

NOTICE OF MEETING

Meeting: CABINET

Date and Time: WEDNESDAY, 7 DECEMBER 2016, AT 11.00 AM*

PLEASE NOTE AMENDED START TIME

Place: COUNCIL CHAMBER, APPLETREE COURT,
LYNDHURST

Telephone enquiries to: Lyndhurst (023) 8028 5000
023 8028 5588 - ask for Jan Debnam
Email: jan.debnam@nfdc.gov.uk

PUBLIC PARTICIPATION:

*Members of the public may speak in accordance with the Council's public participation scheme:

- (a) immediately before the meeting starts, on items within the Cabinet's terms of reference which are not on the public agenda; and/or
 - (b) on individual items on the public agenda, when the Chairman calls that item.
- Speeches may not exceed three minutes. Anyone wishing to speak should contact the name and number shown above.

***PLEASE NOTE:** This meeting will be preceded by a presentation, starting at 10.00 a.m., by the Chief Executive on the latest position with respect to the various options for the devolution of powers to local government, following the Autumn Statement announcement, the County Council's response to their consultation and publication of the report commissioned by 6 Hampshire Authorities, including this Council, from Price Waterhouse Cooper evaluating options for the future of local government in the County.*

Bob Jackson
Chief Executive

Appletree Court, Lyndhurst, Hampshire. SO43 7PA
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This Agenda is also available on audio tape, in Braille, large print and digital format

AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 2 November 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. PUBLIC PARTICIPATION

To note any issues raised during the public participation period.

4. LOCAL GOVERNMENT REVIEW UPDATE (Pages 1 - 18)

To consider the latest developments with respect to factors affecting the future of local government, including the Government's Autumn Financial Statement and the potential devolution of powers to local government.

5. TRAFFIC MANAGEMENT AGENCY (Pages 19 - 22)

To consider whether to continue with a revised Traffic Management Agency Agreement with Hampshire County Council.

6. COUNCIL TAX REDUCTION SCHEME (Pages 23 - 28)

To consider the Council's Council Tax Reduction Scheme for 2017/18, to be applied locally for those of working age on low income.

7. THE COUNCIL TAX BASE 2017-18 (Pages 29 - 36)

To recommend the tax base for 2017/18 to the Council for approval.

8. SUPPLEMENTARY BUDGET REQUIREMENT

The Council's budget for 2016/17 includes a sum of £500,000 for the renovation of the public conveniences at New Milton and at Bath Road in Lymington, using the very successful modular system. This system has, over the last 10 years, markedly reduced the running and maintenance costs of these facilities, and vandalism has also been reduced. It was envisaged that combining the two projects into one tender would benefit from economies of scale. Following surveys, both blocks need to be replaced, rather than refurbished, and we have also taken the opportunity to include a "changing places" facility to assist those with disabilities. The tenders have now been received and the total value of works comes to £632,000. Offsetting savings within the Portfolio's budget totalling £97,000 have been identified to reduce the supplementary estimate required in order to proceed to £35,000.

RECOMMENDED:

In order for the replacement projects to continue, the Council be requested to approve the additional budget requirement of £132,000, noting that £97,000 of that will be offset within the Portfolio's budgets.

To:

Councillors

Mrs S V Beeton
J E Binns
Mrs J L Cleary

Councillors

E J Heron (Vice-Chairman)
J D Heron
B Rickman (Chairman)

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LOCAL GOVERNMENT REVIEW UPDATE

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update on the local and national context to the devolution and local government reorganisation position. The report addresses the following:

- The Government's Autumn Statement;
- Hampshire County Council's recent consultation response; and
- Price Waterhouse Cooper's (PwC) independent report – "Devolution and the future of local government".

2. BACKGROUND

2.1 Since the 2015 General Election the Government has offered Councils the chance to bid for devolved powers and funding which they can exercise by joining together as a Combined Authority (CA).

2.2 In September 2015 a Hampshire and Isle of Wight (IOW) proposal was put forward but could not be agreed by the Hampshire authorities due to central government's requirement for the proposed CA to be led by a directly elected mayor.

2.3 Following these failed discussions the three unitary authorities, together with the 5 district councils in the Solent area put forward a devolution bid.

2.4 This initiative led the remaining six district councils to develop a parallel bid, under the title "Heart of Hampshire". This response was to ensure that all communities had the opportunity to receive any benefits from devolution. The County Council was not a signatory to either of these bids. This meant that the Heart of Hampshire bid was unable to progress without the County Council's support. However, the Solent bid could progress as it was led by the 3 unitary councils.

2.5 Concerned by events in the Solent area the County Council commissioned Deloitte to undertake a study of options for reorganisation. This report concluded that, if there was to be reorganisation, a single unitary authority for the County of Hampshire was their preferred option. Following this report the County Council commissioned Ipsos Mori to undertake a public consultation on the future of local government in Hampshire. This has now concluded.

2.6 The six district councils in the "Heart of Hampshire" wished to undertake their own assessment of options for progressing a devolution deal for their communities without the County Council's veto.

2.7 Whilst these developments have been occurring, at national government there has been significant change following on from Brexit. This has not only had an impact on Government's priorities but there has also been a change in Prime Minister and a major reshuffle of the Cabinet. The Autumn Statement was anticipated to be the first

clear statement on the new Government's position with regard to local government and particularly devolution.

2.8 This report provides an update of this announcement and other developments.

3. AUTUMN STATEMENT'S IMPLICATIONS FOR LOCAL GOVERNMENT (23 NOVEMBER)

3.1 The key factual headlines that impact on the Council are as follows:

3.2 Public Sector Finances

The Government confirmed that the spending review decisions made in 2015 continue to apply. This includes the four year funding agreement set out within the Council's Medium Term Financial Plan.

3.2 Devolution

No formal devolution deals were announced as part of the Autumn Statement. There was therefore no mention of the Solent deal proposal.

3.3 Housing and Planning

A new National Productivity Investment Fund (NPIF) was announced, together with an emphasis on increasing the overall supply of housing, with a particular focus on all types and tenure of affordable housing. The NPIF also includes new broadband investment.

3.4 Business Rates

Additional Business Rate reliefs were announced for full fibre infrastructure, rural business and small business.

3.5 Local Enterprise Partnership (LEP) Funding

The announced regional details of the third round of local growth deals, individual awards to LEP's will follow. Early indications are that areas with devolution deals may do better.

4. HAMPSHIRE COUNTY COUNCIL CONSULTATION RESPONSE TO OPTIONS FOR LOCAL GOVERNMENT REORGANISATION

4.1 Around 5,000 residents responded to the HCC consultation (online, hard copy, telephone survey and workshop). In addition there was engagement with business and workshops were held with town and parish councils.

4.2 The County Council's Cabinet considered a report on the outcome of this consultation exercise on 14th November and their recommendations are set out at Appendix A.

