



**New Forest**  
DISTRICT COUNCIL

---

# Council Meeting Agenda

---

**20 February 2017**



# 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, 20 February 2017, 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 - 4)

To confirm the minutes of the meeting held on 12 December 2016 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 5 - 28)**

To consider the report of the Audit Committee dated 27 January 2017.

**6. REPORT OF GENERAL PURPOSES & LICENSING COMMITTEE (Pages 29 - 42)**

To consider the report of the General Purposes & Licensing Committee dated 13 January 2017.

**7. REPORTS OF CABINET**

To consider the reports of the Cabinet dated:

(a) 4 January 2017 (Pages 43 - 46)

(b) 1 February 2017 (Pages 47 - 50)

(c) 20 February 2017 (to follow)

**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 17 February 2017.)

**10. COUNCIL TAX 2017/2018 (Pages 51 - 62)**

To set the Council Tax for 2017/2018.

**11. MEMBERSHIP OF COMMITTEES AND PANELS**

(a) To appoint four members and four substitute members to the Employee Engagement Panel (these are to be filled by the Conservative Group); and

(b) 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**  
(Pages 63 - 64)

To consider an item of confidential business, the Chairman will move

"That, under Section 100(A)(4) of the Local Government Act 1972, the public and the Press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1 & 5 of Part I of Schedule 12A of the Act and the public interest in maintaining the exception outweighs the public interest in disclosing it."

This page is intentionally left blank

# Agenda Item 1

12 DECEMBER 2016

## NEW FOREST DISTRICT COUNCIL

Minutes of a meeting of the New Forest District Council held in the Council Chamber, Appletree Court, Lyndhurst on Monday, 12 December 2016

\* Cllr G C Beck (Chairman)

\* Cllr Mrs C V Ward (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 A J Hoare

### Councillors:

- \* Mrs M D Holding
- \* 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
- \* M L White
- \* C A Wise
- \* Mrs P A Wyeth

\*Present

### Officers Attending:

R Jackson, Miss G O'Rourke, C Read, Mrs R Rutins, Mrs M Sandhu and Ms M Stephens

### Apologies:

Cllrs Mrs Beeton, Dow, Mrs Lane, O'Sullivan, Rippon-Swaine, Miss Sevier, Thierry and Wade.

**37 MINUTES****RESOLVED:**

That the minutes of the meeting held on 17 October 2016 be signed by the Chairman as a correct record.

**38 DECLARATIONS OF INTEREST**

Cllrs Frampton, Harrison, Mrs Jackman, Kendal and Mrs Wyeth in Minute No. 41, item 2 of the Report of the Cabinet dated 2 November 2016.

Cllr Kendal in Minute No. 41, item 2 of the Report of the Cabinet dated 7 December 2016.

**39 CHAIRMAN'S ANNOUNCEMENTS****Brilliance in Business Awards**

On Wednesday 30 November, the Chairman, along with the Leader of the Council and the Chief Executive, had attended the Brilliance in Business Awards at the Careys Manor Hotel, Brockenhurst where awards had been presented to 7 local businesses chosen from 21 nominees. The Council considered the awards extremely important in recognising the valuable contribution businesses made to the area.

**The New Forest Veterans' Christmas Party**

The Chairman had welcomed 54 of the New Forest's veterans to a special Christmas Party at Dibden Golf Centre on Friday 2 December 2016. The event had also been attended by 12 representatives from the 17 Port and Maritime Regiment Royal Logistics Corps. The event enabled the Chairman, on behalf of the Council, to thank veterans for their service.

**Volunteers' Reception**

The Chairman had hosted the annual volunteers' reception on Thursday 8 December. The event provided an opportunity to thank the volunteers for all the good work they did for the New Forest.

**Forthcoming events**

On Saturday 11 February 2017 the Chairman would host a charity dinner at Hoburne Bashley. Further information regarding the event would be sent to members in due course.

**Christmas Greetings**

The Chairman wished members and officers a Merry Christmas and a Happy New Year.

**40 LEADER'S ANNOUNCEMENTS**

There were none.

**41 REPORTS OF THE CABINET**

Cllrs Frampton, Harrison, Mrs Jackman, Rickman and Mrs Wyeth disclosed non-pecuniary interests in item 2 of the Report of the Cabinet dated 2 November 2016 as members of the New Forest National Park Authority. They concluded that there were no issues under common law that prevented them from remaining in the meeting to speak. There was no vote on this item.

Cllrs Mrs Jackman, Kendal and Mrs Wyeth disclosed non-pecuniary interests in item 2 of the Report of the Cabinet dated 2 November 2016 as Trustees of the New Forest Ninth Centenary Trust and Cllrs Mrs Jackman and Mrs Wyeth also as members of the New Forest National Park Authority. They concluded that there were no issues under common law that prevented them from remaining in the meeting to speak. There was no vote on this item.

Cllr Kendal disclosed a non-pecuniary interest in item 2 of the Report of the Cabinet dated 7 December 2016 as a member of Hampshire County Council. He concluded that there were no issues under common law that prevented him from remaining in the meeting to speak. There was no vote on this item.

The Leader of the Council, as Chairman of the Cabinet, presented the reports of the meetings held on 2 November and 7 December 2016.

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

**Item 2 (2 November 2016) – Review of Tourism Service**

Cllr Harrison spoke against the Cabinet's decision to withdraw the Visitor Information Centre in Lyndhurst as he felt that there continued to be sufficient demand to justify keeping the Centre open. The service provided was highly valued, as demonstrated by an on-line petition advocating the retention of the Centre, which had been signed by nearly one thousand people. Cllr Harrison felt strongly that the face-to-face interaction provided by staff was critical to the visitor experience and would persuade tourists to return to the New Forest. Cllr Harrison hoped to lobby the New Forest National Park Authority on the matter.

Other members spoke in support of the Cabinet's decision, expressing the view that there was a misunderstanding regarding the future of the building and the services provided. The closure of the Visitor Information Centre would not affect the overall operation of the New Forest Visitor Centre in Lyndhurst, which was run by the New Forest Ninth Centenary Trust. Volunteers working for the Trust would continue to provide their valuable services. The New Forest Tourism Association would manage the destination marketing of the New Forest as the experts in that field. Members felt that given this, and the increasing use of on-line technology for accessing information and making bookings, the decision was appropriate and necessary.

The Leader of the Council confirmed also that the Ninth Centenary Trust would not be prejudiced financially by the decision to withdraw the Visitor Information Service.

**Item 1 (7 December 2016) – Local Government Review Update**

Some members expressed concern regarding the likely detrimental effects on a wide range of key services such as the road network if a Solent City authority was formed. Members felt that the transition period during any change in local

governance would be extremely disruptive and risked the loss of continuity of service provision. Other members considered that the money spent on consultants' reports to inform the devolution debate should have been spent instead on front line services.

It was explained that during the early stages of the devolution discussions it became clear that, in order to safeguard the interests of the residents of the New Forest, this Council had to participate fully in discussions and examine the options. Some of these might have resulted in efficiency savings but had proved to be impractical.

The Leader of the Council said that this Council would continue to champion the outcomes that were in the best interests of the New Forest.

**RESOLVED:**

That the reports be received and the recommendations be adopted.

**42 QUESTIONS UNDER STANDING ORDER 22**

There were none.

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

There were none.

**44 MEMBERSHIP OF COMMITTEES AND PANELS**

No changes to committees or panels were proposed by the political groups.

CHAIRMAN



## REPORT OF AUDIT COMMITTEE

(Meeting held on 27 January 2017)

### 1. TREASURY MANAGEMENT STRATEGY REPORT 2017/18 TO 2019/20 (Minute No 35 )

The Committee has considered the Council's prudential indicators for 2017/18 to 2019/20 that relate to the treasury management function and sets out the expected treasury operations for that period. (A related report, detailing the prudential indicators for 2017/18 to 2019/20 for capital expenditure was considered by the Cabinet on 1 February 2017 and details appear elsewhere on the Council agenda).

The Prudential Code for Capital Finance in Local Authorities (The Code) was introduced with effect from 1 April 2004. The Code gives the Council greater freedom for future capital investment plans but requires it to set and monitor prudential indicators to ensure that its plans are affordable and sustainable.

The Treasury Management Strategy Statement sets out how the Council's treasury service will support the Council's financial decisions taken over the 3 year period from 2017/18 to 2019/20. The day to day treasury management function and the limitations on activity through treasury indicators are also set out in the statement.

The Investment Strategy has regard to the Department for Communities and Local Government's (DCLG) guidance on local government investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notices, requiring the Council to invest its funds prudently, and to have regard to the security and liquidity of investments before seeking the highest rate of return or yield. The Investment Strategy sets out the Council's criteria for choosing investment counter-parties and limiting exposure to the risk of loss.

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 report has been prepared prior to the finalisation of the Capital Programme for 2017/18 and subsequent years. Therefore the target indicators may be subject to minor variation. Should any increase result in the likelihood of the approved Authorised Limit for External Debt being breached this will be reported to the Cabinet in February 2017. Other indicators are targets only and minor adjustments will not be reported.

The Committee supported the proposed introduction of a larger investment limit (up to £20m) applicable, but not limited, to pooled property and equity fund investments, in order to improve the flexibility of the investment portfolio, and better utilise the forecast underlying cash balance available for long-term investment.

The above policies and parameters provide an approved framework within which officers undertake the day to day capital and treasury activities. The Investment Strategy will take effect on 20 February 2017, subject to approval of this report by the Council.

**RECOMMENDED:**

***That the Treasury Management Strategy 2017/18 to 2019/20, and the Treasury Prudential Indicators contained within Annex A to this report be approved with effect from 20 February 2017.***

**2. FUTURE EXTERNAL AUDIT APPOINTMENT (Minute No 40)**

The Committee has considered options for external audit provision from April 2018. The Council's current external auditors (Ernst and Young) are working on a contract originally let by the Audit Commission. The contract was novated to Public Sector Audit Appointments (PSAA), a body established by the Local Government Association following closure of the Audit Commission. The current contract covers audits up to and including the year 2017/18.

The Local Audit and Accountability Act 2014 established arrangements for the appointment of external auditors and the setting of audit fees for all local government in England. In October 2015, these transitional arrangements were extended to include the 2017/18 financial year. In July 2016, the PSAA body were specified as an 'appointing person' and as such can enter into a number of contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in to such arrangements must be made by the Council.

