, for example travel costs. Employees will be reimbursed for reasonable expenses incurred on Council business in accordance with the Council's local Terms and Conditions.
33. All employees as a result of their employment are eligible to join the Local Government Pension Scheme. Details of the Council's pension policy are appended as item 2 of this Pay Statement.

34. The Council's redundancy scheme is detailed in paragraph 23 and this applies to all employees.
35. The Council's practice is not to re-employ staff who have received a redundancy or severance package on leaving the Council; any request to do so would require specific approval from the appropriate Executive Head.
36. In accordance with the Local Government Association's guidance on the Government's requirement for reporting remuneration relationships (the ratio between the highest paid employee and the median average earnings across the organisation as a multiple), based on current salaries for 1<sup>st</sup> April 2016 this has been calculated as follows:

Chief Executive's remuneration	£104,721
Employees' median average remuneration	£19,160
Ratio	5.5

This page is intentionally blank

New Forest District Council Salary Scale-From April 2016

ITEM 1

Leave Days	Salary	Hourly Rate	SCP	BAND 1	BAND 2	BAND 3	BAND 4	BAND 5	BAND 6	BAND 7	BAND 8	BAND 9	BAND 10	BAND 11	Chief Exec (CX)	
27	£111,299	£57.6892	CX3												£111,299	
27	£107,960	£55.9585	CX2												£107,960	
27	£104,721	£54.2796	CX1												£104,721	
27	£99,073	£51.3521	81													
27	£96,191	£49.8583	80													
27	£93,390	£48.4065	79													
27	£90,669	£46.9961	78													
27	£88,031	£45.6288	77													
27	£85,453	£44.2925	76													
27	£82,975	£43.0081	75													
27	£80,604	£41.7792	74													
27	£78,308	£40.5891	73													
27	£76,076	£39.4322	72											£76,076		
27	£73,906	£38.3074	71											£73,906		
27	£71,817	£37.2246	70											£71,817		
27	£69,798	£36.1781	69													
27	£67,852	£35.1695	68													
27	£65,972	£34.1950	67													
27	£64,174	£33.2631	66													
27	£62,438	£32.3632	65													
27	£60,774	£31.5008	64													
27	£59,184	£30.6766	63											£59,184		
27	£57,660	£29.8867	62											£57,660		
27	£56,155	£29.1066	61											£56,155		
27	£54,965	£28.4898	60											£54,965		
27	£53,854	£27.9139	59											£53,854		
27	£52,748	£27.3407	58											£52,748		
27	£51,649	£26.7710	57													
27	£50,749	£26.3045	56													
27	£49,829	£25.8277	55													
27	£48,917	£25.3550	54													
27	£48,013	£24.8864	53													
27	£47,089	£24.4075	52													
27	£46,182	£23.9373	51													
27	£45,102	£23.3775	50													
27	£44,362	£22.9940	49											£44,362		
27	£43,462	£22.5275	48											£43,462		
27	£42,556	£22.0579	47											£42,556		
27	£41,631	£21.5784	46											£41,631		
27	£40,692	£21.0917	45											£40,692		
27	£39,723	£20.5895	44											£39,723		
27	£38,844	£20.1339	43													
26	£37,921	£19.6554	42											£37,921		
26	£36,975	£19.1651	41											£36,975		
26	£36,053	£18.6872	40											£36,053		
26	£35,112	£18.1995	39											£35,112		
26	£34,205	£17.7293	38											£34,205		
26	£33,125	£17.1696	37											£33,125		
26	£32,169	£16.6740	36											£32,169		
26	£31,268	£16.2070	35											£31,268		
26	£30,450	£15.7830	34											£30,450		
26	£29,836	£15.4648	33											£29,836		
26	£28,998	£15.0304	32											£28,998		
26	£28,157	£14.5945	31											£28,157		
25	£27,350	£14.1762	30											£27,350		
25	£26,497	£13.7341	29											£26,497		
25	£25,631	£13.2852	28											£25,631		
24	£24,646	£12.7747	27											£24,646		
24	£23,846	£12.3600	26											£23,846		
24	£23,087	£11.9666	25											£23,087		
23	£22,351	£11.5851	24											£22,351		
23	£21,668	£11.2311	23											£21,668		
23	£20,978	£10.8732	22											£20,978		
23	£20,384	£10.5655	21											£20,384		
22	£19,865	£10.2963	20											£19,865		
22	£19,160	£9.9314	19											£19,160		
22	£18,489	£9.5833	18											£18,489		
22	£17,825	£9.2390	17											£17,825		
22	£17,481	£9.0610	16											£17,481		
22	£17,060	£8.8428	15											£17,060		
22	£16,681	£8.6462	14											£16,681		
22	£16,338	£8.4683	13											£16,338		
22	£16,040	£8.3141	12											£16,040		
22	£15,617	£8.0948	11											£15,617		
22	£15,324	£7.9428	10											£15,324		
22	£14,437	£7.4831	9											£14,437		
22	£14,220	£7.3706	8											£14,220		
22	£14,065	£7.2903	7											£14,065		
22	£13,875	£7.1918	6											£13,875		
Employee Notice Period				One Month's Notice						Two Months' Notice				Three Months' Notice		