5. REPORT OF PRICE WATERHOUSE COOPER - DEVOLUTION AND THE FUTURE OF LOCAL GOVERNMENT (EXECUTIVE SUMMARY– APPENDIX B)

- 5.1 This Council together with five other district councils (Test Valley, Winchester, Basingstoke & Deane, Hart and Rushmoor), known collectively as the Heart of Hampshire, commissioned PwC to produce an evidence based report. The aim was to support the development of local devolution proposals to government that could result in the delivery of better services, through improved governance, for residents, by considering the options for the most effective and efficient form of local government in the context of opportunities for devolution, combined authorities and unitarisation.
- 5.2 The Council's principal driver was to look at how we can make the existing system work better and avoid the upheaval of unnecessary change, along with its associated costs and disruption; and which would deliver benefits for local residents and businesses more quickly.
- 5.3 It was recognised that the County Council had developed and consulted on its own options for unitary solutions. There was a feeling amongst all district councils that there were other options, that both delivered value for money and gave more recognition to local issues, that could deliver benefits for local residents and business.
- 5.4 The Council therefore commissioned this work to add to the work commissioned by the County Council should, in future, there be a need to consider wider options for the delivery of local government services. The Council remains committed to improving local services that reflect local needs and priorities.
- 5.5 PwC was commissioned to undertake an independent assessment of options for change in Hampshire and the Isle of Wight. Their assessment is set out within three separate reports:
1. Heart of Hampshire – Devolution and the future of local government
 2. Solent Authorities - Devolution and the future of local government
 3. Devolution and the future of local government – Hampshire and the Isle of Wight

The Executive Summary to the “Heart of Hampshire – Devolution and the future of local government” is attached as Appendix B to this report and the full reports are set out at <http://newforest.gov.uk/article/17310/Local-Government-Review>

6. CONCLUSIONS

- 6.1 The Autumn Statement's messages have not significantly changed the issues for local government.
- There will be no immediate change in the Council's funding as set out in the Medium Term Financial Plan
 - Future funding of local government will continue to be increasingly dependent on economic performance, with an emphasis on enabling economic growth.
- 6.2 The Autumn Statement included no announcement of any new devolution deals.

- 6.3 The recent consultation undertaken by the County Council appears to indicate that residents and businesses, based upon the information they were provided, that there is little support for any major reorganisation of local government in Hampshire.
- 6.4 The evidence based report undertaken by PwC identifies that there are other options to those that were consulted on by the County Council that could result in the delivery of better services for residents and businesses.

7. LEADER'S COMMENTS

- 7.1 The Autumn Statement announcements and the reports of PwC provide us with a better understanding of the challenges and possible answers we will need to consider. We commissioned PwC's independent assessment to make sure that local government in the New Forest, and Hampshire, meets the needs of our residents and businesses. As we go forward we understand that staying the same is not an option and that we must evolve to continue to provide the services our residents both want and need.
- 7.2 The independent report is clear that the main desire of the New Forest, and all the Heart of Hampshire councils, is not for re-organisation, but to focus efforts on making the existing system work better. This will avoid the upheaval of unnecessary change, costs, and disruption to services.
- 7.3 Further discussions will need to take place to reach a way of working that will achieve what we want for the local area. Local government in the county will not change overnight but we must consider how we can look after our important services whilst facing a future with reduced funding.

8. FINANCIAL CONSIDERATIONS

- 8.1 The cost to this Council of the work commissioned from PwC was £20,000.

9. RECOMMENDATIONS

9.1 Cabinet is asked to note:

- a) the update provided on the Autumn Statement 2016
- b) there is no change from the Autumn Statement required of the Council's Medium Term Financial Plan 2017 to 2020
- c) the recommendations taken by the County Council's Cabinet (Appendix A) in response to their recent consultation with residents and business across Hampshire
- d) the information set out within the reports produced by PwC
- e) that there was no announcement of a devolution deal for the Solent area within the Autumn Statement.
- f) the information set out within the reports of PwC's independent assessment on "devolution and the future of local government"

9.2 The Cabinet is asked to support the following actions:

- a) to work with Councils in Hampshire on a solution that brings significant tangible benefits to residents and businesses;

- b) to ensure that the local voice and local choice of the New Forest is represented and reflected in any future developments both now and in the future.

For further information contact:

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Background papers:

Published documents

RECOMMENDATIONS TO THE MEETING OF HAMPSHIRE COUNTY COUNCIL'S CABINET ON 14 NOVEMBER 2016.

a) note that there is little support for the county of Hampshire being broken up into several unitary or combined authorities, or for services provided at county level being split into smaller fragments;

b) reaffirm its determination to keep Hampshire together, its strong preference for the three-tier local government system as long as that remains viable, and its resolve not to split or weaken the quality of services provided to Hampshire residents;

c) note the balanced and complex results of the consultation, and feedback from the engagement with Hampshire businesses;

d) note also the feedback from the recent workshops with town and parish councils;

e) agree that there is at this stage no imperative to submit proposals for a unitary council for Hampshire to Ministers, but that this remains open as an option;

f) agree that any of the following would necessitate further proposals to be considered by the County Council:

- i. any decision by another authority to submit proposals for local government reorganisation that directly affect Hampshire and its residents;
- ii. any decision by the proposed Solent combined authority, or any other combined authority, to extend its geography into part of Hampshire;
- iii. any proposal to form a new combined authority covering only part of Hampshire and incorporating upper-tier powers;
- iv. evidence that there is no longer support among district council Leaders in Hampshire for sustaining the two-tier system;
- v. a further significant deterioration in the County Council's financial prospects, particularly in relation to sustaining services to vulnerable people, which the consultation identified as residents' top priority;
- vi. evidence of a significant increase in public support for local government reorganisation;

vii. a clear indication from Ministers that local government reorganisation is their preferred outcome in Hampshire.

g) confirm that, in considering the invitation to join the proposed Solent CA, the County Council cannot be party to any agreement that breaks up its services or is not open to the whole county;

h) confirm that the County Council strongly opposes Hampshire district councils joining the proposed Solent CA as constituent members unless all are admitted;

i) agree that the potential for a Hampshire and Isle of Wight (or Hampshire-county) CA should be revisited in discussion with partners;

j) agree that the County Council should continue to discuss these matters with the Government, local partners and the community of Hampshire;

k) note that separate reports will be brought to a future Cabinet meeting regarding improved engagement with businesses and town and parish councils in Hampshire.

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Heart of Hampshire

Devolution and the future of local government

Confidential

November 2016



Executive summary

Future of local government in the Heart of Hampshire

The Heart of Hampshire authorities commissioned this report to support development of local devolution proposals to Government that could result in the delivery of better services, through improved governance, for residents, by considering the options for the most effective and efficient form of local government in the context of opportunities for devolution, combined authorities and unitarisation.

Local government across Hampshire & the Isle of Wight is at risk of turning inwards as a result of discussion on a devolution settlement for the H&IOW area breaking down. This has brought to the surface tensions which are symptomatic of concerns about the longer term sustainability of public services and a desire to explore how decision making can be brought as close to local communities as possible.

Achieving this is essential for enhancing local choice and a local voice in decision making so that services can better reflect local needs and priorities. The parties involved in the previous Hampshire and the Isle of Wight devolution prospectus have split into three groupings:

- Hampshire County Council which has developed and consulted on its own options for unitary solutions;
- Solent authorities who are primarily focussed on securing a combined authority as the first step on their devolution journey; and,
- Heart of Hampshire authorities who want to ensure their residents and businesses have the same opportunity to benefit from devolution.

Purpose of this document

In this report we have provided an independent assessment of the options for change across the Heart of Hampshire. The report offers views on proposals for a combined authority and enhanced arrangements between existing authorities providing services in the Heart of Hampshire. The findings are based on our discussions, stakeholder engagement and analysis up to the 4th November 2016.¹

On devolution, our overriding message is that the Heart of Hampshire authorities, Solent authorities and Hampshire County Council would be stronger working together and bringing together the best of their respective preferred solutions for improving governance. Hampshire County Council has a critical role. It needs to decide on its course of action while recognising that it alone cannot decide what is right for other principal authorities.

There is no support among other principal authorities for the unitary options which Hampshire County Council recently consulted on. Neither is there any desire to return to a pan-Hampshire & Isle of Wight Combined Authority proposal developed specifically to respond to an accelerated Government timetable. Hampshire County Council's recent public consultation appears to confirm this is also the public and business community position. Instead, the Heart of Hampshire authorities are seeking to enhance two-tier working with Hampshire County Council, including the establishment of a combined authority as the mechanism to enable devolved powers, responsibility and funding from national to local bodies.