After consideration of the options, the Committee favours the arrangement offered by PSAA. The Committee noted the content of an appended letter from the PSAA, setting out the benefits of the Scheme and the timetable for the new arrangements. The PSAA has demonstrated its capability in terms of auditor appointment, contract management, and monitoring audit quality.

Over recent years authorities have benefitted from a significantly reduced fees compared with 2012. This has been the result of a combination of factors including new contracts negotiated nationally with audit firms and savings from the closure of the Audit Commission. The Council's indicative external fees for 2016/17 are £59,735.

The benefits of the recommended arrangement include suitably qualified staff from firms having a national presence, monitoring of contract delivery and compliance, and economies of scale. The proposed fees for the subsequent years cannot be known until the procurement process has been completed, as the costs will depend on the proposals from the audit firms. There is a risk that the current external fees levels could increase when the contract ends in 2018. Until a procurement exercise is completed it is not possible to state what, if any, additional budget may be required for audit fees for 2018/19. Opting in to a national scheme provides maximum opportunity to ensure fees are as low as possible, whilst ensuring the quality of audit is maintained by entering in to a large scale collective procurement arrangement.

The Committee considered that the other options (a joint, or independent, auditor panel) were unwieldy, more resource intensive and more costly. Accordingly, in view of the benefits of the PSAA scheme, the Committee recommends this option as being the most efficient, prudent, and effective from the Governance standpoint.

**RECOMMENDED:**

***That the Council accepts the Public Sector Audit Appointments' (PSAA) invitation to "opt in" to the sector-led option for the appointment of external auditors for 5 years commencing 1 April 2018.***

**CLLR A O'SULLIVAN  
CHAIRMAN**

**Attachments:** Annex A

This page is intentionally left blank

## TREASURY MANAGEMENT STRATEGY 2017/18 – 2019/20

### 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. Economic background

The major external influence on the Council's treasury management strategy for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Financial markets, wrong-footed by the referendum outcome, have since been weighed down by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.

The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid derailing the economy.

Initial post-referendum economic data showed that the feared collapse in business and consumer confidence had not immediately led to lower GDP growth. However, the prospect of leaving the single market has dented business confidence and resulted in a delay in new

business investment and, unless counteracted by higher public spending or retail sales, will weaken economic growth in 2017/18.

## **2.2. Credit outlook**

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 European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits however continue to fall.

## **2.3. Interest rate forecast**

The Council's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2017/18. The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely. A negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union.

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

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

- 3.1. On 31st December 2016, the Council held £144.2m of borrowing and £77.8m of investments. 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 below.

<b>Table 1: Balance Sheet Summary and Forecast</b>	<b>31/03/16 Actual £m</b>	<b>31/03/17 Estimate £m</b>	<b>31/03/18 Forecast £m</b>	<b>31/03/19 Forecast £m</b>	<b>31/03/20 Forecast £m</b>
General Fund (GF) CFR	3.2	3.4	3.9	4.4	5.8
Housing Revenue Account (HRA) CFR	1.9	1.9	1.9	1.9	1.9
HRA settlement	142.7	142.7	138.6	134.5	130.4
<b>Total CFR</b>	<b>147.8</b>	<b>148.0</b>	<b>144.4</b>	<b>140.8</b>	<b>138.1</b>
Less: External borrowing *	(144.3)	(144.1)	(139.8)	(135.5)	(131.2)
<b>Internal (over) borrowing</b>	<b>3.5</b>	<b>3.9</b>	<b>4.6</b>	<b>5.3</b>	<b>6.9</b>
Less: GF Usable reserves	(18.5)	(17.8)	(17.8)	(17.9)	(18.2)
Less: HRA Usable reserves	(24.0)	(26.8)	(23.6)	(14.6)	(14.3)
Less: Working capital	(13.3)	(5.4)	(1.3)	(1.3)	(1.3)
<b>Resources for investments</b>	<b>(55.8)</b>	<b>(50.0)</b>	<b>(42.7)</b>	<b>(33.8)</b>	<b>(33.8)</b>
<b>New borrowing (or investments)</b>	<b>(52.3)</b>	<b>(46.1)</b>	<b>(38.1)</b>	<b>(28.5)</b>	<b>(26.9)</b>

\* 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 £77.8m investment balance referred to in para 3.1 significantly differs to the £46.1m estimated balance as at 31/03/17 predominantly because of cash flow differences to Council Tax and Business Rate Collections over the period January - March. The level of usable HRA reserves is set to decrease over the period as the Council works towards achieving its latest acquisition and development strategy, as well as commencing with principal repayments on the settlement loan. Working capital balances are estimated to decrease over the period due to the likely call on specific provisions.
- 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 2017/18.

## 4. Borrowing Strategy

4.1. The Council currently holds £144.2 million of loans, a decrease of £0.2 million on the previous year, with the majority of the loan related to the HRA refinancing settlement from 2012. The balance sheet forecast in Table 1 shows that the Council does not expect to need to borrow in 2017/18. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £174.4 million.

### 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 certainty of those costs 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.

<b>Table 2: Operational Boundary</b>	<b>2016/17 Revised £m</b>	<b>2017/18 Limit £m</b>	<b>2018/19 Limit £m</b>	<b>2019/20 Limit £m</b>
<b>Total Debt</b>	<b>163.0</b>	<b>159.4</b>	<b>155.8</b>	<b>153.1</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>Table 3: Authorised Limit</b>	<b>2016/17 Revised £m</b>	<b>2017/18 Limit £m</b>	<b>2018/19 Limit £m</b>	<b>2019/20 Limit £m</b>
<b>Total Debt</b>	<b>178.0</b>	<b>174.4</b>	<b>170.8</b>	<b>168.1</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>Table 4: HRA Debt Limit</b>	<b>2016/17 Revised £m</b>	<b>2017/18 Limit £m</b>	<b>2018/19 Limit £m</b>	<b>2019/20 Limit £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, if the Council does not need to borrow, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By internally borrowing, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term 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 modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis.

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

#### 4.5. Sources:

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

- Public Works Loan Board (PWLB) and any successor body
- UK local authorities
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Hampshire Pension Fund)

- capital market bond investors
- UK Municipal Bonds Agency plc and other 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, which 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 at section 6 of this strategy.

#### **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. 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 £54.7 and £86.1 million; balances are expected to reduce significantly over the next three years, mainly due to the reduction in HRA usable reserves, as shown in Table 1.

#### **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. Negative Interest Rates**

If the UK enters into a recession in 2017/18, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

### **5.4. Strategy**

Given the increasing risk and falling returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2017/18. This is especially the case for the estimated £25m that is available for longer-term investment. Approximately 59% (increased from 48% last year) of the Council's surplus cash is invested so that it is not subject to bail-in risk, as it is invested in local authorities, corporate bonds, pooled property and equity funds, and secured bank bonds. Whilst the remaining cash is subject to bail-in risk, 63% of this balance is held overnight money market funds which are subject to a reduced risk of bail-in, 29% is held in certificates of deposit which can be sold on the secondary market, and 2% is held in overnight call accounts with banks to allow for liquidity. The remaining 6% of cash subject to bail-in risk is held in short-term notice accounts which produce a significant return commensurate with the bail-in risk. This diversification will represent a continuation of the new strategy adopted in 2015/16.

### **5.5. Investments Targeting Higher Returns**

In order to protect the Council's cash balances against the risk of negative or low interest rates, and the effect of bail-in, as well as to preserve the Council's income generated from investments, it is proposed that the Treasury Management Strategy have the flexibility to invest up to £20m targeting higher yielding investments. This amount represents the Council's core stable cash balance and is therefore an amount that can be managed appropriately as a long-term investment.

Higher yields can be accessed through long-term cash investments (although this is currently less the case as yields have declined) and investments in other assets than cash, such as pooled property, equities and bonds. Non-cash pooled investments must be viewed as long-term investments in order that monies are not withdrawn in the event of a fall in capital values to avoid crystallising a capital loss.

As shown in Appendix B of this report, as at 31 December 2016 the Council has invested £4.4m which could be classed under this allocation of investments targeting higher returns. In addition, the Council has committed a further £0.6m to investments in pooled funds. Without this allocation the weighted average return of the Council's cash investments would have been 0.58%; the higher yielding investments have added 0.27% (£210,000 based on the cash balance at 31 December 2016) to the average interest rate earned by the remainder of the portfolio.

#### 5.6. 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 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.

<b>Table 5: 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

#### 5.7. Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in Table 6 below, subject to the cash limits (per counterparty) and the time limits shown.

<b>Table 6: Approved Investment Counterparties and Limits</b>						
<b>Credit Rating</b>	<b>Banks Unsecured</b>	<b>Banks Secured</b>	<b>Government</b>	<b>Corporates</b>	<b>Registered Providers Unsecured</b>	<b>Registered Providers Secured</b>
UK Govt	n/a	n/a	£ Unlimited 30 years	n/a	n/a	n/a
AAA	£4m 5 years	£8m 20 years	£8m 30 years	£4m 20 years	£4m 20 years	£4m 20 years
AA+	£4m 5 years	£8m 10 years	£8m 25 years	£4m 10 years	£4m 10 years	£4m 10 years
AA	£4m 4 years	£8m 5 years	£8m 15 years	£4m 5 years	£4m 10 years	£4m 10 years
AA-	£4m 3 years	£8m 4 years	£8m 10 years	£4m 4 years	£4m 10 years	£4m 10 years
A+	£4m 2 years	£8m 3 years	£4m 5 years	£4m 3 years	£4m 5 years	£4m 5 years
A	£4m 13 months	£8m 2 years	£4m 5 years	£4m 2 years	£4m 5 years	£4m 5 years
A-	£m 6 months	£8m 13 months	£4m 5 years	£4m 13 months	£4m 5 years	£4m 5 years
BBB+	£2m 100 days	£4m 6 months	£2m 2 years	£2m 6 months	£2m 2 years	£2m 2 years
None	£1m 6 months	n/a	£4m 25 years	n/a	£4m 5 years	£4m 25 years
<b>Pooled funds</b>	£8m per fund					

This table must be read in conjunction with the notes below

### **5.8. Credit Rating**

Investment limits are set 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. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

### **5.9. 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.

**5.10. Banks Secured**

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank'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 higher 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 will not exceed the cash limit for secured investments.