This page is intentionally blank

**Pension Policy Statement**

Under the Local Government Pension Scheme, the Council is required to publish a written statement of policy in relation to pensions.

Any decision that has a financial impact will be subject to a Business Case, where a payback period of no more than three years, is achievable.

1. **Regulation 16 (2e)(4d) Shared cost additional pension contributions**  
Discretion not exercised. (Decision at Council July 2014)
2. **Regulation 30(6) Power to allow flexible retirement**  
Discretion exercised in line with policy agreed from 1 May 2015 (Decision at Council April 2015)
3. **Regulation 30 (8) Waiving of actuarial reductions on compassionate grounds**  
Discretion exercised provided there is no cost to the Council (Decision at Council July 2014)
4. **Regulation 31 Power to award additional pension**  
Discretion not exercised. (Decision at Council July 2014)
5. **LGPS Regulations 2014 (Transitional provisions, savings and amendments – paragraph 2 (2) of schedule 2)) – Switching on the 85 year rule**  
Discretion not exercised (Decision at Council July 2014)
6. **Regulation B30(2)(5)B30A(3)(5) Post–31 March 2008 /pre–1 April 2014 leavers' early payment of pension**  
Discretion not exercised (Decision at Council July 2014)
7. **Membership aggregation Regulation 22 (7)(b), (8)(b)**  
Discretion not exercised (Decision at Council July 2014)
8. **Transfers of Pension Rights (Administration Regulation 100 (6))**  
Discretion not exercised (Decision at Council July 2014)
9. **Pension Contribution Bands (Regulations 9 and 10 of LGPS Regulations 2013)**  
Discretion is exercised (Decision at Council July 2014) - The Council's policy is to review an employee's contributions band when there is a contractual change to the member's salary or hours at some point during the year, when the change is permanent. Any changes in variable pay (i.e. overtime) will only be reviewed once on 1<sup>st</sup> April each year.

**10. Assumed Pensionable Pay and 'regular lump sum' (regulations 21(4)(a), 21(4)(b) and 21(5) of the LGPS Regulations 2013)**

Discretion not exercised (Decision at Council July 2014)

**11. Election of Early Payment of Benefits**

The Council's Early Retirement Policy came into effect from 1 July 2009, and applies to all employees at least 55 and over. Early Retirement can only occur in the following circumstances:

**REDUNDANCY** – for employees where employment is terminated for reasons of redundancy.

**EFFICIENCY** - for employees where early retirement is in the interests of the efficiency of the service.



**GENERAL PURPOSES AND LICENSING COMMITTEE**  
**PROPOSED SCALE OF FEES AND CHARGES FOR 2016/17**

	Charges 2015/16 £	Proposed Charges 2016/17 £	Increase %	Review Indicator
<b><u>HACKNEY CARRIAGE &amp; PRIVATE HIRE LICENCE FEES</u></b>				
<b>Hackney Carriage / Private Hire Drivers Joint Licence</b>				
New or Renewal 3 year (includes drivers badge)	N/A	140.00	NEW	L
Initial 1 year (includes drivers badge)	72.00	N/A	N/A	N/A
Renewal 3 years	98.00	N/A	N/A	N/A
Drivers Awareness Test	36.00	36.00	-	M
<b>Private Hire Operator's Licences</b>				
New or Renewal 5 year	N/A	509.00	NEW	L
Initial 1 year	290.00	N/A	N/A	N/A
Renewal per annum	155.00	N/A	N/A	N/A
<b>Vehicle Licence</b>				
Hackney Carriage per annum	192.00	192.00	-	L
Private Hire per annum	192.00	192.00	-	L
Hackney Carriage/Private Hire (Over 8 years old) per annum	242.00	242.00	-	L
Duplicate driver's badge	12.00	12.50	4.2	M
Vehicle plate - replacement	22.00	23.00	4.5	M
Vehicle plate - replacement of insert	11.00	11.50	4.5	M
Vehicle plate - replacement of bracket and fixings	11.00	11.50	4.5	M
Vehicle Re-test fee (set by Environmental Services)	50.00	50.00	-	M
Vehicle - private plate registration	50.00	50.00	-	M
<b><u>ANIMAL WELFARE LICENCE FEES</u></b>				
Breeding of Dogs Act new Licence per annum ( + vets' fees )	146.00	N/A	N/A	N/A
Breeding of Dogs Act first licence		380.00	NEW	L
Breeding of Dogs Act Licence renewal per annum	146.00	149.00	2.1	L
Pet Animals Act Licence per annum ( + vets' fees where dangerous wild animals are sold)	146.00	149.00	2.1	L
Animal Boarding Establishments Licence per annum ( + vets' fees if necessary)	206.00	206.00	-	L
Smaller Animal Boarding Estab. Licence per annum	55.00	56.00	1.8	L
Riding Establishments Act Licence				
annual fee (+ vets' fees)	176.00	176.00	-	L
annual fee per horse	17.00	17.00	-	L
Increase of horse numbers during licenced year per horse	17.00	17.00	-	L
Renewal of provisional licence	75.00	75.00	-	L
Dangerous Wild Animals Acts Licence ( + vets' fees )	146.00	149.00	2.1	L
Zoo Licence	<-----Actual Cost----->			
<b><u>HEALTH &amp; SAFETY SERVICE CHARGES</u></b>				
Accident Reports (Provision of Accident Reports to Solicitors and other interested groups)	<-----Actual Cost----->			
Training				
Level 2 Award in Health and Safety in the Workplace	54.00	54.00	-	L
<b><u>REGISTER OF ELECTORS</u></b>				
Statutory Charges Apply - For further details please contact 023 8028 5445				

**GENERAL PURPOSES AND LICENSING COMMITTEE  
PROPOSED SCALE OF FEES AND CHARGES FOR 2016/17**

	Charges 2015/16 £	Proposed Charges 2016/17 £	Increase %	Review Indicator
<b><u>OTHER LICENCE AND REGISTRATION FEES</u></b>				
Sex Shop Licence	3,969.00	3,969.00	-	L
Public Health (Amendments) Act 1907				
Pleasure Boat per annum including plate	83.00	85.00	2.4	L
Self Drive Crafts etc	23.00	24.00	4.3	L
Boatman Licences - new 1 year	71.00	72.00	1.4	L
Boatman Licences - renewal 3 years	86.00	88.00	2.3	L
Scrap Metal Dealers - Site Licence	137.00	140.00	2.2	L
Scrap Metal Dealers - Collectors Licence	101.00	103.00	2.0	L
Ear Piercing				
Registration of Premises	112.00	112.00	-	L
Registration of Practitioners	51.00	51.00	-	L
Tattooing - Electrolysis - Acupuncture				
Registration of Premises	130.00	133.00	2.3	L
Registration of Practitioners	53.00	53.00	-	L
Reissue of registration certificate where changes are requested	15.00	15.00		L
<b><u>LICENSING ACT 2003 &amp; GAMBLING ACT 2005 FEES</u></b>				
Statutory Fees Apply - For further details please contact Paul Weston 023 8028 5505				
<b><u>RELEVANT PROTECTED CARAVAN SITE LICENCE FEES</u></b>				
Application for a New Single Licensed Site	360.00	360.00	-	L
Application for a New Multiple Licensed Site	510.00	510.00	-	L
Multiple Licensed Site Annual Fee for Each Permitted Caravan	10.70	10.70	-	L
Transfer of Site Licence	148.00	148.00	-	L
Alteration of Conditions Attached to an Existing Site Licence	302.00	302.00	-	L
Depositing Site Rules	72.00	72.00	-	L