The Government has made clear that any future proposal will require a *degree* of local consensus and it is clear that relationships need to focus on better serving residents and businesses. Both the Solent and Heart of Hampshire authorities are supportive of each other's proposals and have a shared desire to engage and involve Hampshire County Council as a valued and influential partner. If Hampshire County Council were to also support proposals then there would be a united case to Government for devolved powers, responsibilities and resources from national to local bodies that took advantage of, and respected, the differences within Hampshire and the Isle of Wight.

¹ On 4th November Hampshire County Council published its response to the unitary options consultation. This has not been considered in this document.

The case for change

The district and county system of local government has inherent tensions that have been exacerbated by increasing financial challenges in recent years. Conflicting priorities regarding the funding of services and the needs of the same local people can create misalignment and inefficiency in service design, decision making and delivery.

All local authorities across Hampshire & the Isle of Wight are committed to the principle of subsidiarity. Their ambition is to achieve progressive devolution of power, control and resources from national to local bodies to enable decision making to be as close to local communities as possible. Achieving this is essential for reforming public services that benefit local residents and businesses.

Every authority recognises that the status quo is not a sustainable solution given that:

- Future funding of local government will be increasingly dependent on economic performance, with a greater emphasis on enabling economic growth.
- There is an underlying pressure for local government to continue to find efficiency savings including through creating greater economies of scale and an expectation to redesign and prioritise services to address local need.
- There are differential priorities requiring ways of working that achieve benefits of scale but respect local requirements around individuals, communities and districts within Hampshire and the Isle of Wight.

There is a need to enhance joint democratic accountability in the eyes of Government, through vehicles such as a combined authority for the Heart of Hampshire and a Mayoral Combined Authority in the Solent in order to take up the opportunity to secure devolution deals for the residents and businesses. The Heart of Hampshire and the Solent authorities are collectively supportive of the establishment of the Solent Combined Authority and the proposal to establish a Heart of Hampshire Combined Authority.

Key points from the analysis

Combined authority as a vehicle for change

Any local devolution proposal for Hampshire & the Isle of Wight needs to recognise the different requirements across the area, and establish mechanisms that work to the advantage of all communities. The recommended approach is for two combined authorities, one covering the Solent authorities and the other covering the Heart of Hampshire. Hampshire County Council would uniquely be involved in both authorities and play a critical role in each.

This would provide, in the Heart of Hampshire, a mechanism through which to kick start discussions on the 'recalibration' of district and county working as a genuine partnership which delivers:

- Unified service delivery, with service users not needing awareness of the 'council' or other provider responsible to get the service or support they need;
- Stronger leadership for place shaping more closely aligned to the Travel to Work and Economic Functional Areas operating in the area;
- Effective accountability arrangements so that people know who is responsible for what decision, with close engagement in designing the responsibilities of the combined authority to focus on where joint working adds value;
- Potential for shared back and front office functions as a 'virtual unitary'.

The purpose of the combined authority would therefore be to create a vehicle from which to collaboratively develop and implement a whole systems strategic approach, to take on devolved powers and funding from national bodies, and act as a mechanism for effective strategic decision making and streamlined accountability and joined up services.

As noted above and explored as part of a separate report, the Solent authorities are seeking to establish a combined authority as the first step to securing a devolution deal. The establishment of a combined authority covering the Heart of Hampshire geography would complement the establishment of a Solent Combined Authority. For Government this approach offers the prospect of a coherent solution across the locality within the minimum of disruption.

The requirement for a Mayor would need to be tested as part of the negotiations around the establishment of a combined authority in the Heart of Hampshire and to help define the 'significant' test. The representative telephone survey as part of *Serving Hampshire* public consultation by Hampshire County Council suggested more support for Mayors leading a combined authority (37%) than opposition (27%), but the open consultation also suggested more support for a single combined authority (38%) than for two combined authorities (18%).

Any development of a combined authority would require further public engagement and discussion around the role and responsibility to inform proposals, including whether a Mayor was required or considered beneficial.

Enhanced two-tier working arrangements between principal authorities as the preferred route

For the Heart of Hampshire authorities the goal is to start to secure devolved powers and resources. They believe this would be best facilitated by enhanced two-tier working arrangements between Districts and County. They also believe that a combined authority is the vehicle to facilitate that change, while also providing the mechanism for devolution of additional powers, responsibility and resources from national bodies. There is agreement that the district and county status in Hampshire is legitimate and desirable but equally that there is a desire to strengthen the relationship between authorities.

Department for Communities and Local Government (DCLG) have previously sought proposals on enhanced two-tier working but there has been limited examples of pioneering pathfinders addressing the known challenges. What would be different in this context would be the new mechanism of a combined authority, and the potential for additional powers and responsibilities not just a reallocation between authorities.

The exact nature of the recalibration needs to be defined in due course, with all parties around the table, but there is general consensus that it could involve further investigation of the following principles:

- Enable greater influence over county decisions so that decisions better reflect the needs of communities and are made as close to local communities as possible;
- Readdress how some services are allocated between tiers where synergies and rationale for coordination exists, e.g. pot holes, highways and street cleaning;
- Allow different levels of service depending on need and residents priorities;
- Build services to become more citizen-centric, and restructure services to fit around the person;
- Practice and encourage mutual trust, respect, understanding and open communication across different delivery partners to best enhance outcomes for the customer; and
- Identify additional powers, responsibilities and resources to progressively transfer from national to joint local arrangements.

Heart of Hampshire authorities believe strongly that any enhanced working arrangements between the districts and Hampshire County Council should not only focus on their own service delivery but also on relationship between the wider public sector and other stakeholders. In many areas this will include local councils – parish, town and community councils where the relationship (and these principles) have the potential to develop even closer to local communities. In other services areas this might also mean developing services around GPs, schools and families as a coherent integrated service between local government and other partners.

The future relationships should be built around an ability to enable decision making to be as close to local communities as possible and to recognise that different areas need different solutions. It should also be flexible enough to provide for more effective outcomes as a result of designing services around citizens and planning and managing delivery at the appropriate scale as part of an integrated approach.

Two main options for enhanced two tier working were considered:

1. **Increased collaboration at the District and Hampshire County Council level** through greater influence by the Districts on the scope of county services delivered locally and over the commissioning and delivery models used. The Districts would have responsibility for ensuring services are delivered most effectively to their communities, addressing needs and demands within the resource envelope available.
2. **Joint commissioning between Hampshire County Council and the Districts under a new virtual-unitary authority governance arrangement.** This would involve a significant restructure of existing governance arrangements through the creation of a County Federal Board to represent the interests of each district in policy and decision making of county services.

Further development of an enhanced model through one of these routes would be the preferred approach for the Heart of Hampshire authorities. This would avoid the upheaval of unnecessary change, along with its associated costs and disruption, and could translate into tangible benefits for local residents and businesses more quickly.

The Heart of Hampshire authorities recognise such arrangements are most likely to be successful where all parties co-operate fully on the basis of trust and respect, where partners can hold each other to account and will commit to deliver a cultural change in partnership working. There is an urgent need to find a forum through which the Districts and Hampshire County Council can develop a coherent proposal together rather than in opposition.

Local government re-organisation

Despite the recognition of the strengths of the district and county structure in Hampshire, it is acknowledged that if local government arrangements were being established from a blank sheet of paper, it is unlikely the result would be the current two-tier arrangement. For the Heart of Hampshire, the options for local government reorganisation that were presented by Hampshire County Council are limited and did not provide sufficient recognition of the local issues. Therefore this report was asked to look at additional options that could provide the basis for change if it was not possible to enhance current arrangements. In making the case for reorganisation the authorities would need to demonstrate the value for money and potential benefits.