**5.11. Government**

Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities 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 30 years.

**5.12. 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.

**5.13. Registered Providers**

Loans and bonds issued by, guaranteed by or secured on the assets of 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 the likelihood of receiving government support if needed.

**5.14. 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. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility 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 these 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.

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

Credit ratings are obtained and monitored by the Council's treasury advisers, 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.

#### **5.16. 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 Table 5 and 6 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.

### 5.17. 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.

### 5.18. 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), pooled funds that the Council intends to hold as long-term investments (for more than one year) and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in Table 7 below.

<b>Table 7: Non-Specified Investment Limits</b>	<b>Cash limit</b>
Total long-term investments	£25m
Total investments without credit ratings or rated below A- (excluding investments with other local authorities)	£20m
Total non-Sterling investments	£0m
Total investments in foreign countries rated below AA+	£0m
Total non-specified investments	£30m*

\* Total non-specified investments is a limit in its own right, and is not meant to equal the aggregate of the limits for total long-term investments, and total investments without credit ratings or rates below A-.



### 5.19. 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>Table 8: Interest Rate Exposures</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Upper limit on fixed interest rate investment exposure	£25m	£25m	£25m
Upper limit on variable interest rate investment exposure	£90m	£90m	£90m
Upper limit on fixed interest rate borrowing exposure	£174.4m	£170.8m	£168.1m
Upper limit on variable interest rate borrowing exposure	£174.4m	£170.8m	£168.1m

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. All other instruments 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:

<b>Table 9: Maturity Structure of Borrowing</b>	<b>Upper</b>	<b>Lower</b>
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%

#### **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 long-term principal sum invested to final maturities beyond the period end will be:

<b>Table 10: Principal Sums Invested for Periods Longer than 364 days</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Limit on principal invested beyond year end	£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. LOBO loans and 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 and forward starting transactions, 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 and the relevant foreign country 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 delivery services to New Forest District Council, 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 members regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff members 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. All members were invited to a workshop presented by Arlingclose on 29 November 2016, which gave an update on treasury matters. A further Arlingclose workshop has been planned for 29 November 2017.

### **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 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 £174.4 million.

**ARLINCLOSE ECONOMIC & INTEREST RATE FORECAST NOVEMBER 2016****Underlying assumptions:**

- The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- The global environment is also riddled with uncertainty, with repercussions for financial market volatility and long-term interest rates. Donald Trump's victory in the US general election and Brexit are symptomatic of the popular disaffection with globalisation trends. The potential rise in protectionism could dampen global growth prospects and therefore inflation. Financial market volatility will remain the norm for some time.
- However, following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than earlier in the year. US fiscal stimulus is also a possibility following Trump's victory.
- Recent data present a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending.
- Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.
- The currency-led rise in CPI inflation (currently 1.0% year/year) will continue, breaching the target in 2017, which will act to slow real growth in household spending due to a sharp decline in real wage growth.
- The depreciation in sterling will, however, assist the economy to rebalance away from spending. The negative contribution from net trade to GDP growth is likely to diminish, largely due to weaker domestic demand. Export volumes will increase marginally.
- Given the pressure on household spending and business investment, the rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.
- Bank of England policymakers have, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further monetary loosening looks less likely.

**Forecast:**

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short term than previously expected.

- The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Ave
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.12
<b>Arlingclose Central Case</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
Downside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.40
<b>3-month LIBID rate</b>														
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
<b>Arlingclose Central Case</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.29</b>
Downside risk	0.20	0.25	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.34
<b>1-yr LIBID rate</b>														
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
<b>Arlingclose Central Case</b>	<b>0.60</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.60</b>	<b>0.70</b>	<b>0.85</b>	<b>0.90</b>	<b>0.90</b>	<b>0.90</b>	<b>0.65</b>
Downside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.24
<b>5-yr gilt yield</b>														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
<b>Arlingclose Central Case</b>	<b>0.50</b>	<b>0.40</b>	<b>0.35</b>	<b>0.35</b>	<b>0.35</b>	<b>0.40</b>	<b>0.40</b>	<b>0.40</b>	<b>0.45</b>	<b>0.50</b>	<b>0.55</b>	<b>0.60</b>	<b>0.65</b>	<b>0.45</b>
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
<b>10-yr gilt yield</b>														
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
<b>Arlingclose Central Case</b>	<b>1.15</b>	<b>0.95</b>	<b>0.85</b>	<b>0.85</b>	<b>0.85</b>	<b>0.85</b>	<b>0.85</b>	<b>0.90</b>	<b>0.95</b>	<b>1.00</b>	<b>1.05</b>	<b>1.10</b>	<b>1.15</b>	<b>0.96</b>
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
<b>20-yr gilt yield</b>														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
<b>Arlingclose Central Case</b>	<b>1.70</b>	<b>1.50</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>	<b>1.45</b>	<b>1.50</b>	<b>1.55</b>	<b>1.60</b>	<b>1.65</b>	<b>1.70</b>	<b>1.75</b>
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
<b>50-yr gilt yield</b>														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
<b>Arlingclose Central Case</b>	<b>1.60</b>	<b>1.40</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.35</b>	<b>1.40</b>	<b>1.45</b>	<b>1.50</b>	<b>1.55</b>	<b>1.60</b>	<b>1.41</b>
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57

**EXISTING INVESTMENT & DEBT PORTFOLIO POSITION AT 31 DECEMBER 2016**

<b>Investments Duration to maturity</b>	<b>Overnight</b>	<b>&lt;1 year</b>	<b>&gt;1 year</b>	<b>Total</b>	<b>Average rate/yield</b>	<b>Average life</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>(years)</b>
<i>Subject to bail-in risk</i>						
Bank call accounts	0.5	0.0	0.0	0.5	0.20%	0.0
Bank notice accounts	2.0	0.0	0.0	2.0	0.80%	0.3
Certificates of deposit <sup>1</sup>	0.0	9.0	0.0	9.0	0.40%	0.1
Money market funds <sup>2</sup>	20.0	0.0	0.0	20.0	0.27%	0.0
	<b>22.5</b>	<b>9.0</b>	<b>0.0</b>	<b>31.5</b>	<b>0.34%</b>	<b>0.1</b>
<i>Exempt from bail-in risk</i>						
Covered floating rate notes	0.0	12.5	6.5	19.0	0.65%	1.0
Covered fixed bonds	0.0	0.0	2.0	2.0	1.30%	1.3
Corporate floating rate notes	0.0	1.0	0.0	1.0	0.67%	0.1
Corporate fixed bonds	0.0	2.9	0.0	2.9	0.50%	0.2
Local authorities	0.0	14.0	3.0	17.0	0.87%	0.7
	<b>0.0</b>	<b>30.4</b>	<b>11.5</b>	<b>41.9</b>	<b>0.76%</b>	<b>0.8</b>
<i>Targeting higher yields</i>						
Pooled property funds <sup>3</sup>	0.0	0.0	3.1	3.1	4.67%	n/a
Pooled equity funds <sup>4</sup>	0.0	0.0	1.3	1.3	6.93%	n/a
	<b>0.0</b>	<b>0.0</b>	<b>4.4</b>	<b>4.4</b>	<b>5.35%</b>	<b>n/a</b>
<b>Total</b>	<b>22.5</b>	<b>39.4</b>	<b>15.9</b>	<b>77.8</b>	<b>0.85%</b>	<b>0.5</b>

	<b>£m</b>	<b>%</b>
External Borrowing:		
PWLB Fixed Rate	(144.2)	(3.12)
<b>Total Gross External Debt</b>	<b>(144.2)</b>	<b>(3.12)</b>
<b>Investments</b>	<b>77.8</b>	<b>0.85</b>
<b>Net (Debt) / Investments</b>	<b>(66.4)</b>	

<sup>1</sup> Certificates of deposit are financial instruments that have the ability of being sold on the secondary market.

<sup>2</sup> Money market funds have a reduced risk of bail-in due to the portfolio of investments each fund is invested in.

<sup>3</sup> The average rate/yield provided for the pooled property funds is the average income return per annum.

<sup>4</sup> The Council invested in the pooled equity funds part-way through the year, therefore the average rate/yield is the income return for the investment period, annualised. A more accurate representation of expected income return will be available once the Council are invested for a full year.

This page is intentionally left blank



## REPORT OF GENERAL PURPOSES AND LICENSING COMMITTEE

(Meeting held on 13 January 2017)

### 1. PAY POLICY STATEMENT 2017-18 (MINUTE NO. 17)

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.

The Committee has considered and supports the proposed Pay Policy Statement 2017-18 as set out in Appendix 1.

**RECOMMENDED:**

***That the Pay Policy Statement 2017-18 as set out in Appendix 1, be approved.***

### 2. INDUSTRIAL RELATIONS COMMITTEE – FUTURE ARRANGEMENTS (MINUTE NO. 18)

The Committee has considered recommendations from the Industrial Relations Committee that a new Employee Engagement Panel should be established in place of the Committee, with revised membership and operating procedures.

The Employer Side and the Employee Side had agreed that the way the Committee operated was not suited to the changing environment in which the Council now worked. Both sides considered that fresh arrangements should be put in place to provide an improved and more meaningful employee consultation mechanism, providing greater flexibility for employee participation.

The Cabinet also considered the issue at their meeting on 4 January and supports the proposals set out below.

**RECOMMENDED:**

***That with immediate effect, the Industrial Relations Committee be discontinued and be replaced with the Employee Engagement Panel (EEP), with the following applying:***

(i) ***That the terms of reference of the EEP be as set out in Appendix 2 to this report;***

(ii) ***That membership of the EEP be as follows:***

***4 Elected Members (+ four nominated substitutes)  
2 Unison Representatives (+1 nominated substitute)  
1 Unite Representative, (+1 nominated substitute)  
1 Representative from GMB. (Can be substituted by GMB, UNISON or UNITE)***

***(Elected Member appointments will be made by the Council on 20 February under item x of the agenda summons); and***

*(iii) That officers be authorised to make any consequential alterations to the Constitution.*

**3. FEES AND CHARGES 2017/18 (MINUTE NO. 20)**

The Committee has considered the fees and charges for 2017/18 for the services which are the responsibility of the General Purposes and Licensing Committee.