Licence Fees are not subject to VAT unless otherwise stated  
Where applicable veterinary charges will be added at cost

**Review Indicator Key**

- M** = Market Comparisons undertaken  
**L** = Local Authority Comparisons undertaken  
**S** = Statutory Charge Level

## REPORT OF CABINET

(Meeting held on 6 January 2016)

### 1. LEADER'S STATEMENT (MINUTE 45)

The Leader of the Council made the following statement

“The start of a new calendar year is always a time for fresh thinking and never more so for us with the end of 2015 receiving the Local Government finance settlement from central government. The report on today's agenda sets out more detail of this and Councillor Jeremy Heron the Portfolio Holder for Finance and Efficiency will comment on this later. However I can say that the actions we have already put in place and the savings identified mean that the budget we will deliver for 2016/17 we do not anticipate will have any adverse impact on frontline services. We also recognise our commitment to Council taxpayers. We have not increased Council Tax for 6 years, with help from the government.

Our focus will be on managing funds that support our plans to deliver good services to our community. There is an ongoing need to review all the Council currently does and how we deliver. The first stage of that is now complete with the senior management restructure. Before Christmas I, together with my Cabinet colleagues and the Chief Executive, appointed a new Senior Management team, they are all with us today. We believe the Chief Executive has now got in place an excellent team to work with Councillors to deliver the actions needed to meet the challenge. I am pleased that the Chief Executive will look to move the organisation forward with the team of four Executive Heads and not look to make any further appointments. I believe we have a strong team and the additional savings will make a major contribution to the actions we need to take.

In 2015 we saw the government encourage Council's to take on more responsibilities through devolved powers. All Councils within Hampshire and the Isle of Wight have come together to respond to this and we have played our part on the basis that for devolution to work it must bring greater benefits to the New Forest in the existing system. There is currently no deal agreed with government and negotiations remain ongoing with the significant issues of finance and housing to be resolved. When there is a deal all Councillors will be engaged in determining what benefits it brings to the New Forest and its residents.

As well as the medium term financial plan, we have an indication of the amount of funding we can expect up to 2020. As we expected, the next few years will be challenging and by 2020 we will be a very different organisation to the one we were in 2010. Looking forward there is much to do but our priority will always be to put our local residents and business first. We will work collaboratively with Councillors and partners in the Towns and Parishes to achieve the most we can for the New Forest. I urge all Councillors to play their part to work with Cabinet and help the Council meet these challenges and grasp the opportunities ahead.”

### 2. MEDIUM TERM FINANCIAL PLAN 2016 TO 2020 (MINUTE 46)

The Cabinet has approved the emerging draft Medium Term Financial Plan for the period 2016 to 2020, as set out in report Item 4 considered by the Cabinet. This will now form the basis of the Council's 2016/17 General Fund budget which will be reported to the Cabinet on 3 February 2016.

The Government's provisional local government finance settlement was received on 17 December 2015 and, in addition to the settlement for 2016/17, included an indication of the likely funding from Government until 2020.

The settlement for 2016/17, at £8.519 million, represents a further reduction of £554,000 against the financial projections that were reported to the Cabinet on 7 October 2015 (Minute 26 refers). Overall there is a 9.8% reduction against the settlement in 2015/16, and the projected reduction by 2020 is 42.3% against the settlement for 2015/16. These reductions are significant and greater than had been anticipated.

There is also a significant change in Government policy, with the withdrawal of the Council Tax Freeze Grant so that local authorities are no longer encouraged to freeze Council Tax. This Council has frozen Council Tax levels for the last 6 years. The Government's assumption now is that councils will increase Council Tax charges.

Further reductions in the funding that will be available to the Council arise from a lower than expected increase in the business rates multiplier; reduced Revenue Support Grant and New Homes bonus payments; together with the introduction of a supplementary business rates tariff in 2019/20 (effectively resulting in a negative Revenue Support Grant position).