Table 1 Unitary authority options

Option	Overview
Six unitary authorities	This option would see the Heart of Hampshire districts become unitary authorities within their own existing boundaries but with Children's Services, Adult Social Care and Highways commissioned on a larger scale county wide basis.
Two unitary authorities	This option would create two unitary authorities of Northern Hampshire and Mid Hampshire. Northern Hampshire would comprise Basingstoke and Deane Borough Council, Hart District Council and Rushmoor Borough Council with a geographical area of 343 sq. miles and a population of 363,100. Mid Hampshire would comprise of New Forest District Council, Test Valley Borough Council and Winchester City Council with a geographical area of 798 sq. miles and a population of 420,400.
One unitary authority	This option would see the establishment of a single unitary authority for the Heart of Hampshire with a geographical area of 1,141 sq. miles and a population of 783,500.

Proving value for money and cost of the transition

In order to evaluate the value for money case for each of the unitary authority options considered, we undertook analysis against two quantitative tests. This included an assessment of the financial status quo of the authorities that make up the Heart of Hampshire, including Hampshire County Council, as well as recalculated income and expenditure accounts and the council tax harmonisation process for each unitary authority option.

Using the 2016/17 General Fund Revenue Account data, a baseline income and expenditure budget has been calculated for each unitary option under consideration with Hampshire County Council income and expenditure apportioned to each District council where necessary using a series of 'disaggregation factors'. The income and expenditure accounts and the net surplus/deficit positions that have been calculated for each unitary authority option provide an indication of each authorities' ability to assume and provide existing county services. Our financial analysis has been presented for the baseline year (2016/17) and for 2021/22 both before and after the savings and efficiencies associated with re-organisation are taken into account. The 2021/22 positions were calculated based on budget book projections provided by the Districts and Hampshire County Council. Three districts (Basingstoke and Deane, Test Valley and Winchester) returned budget book projections in which a funding gap was anticipated.

Combining district authorities into unitary authorities will require the convergence of council tax rates. We have adopted the approach that the lowest rate inherited within the configuration should be increased at the highest annual percentage increase available for a unitary authority and that all other rates should be increased by the required percentages so that council tax rates are identical at the end of a specific convergence period. The table below presents the year five financial position of each unitary authority once the effects of re-organisation and council tax harmonisation have been considered.

The primary driver for savings is through service transformation. There is also the possibility of generating further income through council tax yields should this be sought.

Our analysis indicates that from year two onwards, all of the proposed unitary options could generate additional council tax income following the harmonisation process.

Our analysis demonstrated that there could be significant financial benefits from unitary authorities.

Table 2 Surplus/deficits of options pre and post reorganisation, transformation and council tax harmonisation

	Surplus/deficit 2021/22 (£'000)	Surplus/deficit 2021/22 assuming funding gap closed (£'000)*	Surplus/deficit 2021/22 post re- organisation (£'000)*	Surplus/deficit 2021/22 post re- organisation and CT harmonisation (£'000)*
Six unitary option				
Basingstoke and Deane	(1,693)	3,235	9,948	11,143
Hart	12,487	12,487	14,011	14,395
New Forest	(2,612)	(2,612)	5,510	5,991
Rushmoor	(348)	(348)	2,186	2,699
Test Valley	(4,148)	(1,374)	3,091	3,921
Winchester	10,116	11,788	16,030	17,101
Two unitary option				
Northern Hampshire	10,447	15,375	31,671	32,633
Mid Hampshire	3,355	7,801	30,335	32,149
Single unitary option				
Heart of Hampshire	13,802	23,176	64,769	66,541

*Presents position assuming initial District Council funding gaps are closed. Budget book projections showed funding gaps in 2021/22 for Basingstoke and Deane, Test Valley and Winchester Districts Council only.

Ensuring strong and accountable local leadership and governance

The second set of criteria for examining the unitary authority options focuses on their ability to ensure strong and accountable local leadership and governance.

One of the challenges of the district and county local government arrangement is the multiple points of accountability, which can result in residents, businesses, public sector partners and sometimes even staff being unsure which authority is responsible for a particular issue. Under unitary authority arrangements, the local authority is responsible and accountable for all of the local government services that are provided in that community.

However, a new unitary authority must not be too large that it is unresponsive or unrepresentative to the needs of the communities it serves (which is one criticism widely made about county councils). It could be argued that in larger unitary authorities, the Cabinet members who make the day to day decision about services are making decisions on behalf of a larger population, albeit the role of full Council is to set the strategic framework for which those decisions are made.

The number of Members across the Heart of Hampshire area and Electorate per Member would vary depending on the number of unitary authorities. Democratic representation will be influenced by the Boundary Commission's review and without pre-determining the outcome of a review, it is difficult to find a differentiator between the options on democratic representation by ward or electorate. There are examples from other recently established unitary authorities of enhanced representation of local communities through Area Boards as an example, as well as enhancing the role of town and parish councils and engagement of citizens through digital technology. A summary of the strengths and weaknesses of each of the Heart of Hampshire unitary authority options is summarised in the table below.

Table 3 Summary of Local Leadership assessment

Summary of Local Leadership assessment	
Six unitary authorities	Members in smaller authorities can arguably be closer to local communities. Direct lines of accountability could be more achievable than with larger unitary authorities.
Two unitary authorities	Arguably the most coherent balance regarding accountability, without risk of becoming too remote like with 1 unitary authority. An opportunity to establish enhanced community representation through arrangements like Area Boards.
One unitary authority	Larger unitary authorities might risk getting disconnected from communities they serve (but there are ways to mitigate this). Community representation can be established through enhanced governance arrangements such as Area Boards.

Delivering better public services

Local government in the Heart of Hampshire has been successful in finding efficiencies and adapting to a new reality of lower central government funding. While this has not been easy there is less of a burning platform in the relatively successful communities of the Heart of Hampshire to find radical efficiencies than there is in the rest of Hampshire and the Isle of Wight. Instead, the driver for change in the Heart of Hampshire is to achieve a devolution deal which facilitates improved productivity and a realisation of the potential growth of Hampshire and the Isle of Wight, while protecting the competitive advantages that come from its natural environment and attractive communities. That is why the Heart of Hampshire authorities are considering options now that will impact on their future over the next twenty to thirty years.

There are also opportunities to address the multiple points of accountability, dispersed customer insight and duplicated support costs associated with district and county structure which could lead to more effective and efficient delivery of services across the area. Our assessment of whether options would deliver better public considered six sub-criteria, based on our work about the future role of public bodies, covering scale, citizen-centricity, connected government, empowered authorities, delivering the promise and ability to innovate.

Across the sub-criteria our overall assessment suggests that a two unitary authority solution would be strongest. It is the only option where the unitary authorities sit within the DCLG recommended range for population size. It is most likely to be able to apply the lessons from trying to join up services around the local citizen. It is less strong on building on existing programmes and structures but benefits from consolidation of teams, potential to engage those responsible in service design from the outset and ability to establish a shared desire and ambition.

A single unitary authority also scores relatively strongly across the criteria. It scores more strongly than the two unitary authority solution regarding the ability to deliver empowered authorities and the opportunities for transformation, mainly because it provides a single vision and agenda for change. However, population growth means that the authority would be larger than the recommended DCLG range by 2032, and the size and uniformity required in one unitary authority could limit innovation.

Six unitary authorities is assessed to be more likely to stimulate different thinking, both because of the creative disruption caused by a move to unitary government and because of the increased number of authorities resulting and testing different approaches. However, this option is unlikely to offer the scale of population and connected government to support and sustain devolution opportunities which can be provided by the other unitary authority options.