***RECOMMENDED:***

***That the fees and charges for 2017/18, as set out in Appendix 3, be approved.***

**CLLR S J CLARKE  
CHAIRMAN**

Attachment: Appendices 1 - 3

## New Forest District Council Pay Policy Statement Financial year 2017-18

### 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 2017-18, 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 who will make recommendations to 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 that are not covered within the “Chief Officer” group as outlined below. This includes the “lowest paid employees”. In the context of the Council, the “lowest paid employees” are those employed at Band 1 on the District Council’s pay structure (this is 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 Officer current salaries are outlined below:

8. The Head of Paid Service salary range is detailed below, CX4 (£117,047) and CX5 (£120,668) are available for exceptional performance:

Spinal points	Salary
CX1	£106,826
CX2	£110,130
CX3	£113,536

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 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 Commissioner elections and National Referendums are set by external bodies. The scale of fees and expenses for County, District, Parish and 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 Monitoring Officer and 3 Executive Heads salary range (Band 11) is detailed below, spinal point 73 (£79,882) and spinal point 74 (£82,224) are available for exceptional performance:

Spinal points	Salary
70	£73,260
71	£75,391
72	£77,605

12. 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.
13. The Section 151 (Chief Financial Officer) and Deputy Monitoring Officer will be paid on Band 10. The Deputy S151 (Chief Financial Officer) will be paid on Band 9.
14. The Service Managers salary range (Band 10) is detailed below:

Spinal points	Salary
58	£53,808
59	£54,937
60	£56,070
61	£57,284
62	£58,819
63	£60,374

15. The Council reviews its terms and conditions and pay levels regularly. The Chief Executive, Executive Heads and Service Managers pay was reviewed in 2015/16.
16. 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.
17. The Chief Executive, Chief Officers' and Service Managers' performance and pay progression is reviewed annually on the achievement of clear organisational objectives. Incremental progression does not apply to these roles. The Chief Executives' 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).
18. 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.
19. 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's policy statement is appended as item 2 to this statement applies to all employees including chief officers.
20. 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 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.
21. The Council practice is not to re-employ Chief Officers who have received a redundancy or severance package on leaving the council.
22. 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 on '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**

23. These employees are all paid on the Council's pay structure on Bands 1-9. Each employee will be on one of the 9 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.
24. 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. (2-9). In very exceptional cases individuals are paid a pay supplement.
25. 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 in 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.
26. 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.
27. 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.
28. 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.
29. 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.
30. Band 9 staff are entitled to the lease car cash alternative. The Essential User allowance only applies to jobs that are visiting officers or jobs that manage across more than one site (average of 2500 miles per annum) and agreed by the Service Manager. This will be reviewed in 2017.
31. 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.
32. The Council's redundancy scheme is detailed in paragraph 20 and this applies to all employees.

33. The Council 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.
34. In accordance with The Local Government Association 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 2017 this has been calculated as follows:

Chief Executive Remuneration	£110,130
Employees Median average remuneration	£19,546
Ratio	5.6

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	£113,536	£58.8486	CX3												£113,536
27	£110,130	£57.0831	CX2												£110,130
27	£106,826	£55.3706	CX1												£106,826
27	£101,065	£52.3845	81												
27	£98,125	£50.8607	80												
27	£95,267	£49.3793	79												
27	£92,492	£47.9409	78												
27	£89,800	£46.5456	77												
27	£87,171	£45.1829	76												
27	£84,643	£43.8726	75												
27	£82,224	£42.6188	74												
27	£79,882	£41.4048	73												
27	£77,605	£40.2246	72												£77,605
27	£75,391	£39.0770	71												£75,391
27	£73,260	£37.9725	70												£73,260
27	£71,201	£36.9053	69												
27	£69,216	£35.8764	68												
27	£67,298	£34.8822	67												
27	£65,464	£33.9316	66												
27	£63,693	£33.0137	65												
27	£61,996	£32.1341	64												
27	£60,374	£31.2934	63												£60,374
27	£58,819	£30.4874	62												£58,819
27	£57,284	£29.6917	61												£57,284
27	£56,070	£29.0625	60												£56,070
27	£54,937	£28.4752	59												£54,937
27	£53,808	£27.8900	58												£53,808
27	£52,687	£27.3090	57												
27	£51,769	£26.8332	56												
27	£50,830	£26.3465	55												
27	£49,900	£25.8644	54												
27	£48,978	£25.3865	53												
27	£48,036	£24.8983	52												
27	£47,110	£24.4183	51												
27	£46,009	£23.8476	50												
27	£45,254	£23.4563	49												£45,254
27	£44,336	£22.9805	48												£44,336
27	£43,412	£22.5015	47												£43,412
27	£42,467	£22.0117	46												£42,467
27	£41,510	£21.5157	45	Politically Restricted Above Point 43											£41,510
27	£40,521	£21.0031	44												£40,521
27	£39,232	£20.3349	43												
26	£38,683	£20.0504	42												£38,683
26	£37,718	£19.5502	41												£37,718
26	£36,778	£19.0630	40												£36,778
26	£35,818	£18.5654	39												£35,818
26	£34,892	£18.0854	38												£34,892
26	£33,791	£17.5147	37												£33,791
26	£32,816	£17.0094	36												£32,816
26	£31,897	£16.5330	35												£31,897
26	£31,063	£16.1007	34												£31,063
26	£30,435	£15.7752	33												£30,435
26	£29,581	£15.3326	32												£29,581
26	£28,723	£14.8879	31												£28,723
25	£27,900	£14.4613	30												£27,900
25	£27,030	£14.0103	29												£27,030
25	£26,146	£13.5521	28												£26,146
24	£25,141	£13.0312	27												£25,141
24	£24,325	£12.6083	26												£24,325
24	£23,551	£12.2071	25												£23,551
23	£22,801	£11.8183	24												£22,801
23	£22,104	£11.4571	23												£22,104
23	£21,399	£11.0916	22												£21,399
23	£20,794	£10.7781	21												£20,794
22	£20,264	£10.5033	20												£20,264
22	£19,546	£10.1312	19												£19,546
22	£18,861	£9.7761	18												£18,861
22	£18,183	£9.4247	17												£18,183
22	£17,833	£9.2433	16												£17,833
22	£17,403	£9.0204	15												£17,403
22	£17,016	£8.8198	14												£17,016
22	£16,666	£8.6384	13												£16,666
22	£16,363	£8.4814	12												£16,363
22	£15,931	£8.2574	11												£15,931
22	£15,632	£8.1025	10												£15,632
22	£15,125	£7.8397	9												£15,125
22	£14,919	£7.7329	8												£14,919
22	£14,761	£7.6510	7												£14,761
22	£14,659	£7.5981	6												£14,659



**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.

### EMPLOYEE ENGAGEMENT PANEL

#### TERMS OF REFERENCE

1. To act as an advisory body to the Executive (for executive functions), and to the General Purposes and Licensing Committee as appropriate (for non-executive functions) on:-
  - (a) Major issues of concern to the Council and its employees, always provided that no question of individual discipline, grievance or grading shall be within the scope of the Panel unless referred to it by the Council, the Executive, or a Panel or Committee of the Council.
  - (b) Any relevant matter referred to it by the Council, the Executive, a Panel or Committee of the Council, the Chief Executive or by any of the trades unions.
  - (c) Negotiations to alter the Local Terms and Conditions of Service of employees.
  - (d) Disputes about the application and interpretation of conditions of service.
  - (e) Reviews of the conditions of employment, organisation and training of the Council's employees.
  - (f) Negotiations relating to procedural agreements, including the disciplinary, disputes and grievance procedures.
  - (g) Such other matters as are specifically assigned to the Panel

This page is intentionally left blank

**GENERAL PURPOSES AND LICENSING COMMITTEE**  
**PROPOSED SCALE OF FEES AND CHARGES FOR 2017/18**

APPENDIX 3

	Charges 2016/17 £	Proposed Charges 2017/18 £	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)	140.00	142.00	1.4	L
Drivers Knowledge Test booking fee	36.00	37.00	2.8	L
<b>Private Hire Operator's Licences</b>				
New or Renewal 5 year	509.00	509.00	-	L
<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	12.50	12.50	-	L
Vehicle plate - replacement	23.00	24.00	4.3	L
Vehicle plate - replacement of insert	11.50	12.00	4.3	L
Vehicle plate - replacement of bracket and fixings	11.50	12.00	4.3	L
Vehicle test booking fee (set by Environmental Services)	50.00	50.00	-	L
Vehicle - private plate registration	50.00	51.00	2.0	L
<b><u>ANIMAL WELFARE LICENCE FEES</u></b>				
Breeding of Dogs Act first licence	380.00	387.00	1.8	L
Breeding of Dogs Act Licence renewal per annum	149.00	152.00	2.0	L
Pet Animals Act Licence per annum plus vets' fees where dangerous wild animals are sold	149.00 <-----Actual Cost----->	152.00	2.0	L
Animal Boarding Establishments Licence per annum plus vets' fees if necessary	206.00 <-----Actual Cost----->	210.00	1.9	L
Smaller Animal Boarding Estab. Licence per annum	56.00	57.00	1.8	L
Riding Establishments Act Licence annual fee	176.00	176.00	-	L
plus vets' fees	<-----Actual Cost----->			
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	76.00	1.3	L
Dangerous Wild Animals Acts Licence plus vets' fees if necessary	149.00 <-----Actual Cost----->	151.00	1.3	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	55.00	1.9	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 2017/18**

	Charges 2016/17 £	Proposed Charges 2017/18 £	Increase %	Review Indicator
<b><u>OTHER LICENCE AND REGISTRATION FEES</u></b>				
Sex Shop Licence	<-----Actual Cost----->			L
Public Health (Amendments) Act 1907				
Pleasure Boat per annum including plate	85.00	87.00	2.4	L
Self Drive Crafts etc	24.00	24.50	2.1	L
Boatman Licences - new and renewal 1 or 3 years	88.00	89.00	1.1	L
Scrap Metal Dealers - Site Licence	140.00	143.00	2.1	L
Scrap Metal Dealers - Collectors Licence	103.00	105.00	1.9	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	133.00	135.00	1.5	L
Registration of Practitioners	53.00	54.00	1.9	L
Reissue of registration certificate where changes are requested	15.00	15.00		L

**LICENSING ACT 2003 & GAMBLING ACT 2005 FEES**

Statutory Fees Apply - For further details please contact Paul Weston 023 8028 5505

**RELEVANT PROTECTED CARAVAN SITE LICENCE FEES**

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***

<b><i>M</i></b>	= Market Comparisons undertaken
<b><i>L</i></b>	= Local Authority Comparisons undertaken
<b><i>S</i></b>	= Statutory Charge Level

## REPORT OF CABINET

(Meeting held on 4 January 2017)

### 1. MEDIUM TERM FINANCIAL PLAN (MINUTE 47)

The Cabinet has approved a revised Medium Term Financial Plan in response to the developing financial context.