The cumulative effect of the various reductions is that the total funding available in 2016/17 will be £19.723 million, a reduction of £734,000 against the funding available in 2015/16. A number of additional budget requirements have also been identified, as set out in Appendix 2 to the report considered by the Cabinet. These include general pay and price increases as well as planned maintenance and replacement work. A number of actions have already been taken to close the budget gap, including the current review of the senior management structure. This process will continue to ensure that the residual identified gap of £483,000 will be closed before the budget for 2016/17 is finalised and reported to the Cabinet in February.

**Councillor B Rickman  
CHAIRMAN**

## **REPORT OF CABINET**

**(Meeting held on 3 February 2016)**

### **1. LEADER'S STATEMENT (MINUTE 50)**

The Leader has advised Members that the Council faces significant decisions as the Cabinet has found it necessary to recommend an increase in council tax for the first time in 6 years, as a result of continuing reductions in Government funding. The Leader is emphasising that it is important to maintain front line services, such as refuse collection and recycling, planning and environmental health, on which local residents rely.

The Leader is satisfied that the increase in Council tax, which it is proposed will be 1.7%, equivalent to just 5 pence per week for a Band D property, represents the best compromise between maintaining essential services and being fair to Council Taxpayers. This will bring the total cost of providing all the Council's services to £3.05 per week. The decision to increase council tax is not being taken lightly but, looking forwards, the financial challenges facing the Council are significant. The Council is already taking steps to meet this challenge, with the savings made through the new senior management structure one signal of the Conservative Group's determination to continue to provide the services that are valued by the local community at a fair cost. The developing Corporate Plan is now supported by a delivery plan that sets out the areas that will need to be reviewed over the coming year, in order to identify further savings and improvements in services to ensure the Council continues to meet its objectives.

The changes being made within this Council, together with the Government's commitment to provide a longer term settlement, mean that the Medium Term Financial Plan will be reviewed early within the next financial year and will therefore be included in the programme for the June meeting of the Cabinet.

The Leader has thanked the Chief Executive and Executive Heads for their continuing efforts to support this process.

### **2. THE CORPORATE PLAN 2016-2020 – "OUR CORPORATE PLAN" (MINUTE 51)**

Members will recall that in November 2015 (Minute 34 of Cabinet) they approved a draft Corporate Plan to form the basis of consultation. Since that time the Plan has been subject to extensive consultations, including with key partner organisations and the Council's employees.

The response to the draft Plan has been very positive, with a number of helpful suggestions made. The general form of the Plan, using a single side of "infographics", remains unchanged but several suggestions, to improve clarity and focus, have been incorporated.

The Plan is now supported by a delivery plan, which sets out detailed actions for 2016/17 and also refers to the actions that will be required in the longer term. Key actions will be updated annually and progress monitored and reported to Members. Monitoring will be through a simple and proportionate performance management framework.

It is expected that a number of the reviews that are highlighted in the delivery plan will involve Members through various members' boards and task and finish groups.

As with the previous Corporate Plan the majority of the communication about the Plan will be primarily through electronic means to optimise expenditure in the Plan's production and also in disseminating the key messages.

**RECOMMENDED:**

***That the new Corporate Plan for 2016-2020, "Our Corporate Plan", and associated delivery plan, as attached as appendices to report item 4 considered by the Cabinet, be approved.***

**3. MEDIUM TERM FINANCIAL PLAN AND THE ANNUAL BUDGET 2016/17 (MINUTE 52)**

The Medium Term Financial Plan has continued to evolve since the last report to the Cabinet in January (Minute 46 refers). At that stage initial notification of the Government's financial settlement had been received and a budget gap of £483,000 identified against the 2016/17 budget. Work has continued to achieve a balanced budget. Further savings of £180,000 have been achieved through the senior management review; and the work programme for planned maintenance and replacement in 2016/17 has been reduced by £300,000.

It is intended to use reserves to fund £389,000 of the cost of new Business Development schemes and for third party grants (total budget £405,000). In addition, if the cost of the continuing organisational changes in the authority exceeds further savings that may be identified, these surplus costs will also be met from reserves.