Key conclusions and securing a devolution deal

Following consideration of the options outlined in this report, the Heart of Hampshire authorities agree that, the first steps toward a mechanism for achieving a devolution settlement that could result in the delivery of better services, through improved governance, for residents, would be:

- *Establishing a combined authority covering the Heart of Hampshire geography which complements the establishment of a combined authority in Solent;*
- *Active Hampshire County Council engagement and participation in the combined authority arrangements to reflect the diversity of Hampshire and the Isle of Wight and maximise the potential for local communities to benefit from devolution; and*
- *Joint working to realise significant benefits from a 'virtual unitarisation' that creates unified service delivery where the user does not need to know which authority is responsible*

The analysis within this report supports the following conclusions:

- i. The current district and county relationship needs to be recalibrated to better reflect the aspirations and ambitions of the Heart of Hampshire authorities surrounding delivery of better services for their residents. This is unlikely to be achieved through maintaining the status quo (as it stands);
- ii. The prospects for devolution to the Heart of Hampshire are limited without changes to the status quo. The establishment of a combined authority supported by enhanced two-tier working arrangements would provide a mechanism to address current challenges around dispersed and disconnected services;
- iii. While a combined authority with enhanced two-tier working is the preferred option for the Heart of Hampshire, if this cannot be agreed locally and the only route to establishing such a mechanism was local government reorganisation then preferred option would be to establish two unitary authorities. A Northern and a Mid Hampshire Unitary covering the area administered by the District councils in the Heart of Hampshire would be most aligned to the DCLG tests (value for money, including transition costs and efficiency savings; strong local leadership; and better public services).
- iv. Enhanced two-tier working arrangements between all principal authorities, and with local councils, utilising a combined authority, for Heart of Hampshire would be an attractive outcome. It would allow the authorities to seek devolved responsibilities for local government without the delays, cost and instability often associated with large scale reorganisation. This would also provide a strong foundation for joint working and accountability to improve the design and delivery of services for residents, and provide strong strategic leadership for the Heart of Hampshire.
- v. Achieving a commitment to joint working and genuine partnership to unify service delivery could help to release significant financial benefits for all authorities and avoid the costs associated with transition to unitary structures, which no authority is keen on pursuing at this point in time.

On the basis of this analysis the Heart of Hampshire authorities are united in seeking a combined authority arrangement while retaining existing principal councils and focussing on enhanced working arrangements, as the mechanism for devolved powers, responsibility and resources from national to local bodies. A unitary solution would only be considered if this was deemed essential to unlock devolution or in response to alternative proposals. If pressed the authorities could recommend assessment of a two-unitary option covering central and north Hampshire.

As it appears unlikely that the status quo would find favour with Government in relation to local devolution proposals, the preferred option is to develop the case based on enhanced two-tier arrangements and a combined authority. This has the attraction of complementing the proposals in the Solent, providing a coherent solution across Hampshire and the Isle of Wight and avoiding the need for re-organisation. It would require all authorities to seek to work in new ways and potentially offers Government a pioneering solution for other two tier areas. Taken together these proposals would still provide a model for the whole of the county area, as required in previous calls for two-tier pathfinders, but would utilise the new legislation for combined authorities resulting in two authorities each with their own specific focus. The Local Economic Partnerships in and around Hampshire and the Isle of Wight set a precedent for this type of arrangement which would be enhanced through the combined authorities.

Table 4 Main options for local governance changes in the Heart of Hampshire

Option	Key features
Heart of Hampshire Combined Authority with enhanced two-tier working between all principal authorities	<ul style="list-style-type: none"> • Establishes a mechanism for devolution discussions with Government • Facilitates enhanced two-tier working through the combined authority • Maintains all existing authorities • Can flex according to locally agreed priorities
Heart of Hampshire Combined Authority with two unitary authorities	<ul style="list-style-type: none"> • Establishes a mechanism for devolution discussions with Government • Disruption to all authorities resulting from abolition and creation of new bodies • Creates dependency with Solent authorities in relation to future Hampshire County Council role
Status Quo	<ul style="list-style-type: none"> • Provides no stimulus for devolution discussion • Provides no stimulus for changes to joint working • If Solent Combined Authority progresses, this option may result in Hampshire County Council focusing more on outside of the Heart of Hampshire as it responds to new arrangements.

Overall conclusion

The purpose of this report was to support development of local devolution proposals to Government that could result in the delivery of better services, through improved governance, for residents, by considering the options for the most effective and efficient form of local government in the context of opportunities for devolution, combined authorities and unitarisation.

The resulting preferred option of the Heart of Hampshire authorities is to seek enhanced working with Hampshire County Council and agreement to establish a combined authority. Therefore, any devolution proposal requires first an agreement to work with Hampshire County Council on a mutually acceptable basis for developing a proposal that could result in the Heart of Hampshire being a pioneering model of enhanced two tier working with a combined authority as the mechanism for progressively devolving powers, responsibility and resources from national bodies.

Over the next two months there will be less uncertainty about the Government's Autumn Statement and an opportunity for the principal authorities within the Heart of Hampshire to agree a way forward on local government structures that support devolution proposals.

We recommend that the Heart of Hampshire seek to engage with Hampshire County Council and make time for facilitated discussions on how their respective proposals and the potential to reach an agreed position. However, should there be no prospect of an agreed position by early 2017, the Heart of Hampshire authorities may wish to consider resolving whether or not an application for a combined authority should be worked up without Hampshire County Council involvement, recognising the potential further damage this could do to working relationships.

CABINET - 7 DECEMBER 2016

**PORTFOLIO: PLANNING AND
TRANSPORTATION**

TRAFFIC MANAGEMENT AGENCY - REPORT ON FUTURE ARRANGEMENTS WITH HAMPSHIRE COUNTY COUNCIL.

1.0 BACKGROUND

- 1.1 A large proportion of the work undertaken by the Transportation team at New Forest District Council is under an agency agreement with Hampshire County Council. The last major review of this arrangement was undertaken in 2009 when a new agreement was signed by the two parties. Hampshire County Council funds the majority of the work which is carried out under this agreement.
- 1.2 Following a Hampshire County Council decision in May 2016 they advised this Council that they wished to see major changes in the way the agency operates from 1st April 2017. This included a significant reduction in the range of functions which could be carried out under the arrangements and a major reduction in the funding that they were making available to do the work.
- 1.3 Following initial meetings to discuss the new scheme the County Council has made various changes to their original plans and in September 2016 issued a new proposal. They have asked this Council to tell them if we wish to continue with the agency from 1st April 2017, on the basis of the revised proposal, by the end of 2016.
- 1.4 An interim report was considered by the Environment Overview and Scrutiny Panel on 10 November 2016 and this report requests a final decision on the future of the agency arrangements.

2.0 MAJOR CHANGES BETWEEN THE EXISTING AGREEMENT AND THE NEW PROPOSAL

- 2.1 Under the existing arrangement the County Council is paying this Council £99,184 to carry out the agency work in 2016/17. They have indicated that this will reduce to £59,511 in 2017/18 and £39,674 in 2018/19. They say that they expect this money to be spent on their priority, which is casualty reduction, and not on other schemes which, in the past, were promoted by District Councils under the agency agreements.
- 2.2 The major change between the original proposals (May) and now is that the County Council has said that the Districts can pursue some other types of schemes that are not focussed on casualty reduction provided that they are funded locally. In other words, if a District or Parish/Town Council wants a particular scheme to go ahead this is now possible provided that they pay for it. Some schemes would still need County Council approval, but they are prepared to be more flexible than was originally proposed.
- 2.3 Another significant change is that they will leave temporary road closures, mainly for utility companies, in the agency arrangements and will allow fees for these to be raised up to an overall ceiling. This will not apply to closures for County Council works which, in future, they will process in-house.

- 2.4 These two changes are significant because they allow some local discretion for local councils and district members to promote things that they think are needed in their area. The temporary road closures will allow some financial mitigation of the significant drop in agency payments. These factors are considered further below.