The Government's Autumn Financial Statement has significant implications for the Council's budgets. Although the 4 year guarantee under formula funding has been honoured there is a significant reduction in the amount of New Homes Bonus that the Council will receive in 2017/18, with £726,000 being diverted to pay for adult social care. The amount of New Homes Bonus received by the Council had been projected to decrease from 2018/19 but, in addition to bringing that reduction forward by one year, the bonus payment will also be reduced in each succeeding year.

The 3 yearly actuarial review of the Hampshire Pension Fund has identified that, in addition to the already budgeted increase in the fixed element, there is also a need to increase the employer rate by 1% per annum over the next 4 years. A summary of the additional budget requirement is set out in paragraph 4.4 of Report Item 4 considered by the Cabinet and has been built into the latest budget assumptions.

The Cabinet has been updated on the revised funding and budget assumptions that have been incorporated in the Medium Term Plan, as set out in sections 5 and 6 of Report Item 4. Overall, with the additional reduction in the New Homes Bonus, compared to 2016/17 the Council needed to address a total reduction of £1.7 million of Government funding as well as absorb a pay and price increase of £1 million.

Despite the significant last minute reduction in New Homes Bonus, sufficient adjustments have been possible to achieve a balanced budget for 2017/18, as set out in Appendix 2 to Report Item 4 considered by the Cabinet.

In order to achieve the significant savings that have been necessary over the last 3 years there has been a significant reduction in the number of employees, by around 50 full time equivalents (6% of the workforce). A summary of the resulting financial implications has been set out in the Council's Annual Financial Report. Work is also continuing on a number of service reviews, in addition to the budget stabilisation strategy, with the emphasis remaining on achieving efficiencies while protecting front line services.

The proposed Asset Maintenance and Replacement programmes and capital programme are set out in Appendices 3 and 4 of Report Item 4 considered by the Cabinet. The programme was supported by the Corporate Overview and Scrutiny Panel (minute 35, 16 December 2016 refers) and the Cabinet has also indicated their support in order that preparatory work can start. General Fund Reserves will be used to support the Capital and Asset Maintenance and Replacement Programmes, as set out in section 9 of the report.

Representations are going to be made to Government about the difficulties faced by local authorities when significant elements of funding are removed, as has been the case this year, even though there had been a promise of greater stability through entering into the guaranteed deal for formula funding. In addition, this area faces significant additional difficulties in attracting New Homes Bonus as a result of the

constraints on development imposed by the National Park which covers a significant proportion of the Council's area. This is one of the factors that contributes to this area receiving less funding support per head of population than others. A comparison table is set out in paragraph 5.3 of report item 4 considered by the Cabinet.

A further concern is that, although the loss of funding to this Council from the diversion of funding to adult social care is a significant proportion of this Council's budgets, it is relatively minor compared to the identified funding need for this service. As a consequence there is a danger that local services, that people rely on and value, will be lost or prejudiced without providing sufficient funding to resolve the problems raised by the need for adult social care.

## **2. STRATEGY PROPOSAL: TO INVEST IN COMMERCIAL PROPERTY (MINUTE NO 48)**

The Cabinet has agreed, in principle, that the Council should invest in commercial property as a means of promoting economic development or regeneration; or for income generation, or a mixture of these. The Council already holds 23 such properties that currently achieve a gross yield that is better than other investment modes. Other authorities in the region have, over many years, developed considerably more extensive property investment portfolios.

Report item 5 considered by the Cabinet sets out in detail the factors that must be taken into account in deciding whether to acquire further properties and the potential risks involved. The report analyses the financial implications and the opportunities that could be generated through this route. Members are aware that any investment carries risks and are mindful that this Council has already had to respond to the difficulties caused by the reduced income that resulted from very low interest rates.

It is important that any investment strategy is supported by a clear asset management investment strategy document that will be applied when making investment decisions. This will also demonstrate that the Council is acting prudently in the management of its financial affairs. The issues that such a strategy should cover are summarised in section 5 of Report Item 5 considered by the Cabinet.

The outline of the potential approach to the purchase and management of commercial property is set out in Appendix 2 to Report Item 5 considered by the Cabinet. This covers the approach to the sales process, when external advice may be needed and the determination of the long term management of the property once acquired.

A Task and Finish Group has been established to progress this initiative. The Strategy document will be developed further and submitted to a future meeting of the Cabinet.

The Cabinet supports the conclusion of the report that all options must be considered carefully as the Council seeks to identify additional income streams to substitute for the increasingly reduced funding from Central Government. They concur with the view that doing nothing is no longer an option. In this case, carefully considered and targeted investment in commercial property could have the added benefits of promoting local businesses and the regeneration of areas, promoting the overall economic well-being of local communities.



3. **MEMBERS' ALLOWANCES - SCHEME TO APPLY FROM 1 APRIL 2017 (MINUTE NO 49)**

The Council is required, each year, to make a scheme of members' allowances. The Cabinet is recommending that there should be no change to the current Members Allowances Scheme in the Scheme to apply from 1 April 2017. The current scheme provides that Members' allowances shall be adjusted in line with the Local Government staff national pay award annual percentage increase which for 2017/18 will be 1%.

**RECOMMENDED:**

***That the current scheme of members' allowances, with the individual allowances shown therein being increased by 1%, be made as the scheme to apply from 1 April 2017.***

4. **THE COUNCIL TAX 2017/18 - SETTING THE COUNCIL TAX BASE (MINUTE NO 51)**

Subsequent to the Council approving the Tax Base for 2017/18 at its meeting on 12 December 2016 (Minute 41 refers), an adjustment to the Totton and Eling figure needs to be made. That figure should increase from 9,148.2 properties to 9,316.4. The whole district figure therefore becomes 70,155.2, from the originally reported 69,987.

**RECOMMENDED:**

***That in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Council as its tax base for the year 2017/18 be as follows:***

<b>PARISH/TOWN</b>	<b>TAXBASE 17/18</b>
<b>Ashurst &amp; Colbury</b>	<b>922.7</b>
<b>Beaulieu</b>	<b>511.2</b>
<b>Boldre</b>	<b>1062.4</b>
<b>Bramshaw</b>	<b>344.8</b>
<b>Bransgore</b>	<b>1816.9</b>
<b>Breamore</b>	<b>181.2</b>
<b>Brockenhurst</b>	<b>1865.8</b>
<b>Burley</b>	<b>780.4</b>
<b>Copythorne</b>	<b>1211.5</b>
<b>Damerham</b>	<b>231.7</b>
<b>Denny Lodge</b>	<b>152.1</b>
<b>East Boldre</b>	<b>382.3</b>
<b>Elingham, Harbridge &amp; Ibsley</b>	<b>605.7</b>
<b>Exbury &amp; Lepe</b>	<b>112.9</b>
<b>Fawley</b>	<b>4534.6</b>
<b>Fordingbridge</b>	<b>2251.5</b>
<b>Godshill</b>	<b>224.7</b>

<i>Hale</i>	260.6
<i>Hordle</i>	2395
<i>Hyde</i>	522.8
<i>Hythe &amp; Dibden</i>	7360.1
<i>Lymington &amp; Pennington</i>	7045.5
<i>Lyndhurst</i>	1444.4
<i>Marchwood</i>	2056
<i>Martin</i>	197.6
<i>Milford on Sea</i>	2787.8
<i>Minstead</i>	366.6
<i>Netley Marsh</i>	814.9
<i>New Milton</i>	10388.1
<i>Ringwood</i>	5225.7
<i>Rockbourne</i>	163.1
<i>Sandleheath</i>	282.6
<i>Sopley</i>	293.1
<i>Sway</i>	1688.9
<i>Totton &amp; Eling</i>	9316.4
<i>Whitsbury</i>	101.5
<i>Woodgreen</i>	252.1
<i>Whole District</i>	70155.2

**Councillor B Rickman  
CHAIRMAN**

## REPORT OF CABINET

(Meeting held on 1 February 2017)

### 1. ICT STRATEGY (MINUTE 55)

The Cabinet is recommending the adoption an ICT Strategy to cover the next 12 -18 months. A short time frame is necessary to allow the Council to respond flexibly in a rapidly changing context. It is important to be able to adjust the Strategy to respond to new opportunities, take advantage of new technology and respond to the evolving needs of the organisation.

The Strategy, which is attached as Appendix 1 to Report Item 4 considered by the Cabinet, covers the ICT Projects Portfolio; the structure and organisation of the ICT team; the ICT Technology Roadmap and an operating model. Special consideration is also being given to Members' ICT requirements. Members have welcomed the action that is now being taken to update this Council's ICT systems to reflect the advances that have already been made elsewhere. Although significant investment will be needed this should lead to greater efficiency and allow savings to be made in the longer term.

#### **RECOMMENDED:**

***That the ICT Strategy, as attached as Appendix 1 to Report Item 4 considered by the Cabinet, be approved.***

### 2. COMMUNITY GRANTS (MINUTE NO 6)

In the light of concerns about the transparency of the process for the consideration of applications for community grants, the Community Overview and Scrutiny Panel established a task and finish group to review the process for receiving and evaluating applications for community grants. The task and finish group had then evaluated the 17 applications that had been received against the new criteria. Each applicant organisation was invited to make a presentation to the task and finish group to provide key information to support their case. They were asked to evidence their accounts, make out a business case and explain how the money, if granted, would be used to meet the needs of, and benefit, residents of this District. They were also asked to explain how their funding request related to this Council's priorities, as set out in the Corporate Plan. The presentations from applicant organisations were held over a two day period in early January.