It is proposed that the Band D Council Tax for 2016/17 will be £158.36, an increase of 1.7%. The Cabinet propose that the net budget requirement will be reduced to £17,491,770 for 2016/17.

A summary of the Medium Term Plan covering the next 5 years is set out in Appendix 1 of Report Item 5 to the Cabinet. The continuing climate of financial austerity makes it clear that the Council will have to continue the process of review to identify further savings and efficiencies.

The Council's capital programme has also been developed to reflect the continuing financial constraints and the General Fund Capital programme for 2016/17 is now £4.133 million. Full details are set out in Appendix 6 to the report considered by the Cabinet.

**RECOMMENDED:**

- (a) That it be agreed that there is a General Fund Net Budget Requirement of £17,491,770 in 2016/17, as set out in Appendix 5 to report item 5 considered by the Cabinet, including Business Development and Third Party Grant schemes as set out in Appendix 3 to report item 5;***
- (b) That the site licence fees and service charges at the Stillwater Park be increased by 0.8%, in line with RPI inflation;***
- (c) That the Band D Council Tax for 2016/17 shall be £158.36;***

- (d) *That the General Fund Capital Programme for 2016/17 of £4.133 million, as set out in Appendix 6 to report item 5 to the Cabinet, be approved; and*
- (e) *That each of the Prudential Indicators, the Limits for 2016/17 to 2018/19 and the Minimum Revenue Provision Policy Statement, as set out in Appendix 7 to report item 5 to the Cabinet, be approved and adopted.*

#### **4. HOUSING REVENUE ACCOUNT BUDGET AND HOUSING PUBLIC SECTOR CAPITAL EXPENDITURE PROGRAMME 2016/17 (MINUTE 53)**

The Cabinet has also considered the Housing Revenue Account budget and housing public sector capital programme for 2016/17. This is the fifth year of the Housing Revenue Account self-financing system, with the first instalment of principal repayment of the settlement loan, amounting to £4.1 million, due to be made in 2017/18, reducing the spending resources available in that year.

It is proposed that rents will be reduced by 1% in line with Government requirements. The service charges for hostels and older persons' accommodation will be increased by 2% to ensure full cost recovery from the beneficiaries of the services. The increases in service charges, together with other budget variations such as increased income from reductions in vacant properties; will offset the loss of income arising from the rent reduction to £53,000 for the year. It is proposed that the charge for renting a garage will remain unchanged as it has been established that it is already at the optimal level to maximise income.

The proposed revenue expenditure for 2016/17 shows an increase of £1.409 million compared to 2015/16. The sources of the major variations are set out in section 4 of the report. The budget for 2016/17 is projected to break even, maintaining a revenue account balance of £1.014 million. In accordance with the Council's policies the additional savings that were identified during 2015/16 will be transferred to the acquisitions and development reserve.

The capital programme also shows a significant increase, with significant property development and enhancement programmes, in addition to new acquisitions.

#### **RECOMMENDED:**

- (a) *That the Housing Revenue Account budget, as set out in Appendix 1 of report item 6 considered by the Cabinet, be agreed;*
- (b) *That from 4 April 2016 a reduction in rents of 1% from the 2015/16 rent level, in accordance with Government requirements, be agreed;*
- (c) *That from 4 April 2016 an increase of 2% in hostel service charges, be agreed;*
- (d) *That from 4 April 2016 an increase of 2% in older persons' accommodation service charges, be agreed;*
- (e) *That from 4 April 2016 no increase in garage rents, be agreed; and*
- (f) *That a 2016/17 Housing Capital Programme of £16.536m, as set out in paragraph 7.1 of report item 6 considered by the Cabinet, be agreed.*

**5. MEMBERS' ALLOWANCES – SCHEME TO APPLY FROM 1 APRIL 2016  
(MINUTE 54)**

The Council is required, each year, to make a scheme of members' allowances and to publish the scheme. It is not proposed to make any changes to the current scheme.

***RECOMMENDED:***

***That the current scheme of members' allowances be made as the scheme to apply from 1 April 2016.***

**Councillor B Rickman  
CHAIRMAN**