3.0 STAFFING AND FINANCIAL IMPLICATIONS

- 3.1 Four staff in this Council's transportation team are largely funded by the current agency payment. Hampshire County Council has said that they do not expect any of these staff to be transferred to them if we give up the agency agreement. This is an arguable point but would certainly leave this Council responsible for significant redundancy costs if we give up the agency. No business case can be made to justify these redundancy costs because no compensating savings can be made.
- 3.2 The cost to this Council of the agency agreement in 2016/17 is £106,900. So we currently subsidise the service by £7,716 (£106,900 - £99184). With no change to this level of expenditure, with the reduced grant of £59,511 in 2017/18 this subsidy would increase to £47,389. This position would worsen in 2018/19 when the County Council's payment is further reduced to £39,674.
- 3.3 There are ways of reducing this deficit or level of subsidy which are set out in the following section. Section 5 then looks at the arguments for retaining District/ Parish Council influence over traffic management arrangements.

4.0 ALTERNATIVE FINANCIAL ARRANGEMENTS

- 4.1 If the revised agency agreement were to be retained there are various measures which can be taken to reduce the costs of the team.
- 4.2 The main opportunity would come from increasing the charges we make to deal with temporary road closures. At the moment we charge £368 plus the cost of advertisement to deal with temporary traffic regulation orders, which are principally for utility companies. Other Districts charge considerably more, with one adjoining District Council charging £753 plus the cost of advertisement for the same service. In the last full year we dealt with 37 of these orders, although they have ranged from 26 to 42 in the last 5 years. Taking last year's figures as a base, if we increased our charge to £753 +advertisement cost we could increase our income by approximately £14,000 per annum ($£753-368=385$) x 37).
- 4.3 One member of the team has asked that they can reduce their hours and this has been agreed. This will save the team £6,790 per annum.
- 4.4 We currently hold a considerable amount of money collected from developers under Section 106 agreements to mitigate the adverse impacts of their proposals on the highway network. In the past, design work to bring forward the mitigation proposals has been funded within the agency agreement. If this design work was charged to the contributions themselves this could amount to £9,500 per annum.
- 4.5 Finally, in terms of financial mitigation, there is also a District Council budget of £31,350 for minor works which was used to promote small schemes and often came forward as a result of local member/parish council requests at the old liaison meetings. Some of this money could be redirected to cover the costs of consultation on local issues and the implementation of agreed priority minor works.

5.0 CONSIDERATION

- 5.1 There are ways of offsetting the financial implications of the reduced traffic management agency payment from Hampshire County Council and avoiding the substantial redundancy costs involved in giving it up. The question is whether this is a function the District Council wishes to go on providing because of the advantages of allowing local issues to be more fully recognised and actioned locally as opposed to these matters only being considered on a County-wide basis.
- 5.2 It is understood that District Councillors and Parish Councils very much welcomed the old local traffic management liaison meetings which were held prior to this year. They provided a forum to discuss local traffic issues and, when appropriate, to get local schemes included in the traffic management programme. Hampshire County Council has made it clear that they will not fund these meetings in the future and they will only spend their own money on schemes related to the priority of casualty reduction. They are however now prepared to allow local issues to be dealt with as part of a revised agency agreement provided that they do not conflict with county policy and are funded locally.
- 5.3 The District Council has some money it could redirect towards local liaison and some minor schemes if it retains an agency function. This will not be on the scale of the old arrangements and a new scheme will have to be drawn up for local liaison and agreeing priorities in the future. The risk is that, as the function will have to be scaled back, the District Council will be criticised for not being able to do some of the things it could in the past, whereas this is a result of county financial savings.
- 5.4 On balance it is considered that for both financial reasons, avoiding a large redundancy cost, but more importantly to retain some local knowledge and input into traffic management decisions, that we should retain the revised agency agreement as now offered by the County Council. There is a risk that we will be criticized because we can do less than before but this is outweighed by the benefit of more local control and decision making. The situation will need to be reviewed in 2017 when the new system is operating to see if the predicted benefits are obtained before the further funding limitation occurs in 2018.

6.0 CRIME AND DISORDER IMPLICATIONS.

- 6.1 There are no crime and disorder or equality implications arising directly from this report.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 One positive equality benefit arising from the recommendation is that disabled car parking bays will still be able to be decided and actioned locally.

8.0 ENVIRONMENT OVERVIEW AND SCRUTINY PANEL

- 8.1 The Panel considered an interim version of this report at its meeting on 10 November 2016. While the Panel did not have the same level of financial information available it made the following comment:-

“The Panel supported the recommendation to maintain the agency arrangements in this District in a modified form”

9.0 PORTFOLIO HOLDER COMMENTS

9.1 The Portfolio Holder supports the report and the recommendations.

10.0 RECOMMENDATION

10.1 That Hampshire County Council be advised that New Forest District Council wish to renew the traffic management agency from 1 April 2017 on the basis of the information contained within County Executive Members decision dated 15 September 2016.

FOR FURTHER INFORMATION CONTACT:

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BACKGROUND PAPERS

Hampshire County Council's Executive Member decisions on Future Traffic Management Policy dated 19 May and 15 September 2016.

COUNCIL TAX REDUCTION SCHEME 2017/18

1. INTRODUCTION

- 1.1 Members will recall that the national scheme for Council Tax Benefit (which provided financial help for those on low income) was abolished on 31 March 2013. Instead, local authorities are responsible for setting up their own local Council Tax Reduction Scheme for those of working age on low income. The Government stipulated that there must be no change to the level of help that pensioners receive.
- 1.2 The Council Tax Reduction Scheme must be formally made by the Council no later than 31 January 2017, to take effect from 1 April 2017. The Government has constructed rules for a 'default scheme' which will have to be operated by any council that does not agree a local scheme. This replicates the former rules for council tax benefits. It is contained in schedule 1 of The Council Tax (Default Schemes) (England) Regulations 2012.
- 1.3 The Council Tax Reduction Scheme for New Forest District Council fulfils the prescribed requirements for localised schemes.
- 1.4 Approximately 9,100 claimants are receiving Council Tax Reduction. Of these 2,800 are working age (1,000 are working and most of whom have children), 1,500 are vulnerable and 4,800 are of pensionable age.
- 1.5 The current Council Tax Reduction Scheme costs approximately £8.3 million. This is split between:

Working Age employed	£ 691,000
Working Age other	£1,510,000
Vulnerable	£1,460,500
Pensioner	£4,675,000

The cost is shared between New Forest District Council, Hampshire County Council, Hampshire Police and Hampshire Fire and Rescue.

- 1.6 When the Council Tax Reduction Scheme was introduced, approximately 90% of the cost was reimbursed by the government within the formula grant process. The balance of the cost was shared by the council and the Precepting bodies as part of the tax base calculation. Changes to the amount of Council Tax Reduction awarded now affects the tax base of each organisation and is no longer identified within the overall formula grant allocation.

2. REVIEW PROCESS

- 2.1 A Task and Finish Group met to review the current scheme and proposed changes effective from 1 April 2017.
- 2.2 The recommendations of the Task and Finish Group are to be considered by the Corporate Overview Scrutiny Panel, Cabinet and full council.

3. THE CURRENT LOCAL COUNCIL TAX REDUCTION SCHEME

- 3.1 The council's Council Tax Reduction Scheme protects the vulnerable. A person is vulnerable if they (or a partner) are in receipt of Disability Living Allowance, Personal Independence Payments or Severe Disablement Allowance.
- 3.2 The council's Council Tax Reduction Scheme for 2016/17 requires all working age claimants (except the vulnerable) to pay a minimum of 10.00% council tax (8.5% in 2013/14). This affects roughly 2,800 claimants. Previously some of these claimants would have received full council tax benefit and paid no council tax. These changes were agreed by a Task and Finish group, Corporate Overview Panel and Council.
- 3.3 The council's Council Tax Reduction Scheme also includes:
- A. Council tax reductions are capped at band D (so that claimants living in higher banded properties receive any reduction based on band D). This currently affects 102 claimants, 74 being in a Band E property.
 - B. The savings limit is now £6,000 (previously £16,000), so that claimants on low income with more than £6,000 in savings are not entitled to any reduction.
 - C. There is no entitlement to Second Adult Rebate.
 - D. The council's Council Tax Reduction Scheme incentivises work by disregarding £25.00 a week of earnings. The government disregards are £25.00 for a lone parent, £20.00 for a disabled claimant, £10.00 for a couple and £5.00 for a single claimant.
 - E. The maximum period for backdating a claim is 4 weeks (previously 6 months)
 - F. To remove the family premium for new claims

4. MATTERS CONSIDERED BY TASK AND FINISH GROUP

- 4.1 Collecting council tax from those on low income is becoming increasingly more difficult, with significantly more work for officers having to work with those affected. In 2016/17 council tax bills increased for the first time since 2010, meaning council tax payers having to pay more. This is likely to continue in the forthcoming years, with predicted increases of roughly 3% to 4%. It is not anticipated that wages will increase at the same rate, which affects roughly one-third of working age claimants.

The collection rate for those in receipt of Council Tax Reduction, who are not a pensioner or vulnerable, has decreased from 82.7% in 14/15 to 80.11% in 15/16. As at 31 October 2016, our collection rate is 61.74% compared to 62.94% for the same time in 2015.

- 4.2 Many of the claimants have also been affected by other welfare reforms, including the spare room subsidy, the benefit cap, which is being further reduced from 7 November 2016, as well as an increase in the cost of living. Many working age state benefits are being frozen for the next 3 years, as is the Local Housing Allowance which is used to work out entitlement to Housing Benefit. There are also further welfare reforms to come.
- 4.3 Due to the minimum contribution, welfare changes, system restrictions, and avoiding having amendments for numerous different groups, paying their council tax for some groups of claimants causes financial hardship. This could include, for example, lone parents who are full-time carers for a disabled child. Consideration has been given to administering a financial hardship fund to award to those claimants suffering exceptional financial hardship. This would be financed in full by the council (but see 4.4.). The council could work with applicants, for example by giving budgeting support and advice.
- 4.4 The council is agreeing a Council Tax Reduction scheme to assist those on a low income, whilst trying to be fair, prudent and reflecting welfare reforms. Officers propose to introduce a Prosecution and Penalties policy as an anti-fraud measure and to ensure any Council Tax Reduction is only awarded to those with a genuine entitlement. This policy enables a claimant to be issued with a penalty, which is up to £1,000 and added to their council tax bill, where they have fraudulently claimed a council tax reduction which they are not entitled too. An example could be where the claimant has undeclared capital.

The policy will be administered in conjunction with the council Corporate Fraud Officer.

Any penalties received will be used to assist with funding the Hardship Fund in full.

5. DISCUSSION ON COUNCIL TAX REDUCTION SCHEME FOR 2017/18

- 5.1 The group considered the options below:
- A. To maintain the current scheme with no changes
 - B. To increase the minimum contribution of 10%
 - C. To remove the Work Related Activity Component in the calculation of Council Tax Reduction for new claims
 - D. To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of 2 for new claims and entitlements.
 - E. To remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carer Element) to look after them
 - F. To use the gross Universal Credit payment as income in the calculation of Council Tax Reduction

- G. To award council tax reduction if there is an active Housing Benefit claim or for a period up to 6 months following nil entitlement to Universal Credit, without the need to make a new application.
- H. To have a Hardship Fund to assist those suffering exceptional financial hardship

5.2 Option A would not affect current claimants in that their support would not reduce and it's administratively simple.

However, a declining caseload means fewer claimants are in receipt of a Council Tax Reduction.

5.3 Option B was discussed at length. Members were provided with statistics to demonstrate the impact on increasing the minimum contribution, as well as comparisons with other local authorities.

Any savings will depend on the minimum contribution amount, and if the amount is collected. Officers consider there is a "tipping point" where an increase in the minimum contribution will result in less or no council tax being paid. This may therefore have an adverse impact on collection and increase administration costs.

5.4 Option C is to mirror changes being introduced in Housing Benefit from April 2017, and Universal Credit. It is simple and will help with administration of the scheme.

The Work Related Activity Component is part of how we assess the financial "needs" of any claimant, which is compared to their income. The government is introducing changes from April 2017 affecting new claims for Employment and Support Allowance who will no longer be entitled to the additional Work Related Activity component.

5.5 Option D is to mirror changes being introduced in Housing Benefit, Universal Credit and Child Tax Credits from April 2017. With all these state benefits, there will be no additional amounts paid in state benefits where a claimant has a third child after April 2017, unless in specified and limited circumstances. Existing claimants will be protected.

5.6 Option E is administrative and is to mirror changes being introduced in Housing Benefit from April 2017

5.7 Option F is administrative and is to clarify the amount used in the calculation of Council Tax Reduction.

When a claimant receives Universal Credit, deductions from the award may be made, for example to repay court costs and fines, council tax or utility arrears or loan repayments. To use the amount of Universal Credit after these deductions would mean using a lesser income and therefore entitling the claimant to a higher Council Tax Reduction.

5.8 Option G is administrative to enable more efficient use of resources, make claiming easier for claimants, and is to mirror Universal Credit. This will also ensure a Council Tax Reduction is awarded where entitled and claimants do not lose out on entitlement.

- 5.9 Option H would assist those in exceptional financial hardship. See 4.3 for further details.

6. CONSULTATION

- 6.1 The council has a duty to consult on any changes to the scheme. The Council undertook a consultation exercise over a 6 week period. The consultation was advertised on the council's website, Facebook page, Twitter and on correspondence sent to recipients of a Council Tax Reduction. The major preceptors and Citizens Advice were also contacted.
- 6.2 The council only received 15 responses. Due to the minimal responses it is not possible to draw any real conclusions. However, most responses broadly supported the recommendations.

7. FINANCIAL IMPLICATIONS

- 7.1 The financial implications of each of the options were discussed.

Option A may incur minimal, or even less cost.

Option B savings will depend on the amount of the contribution and collection rates.

Option C would not save anything but will avoid potentially increasing, albeit minimally, the cost

Option D savings would be minimal but will avoid potentially costs increasing

Option E savings will be minimal

Option F savings will be minimal but will avoid additional future increases to cost

Option G savings will be zero

Option H would be a cost to the council but it is anticipated that the cost is off-set from penalties issued.

Therefore, the overall impact of these changes will be minimal. Savings to New Forest District Council will be even smaller as the council retains approximately 11% of the total council tax collected.

8. VIEWS OF CORPORATE OVERVIEW AND SCRUTINY PANEL

- 8.1 The Corporate Overview and Scrutiny Panel supported the recommendations.

9. PORTFOLIO HOLDER COMMENTS

- 9.1 Given the ongoing financial climate it is important to ensure that we are fair to all our residents. I believe that the proposals outlined in this report will continue to maintain that all-important balance. We have made some minor adjustments which bring the scheme into line with other government

agencies. We have been running this scheme in a similar way overall for a number of years and it operates efficiently and effectively.

10 RECOMMENDED:

That the minimum contribution remains at 10% and that options C, D, E, F, G and H set out in paragraph 5.1 of this report are all adopted.

Background Information:

Minutes of Task & Finish Group

Caseload Graph

Collection Statistics

Impacts on changing the minimum contribution

Information on local authority schemes in Hampshire

Further Information:

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CABINET – 7 DECEMBER 2016
COUNCIL – 12 DECEMBER 2016

THE COUNCIL TAX 2017/18 **SETTING THE TAX BASE**

1. INTRODUCTION AND BACKGROUND

- 1.1 The purpose of this report is to enable Members to approve the tax base for 2017/18.
- 1.2 This tax base is an important step towards setting the basic amount of Council Tax. The other key steps are determining the surplus/deficit on the Collection Fund for the previous year and setting the actual budget requirements.
- 1.3 Members may recall that each dwelling falls into one of eight valuation bands (A to H) for tax purposes. Different proportions of tax are payable by each band.
- 1.4 The tax base is, in essence, the estimated number of dwellings in the District, modified to take account of the different proportions payable, discounts and other reductions.
- 1.5 The calculation of the tax base for tax setting also includes an allowance for non-collection.
- 1.6 Separate tax bases have to be made for each Parish.
- 1.7 The taxbase calculation has to be made between 1 December and 31 January. The approved tax base must be notified to the County Council by 31 January.

2. THE CALCULATION PROCESS

- 2.1 Detailed calculations are required to set the tax base for tax setting purposes.
- 2.2 Firstly, if appropriate, it is necessary to adjust the number of dwellings in each valuation band to cater for:
 - 2.2.1 The number of properties estimated as active exempt
 - 2.2.2 The number of demolished dwellings due to be removed
 - 2.2.3 The reduction and addition to the number of dwellings in the band due to disabled relief. From 1 April 2000 the Government extended disabled relief to dwellings in Band A. Such dwellings (shown as Disabled A) pay 5/9th of the Band D charge instead of 6/9th.

- 2.3 The above process produces the number of chargeable dwellings. Further adjustments then have to be made to cater for:
- 2.3.1 The estimated number of dwellings where a 25% discount will apply (i.e. due to single person discount and a discount disregard).
 - 2.3.2 The estimated number of dwellings where a 30% discount will apply to holiday chalets where occupation is restricted by a planning condition.
 - 2.3.3 The estimated number of dwellings where a 50% discount will apply due to structural repairs work being undertaken for first 12 months, or two adults disregarded e.g. living away to receive or provide care etc.
 - 2.3.4 The estimated number of dwellings where a 100% discretionary discount will apply for one month only, due to unoccupied and unfurnished ('void') properties.
 - 2.3.5 The estimated number of dwellings where 100% discretionary discount will apply for one month only to unoccupied and substantially unfurnished dwellings.
- 2.4 No changes are being recommended to Council Tax Discounts/Premiums. The number of total discounts is multiplied by an appropriate percentage to arrive at the discount deduction. The resultant net number of dwellings is multiplied by the relevant proportions to band D. The relevant proportions are shown in Appendix 1. This process produces the number of band D equivalents.
- 2.5 The value of council tax reductions (CTR) awarded to pensioners and those of working age are aggregated to arrive at the total council tax reduction. These values are converted into the taxbase and band D equivalents. The value of the reductions awarded takes account of the Council's localised Council Tax Reduction Scheme. Although some minor changes may be made to the Local Scheme for 2017/18, these are not material for the tax base.
- 2.6 The next step of the calculation is to assess the likely collection rate and thereby make an appropriate allowance for non-collection. Contributions in lieu for Ministry of Defence dwellings are then added. The whole calculation process is shown in Appendix 2.
- 2.7 The figures used in the calculation process are predominantly based on latest actuals. Appendix 3 shows 2017/18 tax bases compared to 2016/17.
- 2.8 Although there may be some growth in the tax base in the forthcoming year, it is advisable to take a prudent approach for a number of reasons. (For example, if dwellings are improved and extended, bandings only normally change after a subsequent sale or the granting of a lease of 7 years or more).

3. ENVIRONMENTAL AND CRIME AND DISORDER IMPLICATIONS

3.1 None arising directly from this report.

4. CONCLUSION

4.1 The Council in December should approve formally the tax base for tax setting purposes. The regulations require that the tax base be formally approved for each parish/town Council area, with the calculations being approved by Members.

4.2 A prudent approach has to be taken in forecasting the tax base. Clearly, there is an obligation to ensure that sufficient funds are realised to meet the Council's expenditure.

4.3 A realistic collection rate has to be determined. It is important that the tax base is not overstated, as any shortfall will result in interest costs falling on the Council's General Fund.

4.4 Any Council Tax surplus/deficit on the Collection Fund will be shared between the Principal Authorities, pro rata to the demand/precept on the fund for the year concerned.

5. RECOMMENDED

That it be a recommendation to the Council that:

5.1 The calculation of the Council's tax base for the year 2017/18 be approved.

5.2 Pursuant to this report and in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Council as its council tax base for the year 2017/18 be as follows and as detailed in Appendix 1.

PARISH/TOWN	TAXBASE 17/18
Ashurst & Colbury	922.7
Beaulieu	511.2
Boldre	1062.4
Bramshaw	344.8
Bransgore	1816.9
Breamore	181.2
Brockenhurst	1865.8
Burley	780.4
Copythorne	1211.5
Damerham	231.7
Denny Lodge	152.1
East Boldre	382.3
Elingham, Harbridge & Ibsley	605.7
Exbury & Lepe	112.9
Fawley	4534.6
Fordingbridge	2251.5
Godshill	224.7
Hale	260.6
Hordle	2395
Hyde	522.8
Hythe & Dibden	7360.1
Lymington & Pennington	7045.5
Lyndhurst	1444.4

Marchwood	2056
Martin	197.6
Milford on Sea	2787.8
Minstead	366.6
Netley Marsh	814.9
New Milton	10388.1
Ringwood	5225.7
Rockbourne	163.1
Sandleheath	282.6
Sopley	293.1
Sway	1688.9
Totton & Eling	9148.2
Whitsbury	101.5
Woodgreen	252.1
Whole District	69987

Further Information:

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Background papers:

The Local Authorities (Calculation of
Tax Base) (England) Regulations
2012

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	Up to £40,000	£1.00
B	Over £40,000- £52,000	£1.17
C	Over £52,000- £68,000	£1.33
D	Over £68,000- £88,000	£1.50
E	Over £88,000- £120,000	£1.83
F	Over £120,000- £160,000	£2.17
G	Over £160,000- £320,000	£2.50
H	Over £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.

TAXBASES FOR 2017/18 COMPARED TO PREVIOUS YEAR 2016/17

PARISH/TOWN	TAXBASE 17/18	TAXBASE 16/17
Ashurst & Colbury	922.7	915.8
Beaulieu	511.2	512.7
Boldre	1062.4	1052.6
Bramshaw	344.8	344.2
Bransgore	1816.9	1798.5
Breamore	181.2	177.4
Brockenhurst	1865.8	1852.3
Burley	780.4	782.3
Copythorne	1211.5	1205.7
Damerham	231.7	227.2
Denny Lodge	152.1	153.2
East Boldre	382.3	387.4
Elingham, Harbridge & Ibsley	605.7	603
Exbury & Lepe	112.9	110.4
Fawley	4534.6	4505.8
Fordingbridge	2251.5	2232.2
Godshill	224.7	221
Hale	260.6	254
Hordle	2395	2381.9
Hyde	522.8	521.6
Hythe & Dibden	7360.1	7323.5
Lymington & Pennington	7045.5	6974.1
Lyndhurst	1444.4	1399.2
Marchwood	2056	2050.8
Martin	197.6	195.7
Milford on Sea	2787.8	2781.1
Minstead	366.6	368.5
Netley Marsh	814.9	816
New Milton	10388.1	10289.1
Ringwood	5225.7	5146.6
Rockbourne	163.1	163.9
Sandleheath	282.6	281.6
Sopley	293.1	295.5
Sway	1688.9	1686.4
Totton & Eling	9148.2	9270.5
Whitsbury	101.5	102.3
Woodgreen	252.1	248.3
Whole District	69987	69632.3

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