The task and finish group had made recommendations to the Community Overview and Scrutiny Panel in respect of each application. With respect to Community First, the task and finish group had suggested that this organisation should attend the Panel's meeting as they had not provided to the group adequate information to justify the payment of the full amount requested. The Community Overview and Scrutiny Panel considered the task and finish group's recommendations, together with a further presentation from Community First, at their meeting held on 17 January 2017. They concurred with the views of the task and finish group. Of particular note is that, with respect to support for Citizens' Advice, the Panel supported the view that, in future, their funding should be through a formal agreement, separate to the grants process, in

light of the significant amount of funding involved. A task and finish group is being established to progress this.

With respect to Community First, the Panel concluded that the case had not been made for a grant of £80,000 towards their general administration costs and recommended that a grant of £40,000 should be paid for this purpose. Their applications for specific projects should however be met in full and, in addition, an additional grant offer of £7,500 is being recommended so that Community First can continue to offer support for homeless people over the age of 25, should they be able to attract matched funding from other sources.

Members have welcomed this new process which allows the decisions on grants to be made much more transparently.

The Cabinet fully support the new process and are recommending the approval of the grants set out in Appendix 2 to Report Item 5 considered by the Cabinet.

**RECOMMENDED:**

- (a) That the criteria for assessing the eligibility of community grants, as set out in Appendix 1 to Report Item 5 considered by the Cabinet, be approved and published on the Council's website; and***
- (b) That the grant awards set out in Appendix 2 to Report Item 5 considered by the Cabinet be approved for inclusion in the Medium Term Financial Plan.***

**3. MEDIUM TERM FINANCIAL PLAN AND ANNUAL BUDGET FOR 2017/18 (MINUTE NO 57)**

The Medium Term Financial Plan has been updated, in the light of recent developments. Summaries of the funding sources available and of the key movements identified in the budget since the Cabinet last considered this in January are set out in Appendices 1 and 2 respectively of Report Item 6 considered by the Cabinet. The main change to the resources now available is with respect to business rate collection. The retained surplus is forecast to improve by £202,000, but this will be offset by a forecast collection fund deficit of £346,000. The revised deficit should apply only to the coming financial year as it arises from increased appeals and reliefs in 2016/17. The revised level of retained surplus is however projected to continue into the future. The main saving identified since January is a lower than projected cost of pay awards and increments as a result of the reduction in staffing numbers.

It is proposed to use reserves to fund a number of initiatives, as set out in more detail in Appendix 3 to Report Item 6 considered by the Cabinet. The most significant of these are a business development project at Ringwood Health and Leisure Centre; and a three year ICT project to protect and maintain service delivery.

The General Fund net budget requirement for 2017/18, as set out in Appendix 4 to Report Item 6 considered by the Cabinet, is £16.587 million, a reduction of £604,000 against the 2016/17 budget requirement. It has been possible to achieve a balanced budget for 2017/18, which includes an increase in the amount collected through council tax to £11.461 million, based on the council tax for a Band D property being increased by £5 (3.16%) compared to 2016/17.

Details of the proposed General Fund Capital Programme and the proposed funding are set out in Appendix 5 to Report Item 6 considered by the Cabinet and total £5.976 million.

The Cabinet are also recommending approval of the indicators for the treasury management function, as set out in Appendix 6 to Report Item 6 considered by the Cabinet.

With respect to Members' concerns that the Government's current policies on Right to Buy unfairly prejudice this Council's ability to maintain and increase its housing stock to meet the needs of tenants and residents in need of housing, a draft letter to the two local Members of Parliament, raising these concerns, has been sent by Cllr M Harris as Chairman of the Corporate Overview and Scrutiny Panel.

***RECOMMENDED:***

- (a) That there is a General Fund Net Budget Requirement in 2017/18 of £16,587,280, as set out in Appendix 4 to Report Item 6 considered by the Cabinet, including the use of reserves to finance 'Business Development' and the 'ICT maintain and protect frontline services' projects, and one-off construction grants as set out in Appendix 3 to Report Item 6 considered by the Cabinet;***
- (b) That the site licence fees and service charges at Stillwater Park be increased by 2.0% in line with RPI inflation;***
- (c) That the Band D Council Tax for 2017/18 shall be £163.36;***
- (d) That the General Fund Capital Programme for 2017/18 of £5.976m, as set out in Appendix 5 to Report Item 6 considered by the Cabinet, be approved; and***
- (e) That each of the prudential indicators, the Limits for 2017/18 to 2019/20 and the Minimum Revenue Provision Policy Statement as set out in Appendix 6 to Report Item 6 considered by the Cabinet, be approved and adopted.***

**4. HOUSING REVENUE ACCOUNT BUDGET AND HOUSING PUBLIC SECTOR CAPITAL EXPENDITURE PROGRAMME 2017/18 (MINUTE NO 58)**

The Cabinet is recommending approval of the Housing Revenue Account budget, as set out as Appendix 1 to Report Item 7 considered by the Cabinet, and the Housing Public Sector capital expenditure programme for 2017/18. This is the sixth year of the HRA self-financing system, with the first £4.1 million instalment of principal repayment of the settlement loan due to be made.

In accordance with the Government's requirement rents will again be reduced by 1%, with the average weekly rent now being £99.97. It is however proposed to increase the service charge for hostels in line with inflation to continue to achieve full cost recovery from the users of the service. No increase is proposed for the service charge for older persons' accommodation where the inflationary increase has been offset by other budget savings.

A summary of income sources is set out in Section 3, with the proposed expenditure in Section 4 of Report Item 7 considered by the Cabinet. Of particular note is the proposal to increase the Disabled Facilities budget by £191,000 to £700,000 to meet the anticipated demand. It was reported orally at the meeting that it has now been concluded that the proposed increase of £56,000 in the reactive maintenance budget, as shown in Appendix 1 to the report, is not needed and should be deleted. This increases the contribution to capital supporting the Housing Strategy to £9.091 million in 2017/18. This increased the contribution to Capital supporting the Housing Strategy to £9.091 million.

The proposed budget will leave the HRA reserve balance unaltered at £1.043 million.

The proposed capital programme, as set out in section 6 of the report, totals £15.290 million, reflecting the housing buy-back and development strategy, which was approved by the Cabinet in November 2016 (minute 32 refers)

**RECOMMENDED:**

- (a) That the Housing Revenue Account budget as set out in Appendix 1 of Report Item 7 considered by the Cabinet , as amended by the increase of the contribution to capital supporting the Housing Strategy to £9,091,000, be agreed;**
- (b) That from 3 April 2017 a reduction in rents of 1% from the 2016/17 rent level, in accordance with Government requirements, be agreed;**
- (c) That from 3 April 2017 an increase of 1.25% in hostel service charges be agreed;**
- (d) That from 3 April 2017 no change in older persons' accommodation service charges be agreed;**
- (e) That from 3 April 2017 no increase in garage rents be agreed; and**
- (f) That a 2017/18 Housing Capital Programme of £15.290m, as set out in paragraph 6.1 of Report Item 7 considered by the Cabinet, be agreed.**

**Councillor B Rickman  
CHAIRMAN**

## **COUNCIL – 20 FEBRUARY 2017**

### **THE 2017/18 COUNCIL TAX**

#### **1. INTRODUCTION**

- 1.1 Members are required to calculate and set the Council Tax for 2017/18.
- 1.2 The level of tax is determined by the spending needs of this Council, Hampshire County Council, the Police and Crime Commissioner for Hampshire, Hampshire Fire and Rescue Authority and the Town and Parish Councils. Although the District Council has no control over the expenditure of the other organisations, it has to ensure that the Council Tax is set at the right level to meet the combined budgets.
- 1.3 Members will have considered earlier in this agenda the recommended General Fund revenue budget for 2017/18, which is outlined in Section 3 below. Any changes made at that stage could change the Council Tax figures shown in this report.
- 1.4 The recommended Council Tax for every District Council area is shown in paragraph 10.5 of this report.
- # 1.5 Appendix 1 attached to this report supplements the prescribed layout of the recommendations by showing how the figures used in paragraph 10.3 have been arrived at.

#### **2. THE 2017/18 COUNCIL TAX BILL**

- 2.1 This report recommends a Council Tax level of £1,603.72 for 2017/18. This is an average figure based on a band 'D' property and is an increase of £69.28 (4.52%) over the equivalent figure for 2016/17.
- # 2.2 Each dwelling falls into one of eight valuation bands (A to H) for tax purposes. More details are given in Appendix 2.
- 2.3 The tax level is based upon the 2017/18 budgets of all precepting authorities in this area. The District, County Council, Police and Crime Commissioner and Fire and Rescue Authority elements of the total tax bill are the same throughout the area but the Town/Parish Councils each determine their own tax levels. There are 8 bands of Council Tax for each of the 37 Town/Parish areas, giving 296 separate tax figures.

- 2.4 If the recommendations in this report are accepted there will be a range of Band D Council Tax levies from £1,525.76 to £1,651.17. The average figures are as follows :-

	2016/17	2017/18	INCREASE	
	AVERAGE £	AVERAGE £	£	%
New Forest District Council	158.36	163.36	5.00	3.16
Hampshire County Council	1,079.28	1,133.10	53.82	4.99
Police and Crime Commissioner for Hampshire	160.46	165.46	5.00	3.12
Hampshire Fire and Rescue Authority	62.60	63.84	1.24	1.98
	1,460.70	1,525.76	65.06	4.45
Parish/Town Councils	73.74	77.96	4.22	5.72
	1,534.44	1,603.72	69.28	4.52

- 2.5 The proposed 2017/18 Council Tax for all areas is shown in paragraph 10.5 of this report.
- 2.6 There is a discount of 25% where only one adult lives in a dwelling, reductions for disabled persons whose homes have certain facilities, and a Council Tax Reduction scheme for persons with low incomes.
- 2.7 Council Tax bills can be payable by instalments from 1 April. The date of the first instalment only may have to be delayed slightly to ensure that there is a statutory period of 14 days between the date the bills are issued and the date the first payment becomes due.
- 2.8 The council tax leaflet will be provided in electronic form this year but a paper version of the leaflet will be provided on request.

### 3. NEW FOREST DISTRICT COUNCIL

- 3.1 The proposed 2017/18 General Fund budget requirement, elsewhere on this agenda, totals £16,587,280. After deducting retained Business Rates, Government support and collection fund adjustments of £5,126,730, the District Council needs to raise £11,460,550 through Council Tax. This would require a District Council Tax of £163.36 for a Band D property, which means there is an increase of £5.00 (3.16%) over the equivalent figure for 2016/17.



#### **4. HAMPSHIRE COUNTY COUNCIL**

- 4.1 Hampshire County Council met on the 16 February 2017 and set its precept upon this Council at £79,492,857. This results in a Band D Council Tax of £1,133.10, which represents an increase of £53.82 (4.99%) over the equivalent 2016/17 figure.

#### **5. POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE AUTHORITY**

- 5.1 The Police and Crime Commissioner for Hampshire set a precept of £11,607,879 upon this Council. This results in a Band D Council Tax of £165.46, which represents an increase of £5.00 (3.12%) over the equivalent 2016/17 figure.

#### **6. HAMPSHIRE FIRE AND RESCUE AUTHORITY**

- 6.1 Hampshire Fire and Rescue Authority met to discuss setting its precept upon this Council at £4,478,708. This results in a Band D Council Tax of £63.84, which represents an increase of £1.24 (1.98%) over the equivalent 2016/17 figure. This will not formally be agreed until after this Council's meeting on the 21 February 2017 and therefore this Council's Section 151 Officer has been given delegated authority to implement any variation upon final notification.

#### **7. TOWN AND PARISH COUNCILS**

- # 7.1 The Town and Parish Council precepts (Council Tax Requirements) for 2017/18 are detailed in Appendix 3 and total £5,469,221. This is an increase of £334,515 from 2016/17 and results in an average Band D Council Tax for 2017/18 of £77.96, an increase of £4.22 (5.72%) from 2016/17.

#### **8. CRIME AND DISORDER IMPLICATIONS**

- 8.1 There are no crime and disorder implications arising directly from this report.

#### **9. ENVIRONMENTAL IMPLICATIONS**

- 9.1 There are no environmental implications arising directly from this report.

#### **10. RECOMMENDATIONS**

The Council is recommended to resolve:

- 10.1 That it be noted that on 20 February 2017 the Council calculated the Council Tax Base for the year 2017/18:

- (a) for the whole Council area as 70,155.20 [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")]; and
  - (b) for dwellings in those parts of its area to which a Parish precept relates as in the attached Appendix 3.
- 10.2 To calculate that the Council Tax requirement for the Council's own purposes for 2017/18 (excluding Parish Precepts) is £11,460,550.
- 10.3 That the following amounts be calculated for the year 2017/18 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government and Finance Act 1992 as amended by the Localism Act 2011: -
- (a) £141,641,781 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
  - (b) £124,712,010 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
  - (c) £16,929,771 being the amount by which the aggregate at 10.3(a) above exceeds the aggregate at 10.3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act).
  - (d) £241.32 being the amount at 10.3(c) above (Item R), all divided by the Council Tax Base, Item T (10.1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
  - (e) £5,469,221 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix 4).
  - (f) £163.36 being the amount at 10.3(d) above less the result given by dividing the amount at 10.3(e) above by Item T (10.1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year specifically for the District Council. There are no non-parished areas.

(g)

LOCAL COUNCIL AREA	£
ASHURST & COLBURY	197.52
BEAULIEU	179.01
BOLDRE	187.88
BRAMSHAW	182.94
BRANSGORE	216.14
BREAMORE	187.64
BROCKENHURST	205.85
BURLEY	180.62
COPYTHORNE	177.44
DAMERHAM	201.12
DENNY LODGE	198.10
EAST BOLDRE	202.60
ELLINGHAM HARBRIDGE & IBSLEY	195.02
EXBURY & LEPE	163.36
FAWLEY	276.65
FORDINGBRIDGE	249.82
GODSHILL	210.18
HALE	200.12
HORDLE	204.79
HYDE	181.53
HYPHE & DIBDEN	257.75
LYMINGTON & PENNINGTON	263.83
LYNDHURST	214.59
MARCHWOOD	275.59
MARTIN	193.09
MILFORD-ON-SEA	198.86
MINSTEAD	190.64
NETLEY MARSH	184.45
NEW MILTON	232.24
RINGWOOD	252.96
ROCKBOURNE	238.98
SANDLEHEATH	188.89
SOPLEY	235.01
SWAY	198.86
TOTTON & ELING	288.77
WHITSBURY	181.09
WOODGREEN	193.16

being the amounts given by adding to the amount at 10.3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 10.1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(h) These are the District plus Town/Parish Council elements only.  
See below and page 8 for the full amounts of Council Tax.

LOCAL COUNCIL AREA	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
ASHURST & COLBURY	131.68	153.63	175.57	197.52	241.41	285.31	329.20	395.04
BEAULIEU	119.34	139.23	159.11	179.01	218.79	258.57	298.35	358.02
BOLDRE	125.25	146.13	167.00	187.88	229.63	271.38	313.13	375.76
BRAMSHAW	121.96	142.29	162.61	182.94	223.59	264.25	304.90	365.88
BRANSGORE	144.09	168.11	192.12	216.14	264.17	312.20	360.23	432.28
BREAMORE	125.09	145.95	166.78	187.64	229.33	271.04	312.73	375.28
BROCKENHURST	137.23	160.11	182.97	205.85	251.59	297.34	343.08	411.70
BURLEY	120.41	140.49	160.54	180.62	220.75	260.90	301.03	361.24
COPYTHORNE	118.29	138.01	157.72	177.44	216.87	256.30	295.73	354.88
DAMERHAM	134.08	156.43	178.77	201.12	245.81	290.51	335.20	402.24
DENNY LODGE	132.06	154.08	176.08	198.10	242.12	286.15	330.16	396.20
EAST BOLDRE	135.06	157.58	180.08	202.60	247.62	292.65	337.66	405.20
ELLINGHAM HARBRIDGE & IBSLEY	130.01	151.69	173.34	195.02	238.35	281.70	325.03	390.04
EXBURY & LEPE	108.90	127.06	145.20	163.36	199.66	235.97	272.26	326.72
FAWLEY	184.43	215.18	245.90	276.65	338.12	399.61	461.08	553.30
FORDINGBRIDGE	166.54	194.31	222.05	249.82	305.33	360.85	416.36	499.64
GODSHILL	140.12	163.48	186.82	210.18	256.88	303.59	350.30	420.36
HALE	133.41	155.65	177.88	200.12	244.59	289.06	333.53	400.24
HORDLE	136.52	159.29	182.03	204.79	250.29	295.81	341.31	409.58
HYDE	121.02	141.19	161.35	181.53	221.87	262.21	302.55	363.06
HYTHE & DIBDEN	171.83	200.48	229.10	257.75	315.02	372.31	429.58	515.50
LYMINGTON & PENNINGTON	175.88	205.21	234.51	263.83	322.45	381.09	439.71	527.66
LYNDHURST	143.06	166.91	190.74	214.59	262.27	309.96	357.65	429.18
MARCHWOOD	183.72	214.35	244.96	275.59	336.83	398.08	459.31	551.18
MARTIN	128.72	150.19	171.63	193.09	235.99	278.91	321.81	386.18
MILFORD-ON-SEA	132.57	154.67	176.76	198.86	243.05	287.24	331.43	397.72
MINSTEAD	127.09	148.28	169.45	190.64	233.00	275.37	317.73	381.28
NETLEY MARSH	122.96	143.47	163.95	184.45	225.43	266.43	307.41	368.90
NEW MILTON	154.82	180.64	206.43	232.24	283.84	335.46	387.06	464.48
RINGWOOD	168.64	196.75	224.85	252.96	309.17	365.39	421.60	505.92
ROCKBOURNE	159.32	185.88	212.42	238.98	292.08	345.19	398.30	477.96
SANDLEHEATH	125.92	146.92	167.89	188.89	230.86	272.84	314.81	377.78
SOPLEY	156.67	182.79	208.89	235.01	287.23	339.46	391.68	470.02
SWAY	132.57	154.67	176.76	198.86	243.05	287.24	331.43	397.72
TOTTON & ELING	192.51	224.60	256.68	288.77	352.94	417.11	481.28	577.54
WHITSBURY	120.72	140.85	160.96	181.09	221.33	261.58	301.81	362.18
WOODGREEN	128.77	150.24	171.69	193.16	236.08	279.01	321.93	386.32

being the amounts given by multiplying the amounts at 10.3(g) above by the number which, in the proportion set out in Section 5(1) of the Act is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in

valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 10.4 That it be noted that Hampshire County Council, the Police and Crime Commissioner for Hampshire and the Hampshire Fire and Rescue Authority have issued precepts for 2017/18 to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated below:

**PRECEPTING AUTHORITY**

PRECEPTING AUTHORITY	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
HAMPSHIRE COUNTY COUNCIL	755.40	881.30	1,007.20	1,133.10	1,384.90	1,636.70	1,888.50	2,266.20
POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE AUTHORITY	110.31	128.69	147.08	165.46	202.23	239.00	275.77	330.92
HAMPSHIRE FIRE AND RESCUE AUTHORITY	42.56	49.65	56.75	63.84	78.03	92.21	106.40	127.68
	908.27	1,059.64	1,211.03	1,362.40	1,665.16	1,967.91	2,270.67	2,724.80

That the Section 151 Officer be given delegated authority to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Fire and Rescue Authority precept.

- 10.5 That, having calculated the aggregate in each case of the amounts at 10.3(h) and 10.4 above, the Council, in accordance with Section 30 of the Local Government Finance Act 1992 (as amended by the Localism Act 2011), hereby sets the following amounts as the amounts of Council Tax for the year 2017/18 for each part of its area and for each of the categories of dwellings shown on the next page:-

LOCAL COUNCIL AREA	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
ASHURST & COLBURY	1,039.95	1,213.27	1,386.60	1,559.92	1,906.57	2,253.22	2,599.87	3,119.84
BEAULIEU	1,027.61	1,198.87	1,370.14	1,541.41	1,883.95	2,226.48	2,569.02	3,082.82
BOLDRE	1,033.52	1,205.77	1,378.03	1,550.28	1,894.79	2,239.29	2,583.80	3,100.56
BRAMSHAW	1,030.23	1,201.93	1,373.64	1,545.34	1,888.75	2,232.16	2,575.57	3,090.68
BRANSGORE	1,052.36	1,227.75	1,403.15	1,578.54	1,929.33	2,280.11	2,630.90	3,157.08
BREAMORE	1,033.36	1,205.59	1,377.81	1,550.04	1,894.49	2,238.95	2,583.40	3,100.08
BROCKENHURST	1,045.50	1,219.75	1,394.00	1,568.25	1,916.75	2,265.25	2,613.75	3,136.50
BURLEY	1,028.68	1,200.13	1,371.57	1,543.02	1,885.91	2,228.81	2,571.70	3,086.04
COPYTHORNE	1,026.56	1,197.65	1,368.75	1,539.84	1,882.03	2,224.21	2,566.40	3,079.68
DAMERHAM	1,042.35	1,216.07	1,389.80	1,563.52	1,910.97	2,258.42	2,605.87	3,127.04
DENNY LODGE	1,040.33	1,213.72	1,387.11	1,560.50	1,907.28	2,254.06	2,600.83	3,121.00
EAST BOLDRE	1,043.33	1,217.22	1,391.11	1,565.00	1,912.78	2,260.56	2,608.33	3,130.00
ELLINGHAM HARBRIDGE & IBSLEY	1,038.28	1,211.33	1,384.37	1,557.42	1,903.51	2,249.61	2,595.70	3,114.84
EXBURY & LEPE	1,017.17	1,186.70	1,356.23	1,525.76	1,864.82	2,203.88	2,542.93	3,051.52
FAWLEY	1,092.70	1,274.82	1,456.93	1,639.05	2,003.28	2,367.52	2,731.75	3,278.10
FORDINGBRIDGE	1,074.81	1,253.95	1,433.08	1,612.22	1,970.49	2,328.76	2,687.03	3,224.44
GODSHILL	1,048.39	1,223.12	1,397.85	1,572.58	1,922.04	2,271.50	2,620.97	3,145.16
HALE	1,041.68	1,215.29	1,388.91	1,562.52	1,909.75	2,256.97	2,604.20	3,125.04
HORDLE	1,044.79	1,218.93	1,393.06	1,567.19	1,915.45	2,263.72	2,611.98	3,134.38
HYDE	1,029.29	1,200.83	1,372.38	1,543.93	1,887.03	2,230.12	2,573.22	3,087.86
HYPHE & DIBDEN	1,080.10	1,260.12	1,440.13	1,620.15	1,980.18	2,340.22	2,700.25	3,240.30
LYMINGTON & PENNINGTON	1,084.15	1,264.85	1,445.54	1,626.23	1,987.61	2,349.00	2,710.38	3,252.46
LYNDHURST	1,051.33	1,226.55	1,401.77	1,576.99	1,927.43	2,277.87	2,628.32	3,153.98
MARCHWOOD	1,091.99	1,273.99	1,455.99	1,637.99	2,001.99	2,365.99	2,729.98	3,275.98
MARTIN	1,036.99	1,209.83	1,382.66	1,555.49	1,901.15	2,246.82	2,592.48	3,110.98
MILFORD-ON-SEA	1,040.84	1,214.31	1,387.79	1,561.26	1,908.21	2,255.15	2,602.10	3,122.52
MINSTEAD	1,035.36	1,207.92	1,380.48	1,553.04	1,898.16	2,243.28	2,588.40	3,106.08
NETLEY MARSH	1,031.23	1,203.11	1,374.98	1,546.85	1,890.59	2,234.34	2,578.08	3,093.70
NEW MILTON	1,063.09	1,240.28	1,417.46	1,594.64	1,949.00	2,303.37	2,657.73	3,189.28
RINGWOOD	1,076.91	1,256.39	1,435.88	1,615.36	1,974.33	2,333.30	2,692.27	3,230.72
ROCKBOURNE	1,067.59	1,245.52	1,423.45	1,601.38	1,957.24	2,313.10	2,668.97	3,202.76
SANDLEHEATH	1,034.19	1,206.56	1,378.92	1,551.29	1,896.02	2,240.75	2,585.48	3,102.58
SOPLEY	1,064.94	1,242.43	1,419.92	1,597.41	1,952.39	2,307.37	2,662.35	3,194.82
SWAY	1,040.84	1,214.31	1,387.79	1,561.26	1,908.21	2,255.15	2,602.10	3,122.52
TOTTON & ELING	1,100.78	1,284.24	1,467.71	1,651.17	2,018.10	2,385.02	2,751.95	3,302.34
WHITSBURY	1,028.99	1,200.49	1,371.99	1,543.49	1,886.49	2,229.49	2,572.48	3,086.98
WOODGREEN	1,037.04	1,209.88	1,382.72	1,555.56	1,901.24	2,246.92	2,592.60	3,111.12

**For Further Information:**

Alan Bethune  
Service Manager – Finance (S.151) and Audit  
(023) 8028 5588  
Email: [alan.bethune@nfdc.gov.uk](mailto:alan.bethune@nfdc.gov.uk)

**Background Papers**

Published Documents

**APPENDIX 1**

**SOURCE OF FIGURES SHOWN IN PARAGRAPH 10.3 OF THE REPORT**

(a) (b) (c)

For the purposes of the recommendation, the estimated total net revenue expenditure of the Council for 2017/18 has to be shown i.e. including General Fund and Housing Revenue Account (HRA) budgets and Town/Parish Council precepts: -

	<b>Expenditure</b>	<b>Income</b>	<b>Council Tax Requirement</b>
	<b>£</b>	<b>£</b>	<b>£</b>
General Fund	108,253,270	96,792,720	11,460,550
HRA	27,919,290	27,919,290	0
Town/Parish Precept	5,469,221	0	5,469,221
	<u>141,641,781</u>	<u>124,712,010</u>	<u>16,929,771</u>
	(a)	(b)	(c)

(d) This is the combined District Council and Town/Parish Council Tax at Band D: -

	<b>£</b>
District	163.36
Average Town/Parish	77.96
	<u>241.32</u>

(e) £5,469,221 is the total of the Town/Parish Council precepts as shown in Appendix 3.

(f) £163.36 is the District Council Tax at Band D. The sequence of figures in 10.3 (a) to (f) is intended to start from estimated total net 2017/18 expenditure, deduct grants and precepts and arrive at the net District Council Tax figure.

(g) This shows the Combined District and Town/Parish Council Tax for each area at Band D.

(h) Shows the figures in (g) for each valuation band.

## APPENDIX 2

### VALUATION BANDS

All dwellings have been valued by the Inland Revenue for the purpose of Council Tax. Valuations are based on property prices at April 1991. There are eight valuation bands and each dwelling has been placed into one of these bands according to its assessed value at that time. Band A is the lowest. The higher the band, the higher the charge will be. See the table below: -

BAND	RANGE OF VALUES	PROPORTION
A	Values not exceeding £40,000	£1.00
B	Values exceeding £40,000 but not exceeding £52,000	£1.17
C	Values exceeding £52,000 but not exceeding £68,000	£1.33
D	Values exceeding £68,000 but not exceeding £88,000	£1.50
E	Values exceeding £88,000 but not exceeding £120,000	£1.83
F	Values exceeding £120,000 but not exceeding £160,000	£2.17
G	Values exceeding £160,000 but not exceeding £320,000	£2.50
H	Values exceeding £320,000	£3.00

For every £1.00 of Council Tax for a band 'A' property, a band 'B' property will be charged £1.17 - and so on. Any discounts and reductions would make the difference less than this.

Taxpayers in band 'A' who fulfil the criteria for a reduction under the Disability Reduction Regulations will receive a reduction on their bill equivalent to the difference between the band 'A' and band 'B' charge.



## APPENDIX 3

**SUMMARY OF LOCAL COUNCIL REQUIREMENTS**

LOCAL COUNCIL	2017/18			
	COUNCIL TAX REQUIREMENT	TAX BASE PROPERTIES	COUNCIL TAX PER BAND D	COUNCIL TAX INC. / (-) DEC. FROM 2016/17
	£		£	£
ASHURST AND COLBURY	31,520	922.70	34.16	5.51
BEAULIEU	8,000	511.20	15.65	0.17
BOLDRE	26,050	1,062.40	24.52	4.79
BRAMSHAW	6,750	344.80	19.58	0.52
BRANGSORE	95,900	1,816.90	52.78	2.52
BREAMORE	4,400	181.20	24.28	2.09
BROCKENHURST	79,275	1,865.80	42.49	0.00
BURLEY	13,467	780.40	17.26	0.05
COPYTHORNE	17,060	1,211.50	14.08	1.64
DAMERHAM	8,750	231.70	37.76	-0.10
DENNY LODGE	5,284	152.10	34.74	0.94
EAST BOLDRE	15,000	382.30	39.24	1.15
ELLINGHAM HARBRIDGE AND IBSLEY	19,175	605.70	31.66	0.11
EXBURY AND LEPE	0	112.90	0.00	-20.49
FAWLEY	513,732	4,534.60	113.29	4.95
FORDINGBRIDGE	194,657	2,251.50	86.46	4.39
GODSHILL	10,520	224.70	46.82	-1.18
HALE	9,579	260.60	36.76	1.75
HORDLE	99,233	2,395.00	41.43	0.85
HYDE	9,500	522.80	18.17	-0.01
HYTHE AND DIBDEN	694,742	7,360.10	94.39	8.67
LYMINGTON AND PENNINGTON	707,851	7,045.50	100.47	3.46
LYNDHURST	74,000	1,444.40	51.23	0.61
MARCHWOOD	230,750	2,056.00	112.23	8.19
MARTIN	5,874	197.60	29.73	0.22
MILFORD-ON-SEA	98,975	2,787.80	35.50	1.90
MINSTEAD	10,000	366.60	27.28	1.72
NETLEY MARSH	17,183	814.90	21.09	1.18
NEW MILTON	715,562	10,388.10	68.88	10.08
RINGWOOD	468,223	5,225.70	89.60	1.58
ROCKBOURNE	12,333	163.10	75.62	0.94
SANDLEHEATH	7,214	282.60	25.53	0.80
SOPLEY	21,000	293.10	71.65	3.63
SWAY	59,949	1,688.90	35.50	0.85
TOTTON AND ELING	1,168,400	9,316.40	125.41	1.74
WHITSBURY	1,800	101.50	17.73	-3.50
WOODGREEN	7,513	252.10	29.80	1.52
	<b>5,469,221</b>	<b>70,155.20</b>	<b>77.96</b>	

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank