



**New Forest**  
DISTRICT COUNCIL

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# Council Meeting Agenda

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**26 February 2018**



# SUMMONS

To All Members of the Council

You are hereby summoned to attend a meeting of the District Council to be held in the the Council Chamber, Appletree Court, Lyndhurst on Monday, 26 February 2018, 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

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# AGENDA

## Apologies

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

To confirm the minutes of the meeting held on 11 December 2017 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

- To receive a presentation from First Opportunities, one of the Chairman's two chosen charities
- To receive announcements from the Chairman

**4. LEADER'S ANNOUNCEMENTS**

**5. REPORT OF AUDIT COMMITTEE (Pages 7 - 28)**

To consider the report of the Audit Committee dated 26 January 2018.

**6. REPORT OF GENERAL PURPOSES & LICENSING COMMITTEE (Pages 29 - 38)**

To consider the report of the General Purposes & Licensing Committee dated 12 January 2018.

**7. REPORT OF PLANNING COMMITTEE (Pages 39 - 40)**

To consider the report of the Planning Committee dated 10 January 2018.

**8. REPORT OF THE CABINET (Pages 41 - 48)**

To consider the report of the Cabinet dated 7 February 2018.

**9. QUESTIONS UNDER STANDING ORDER 22**

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

To ask questions of Portfolio Holders. 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 23 February 2018.

**11. COUNCIL TAX 2018/19 (Pages 49 - 60)**

To set the Council Tax for 2018/2019.

**12. MEMBERSHIP OF COMMITTEES AND PANELS**

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

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

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# Agenda Item 1

11 DECEMBER 2017

## NEW FOREST DISTRICT COUNCIL

Minutes of a meeting of the New Forest District Council held in the the Council Chamber, Appletree Court, Lyndhurst on Monday, 11 December 2017

- \* Cllr Mrs C V Ward (Chairman)
- \* Cllr M J Kendal (Vice-Chairman)

### Councillors:

- \* A R Alvey
- Mrs D E Andrews
- W G Andrews
- \* P J Armstrong
- \* G C Beck
- Mrs S V Beeton
- \* 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
- \* Mrs E L Lane
- \* Mrs P J Lovelace
- \* B D Lucas
- \* Mrs R Matcham
- \* 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 and Ms M Stephens

### Apologies:

Cllrs W G Andrews, Mrs Andrews, Mrs Beeton and Wappet.

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

That the minutes of the meeting held on 16 October 2017 be signed by the Chairman as a correct record.

**38 DECLARATIONS OF INTEREST**

No declarations of interest were made by any member in connection with an agenda item.

**39 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman, Cllr Mrs Christine Ward, presented the 2017/18 Chairman's Volunteers' Awards to 12 volunteers from around the District. The Awards recognised the services the individuals gave to the people of the New Forest District.

The Chairman's charity pub quiz held on 6 November had raised £615 and the charity dinner held at Palace House on 9 December raised a tremendous £1,625. The Chairman thanked all those involved in the organisation of the events and all those who had attended.

**40 LEADER'S ANNOUNCEMENTS**

The Leader of the Council paid tribute to former County Councillor Ken Thornbur who had recently passed away.

The Leader highlighted the Business in Brilliance awards 2017. Over 50 local businesses were entered for awards this year. There were 7 winners. The presentation evening held at Careys Manor was attended by over 130 people. The awards provided a great opportunity to celebrate the success of businesses in the New Forest.

**41 REPORTS OF THE CABINET**

The Leader of the Council, as Chairman of the Cabinet, presented the reports of the meetings held on 1 November and 6 December 2017.

The Cabinet at their meeting in November welcomed the opportunity to support local businesses with details of a rate relief scheme for public houses and small businesses. It had been identified that 410 ratepayers could benefit from the scheme.

The Cabinet also received the half yearly budget monitoring report which identified savings that the Council was making as part of ongoing plans.

The December meeting was the first meeting of the new Cabinet. The highlight of the meeting was the feedback report from the Peer Review. The Leader expressed the view that the review process had proved to be extremely useful. Particularly being able to engage with, and listen to, the perspective of people from outside the Council had been very beneficial. A response to the Peer report would be developed early next year.

The Cabinet would shortly be setting a budget and Council Tax for 2018/19. This would include the setting of the tax base report that will be used by all precepting authorities, together with the Council Tax Reduction Scheme where minor amendments have been made. The Cabinet agreed to support this, together with a Prosecutions and Penalties policy. The December meeting also included an update on the Medium Term Financial Plan and changes to the Treasury Management Strategy.

The Leader explained that the Council continued to face financial challenges moving forward, particularly in light of the very recent pay offer of 2% made by the national employers to the unions. The Council was in a good financial position as identified by the Peer review and the recent monitoring report showed that the Council was meeting targets and plans. As such, the Leader was confident that the Cabinet would continue to deliver on its manifesto promises.

Planning the Council's finances and providing housing were both key priorities for the Council and in support of this the Leader was pleased to recommend to the Council the Residential Property Investment Strategy.

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

#### **Review of Parliamentary Constituency Boundaries**

Cllr Mrs Wyeth expressed her disappointment that the revised arrangements proposed by the Boundary Commission for the New Forest East constituency included the Chilworth, Nursling and Rownhams Ward of Test Valley Borough Council. She felt that the rural areas of the New Forest East Constituency had limited affinity with these more urban areas.

#### **RESOLVED:**

That the reports be received and the recommendations be adopted.

#### **42 PLANNING DEVELOPMENT CONTROL COMMITTEE - PROPOSED NAME CHANGE**

#### **RESOLVED:**

That, with effect from 1 January 2018, the Planning Development Control Committee be named the "Planning Committee".

#### **43 QUESTIONS UNDER STANDING ORDER 22**

There were none.

#### **44 QUESTIONS TO PORTFOLIO HOLDERS UNDER STANDING ORDER 22A**

Question From: Cllr Thierry, to Cllr Rickman, the Leader of the Council

"Is the Leader of the Council aware of the national, indeed international, complimentary media comments recorded in respect of the new Milford-on-Sea Beach Huts designed, financed and built by this authority?"

“Not exactly pretty to look at but a good practical idea never-the-less.” UK

“The most cost effective way of building beach huts to serve double duty as a sea wall. It’s a clever idea. I hope it works.” - USA

“Good idea by the Planning Department.” - UK

Will the Leader agree with me that the Beach Huts project is an excellent, fine example of focused New Forest District Council staff and supportive councillors, working jointly to achieve a much admired and imaginative solution?”

**Answer:** The Leader of the Council replied that the Council was very proud of its achievement following many months listening to the views of local residents. The Council had managed to achieve a scheme that benefited everyone.

The Leader was very proud of the recognition that the project had received, especially in light of the fact that the Council had been nominated for the following awards: -

- Institute of Civil Engineers – shortlisted for South East Engineering Excellence Awards 2017
- Concrete Society Awards – shortlisted and awarded a highly commended, with a trophy
- Galvanising Awards – winner for the Galvanised Walkway
- Civic Trust Awards 2018 – the Council has passed stage one being 1 of 140 regional finalists meaning the Council now goes forward to the national panel for consideration.

The Leader said that the scheme had not been undertaken with awards in mind, but for the benefit of the residents of the district and its visitors. The Leader thanked Cllr Mrs Beeton, who had been the responsible Portfolio Holder for the duration of the project, for her hard work and input into this highly successful scheme.

#### 45 MEMBERSHIP OF COMMITTEES AND PANELS

##### **RESOLVED:**

That the following changes be made to Committees and Panels:-

##### **Audit Committee**

Cllr Alvey be appointed in place of Cllr M Harris.

##### **Corporate Overview & Scrutiny Panel**

Cllr Beck be appointed in place on Cllr M Harris

##### **Environment Overview & Scrutiny Panel**

Cllr Mrs Bennison be appointed in place of Cllr Mrs Thorne.



**Planning Committee**

Cllrs W G Andrews, Frampton and Mrs Thorne be appointed in place of Cllrs Mrs Andrews, Mrs Hoare and Rippon-Swaine.

CHAIRMAN

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## REPORT OF AUDIT COMMITTEE

(Meeting held on 26 January 2018)

### 1. TREASURY MANAGEMENT STRATEGY REPORT 2018/19 – 2020/21 (Minute No 33)

The Prudential Code for Capital Finance in Local Authorities (The Code) requires Councils to set and monitor prudential indicators to ensure that their plans for the future capital investment are affordable and sustainable.

The Committee has considered the Council's prudential indicators for 2018/19 to 2020/21 that relate to the treasury management function including the expected treasury operations for that period. (A related report, detailing the prudential indicators for 2018/19 to 2020/21 for capital expenditure was considered by the Cabinet on 7 February 2018 and details appear elsewhere on the Council agenda).

The report outlined and recommended the Council's prudential indicators for 2018/19 – 2020/21 that relate to the Treasury Management Function and set out the expected treasury operations for that period.

Following detailed consideration by the Committee, the policies and approvals sought are:

- **Treasury Management Strategy (Annex A to this report)**

The Treasury Management Strategy Statement sets out how the Council's treasury service will support the capital expenditure and financing decisions taken over the three year period from 2018/19 to 2020/21. The day to day treasury management function and the limitations on activity through treasury indicators are also set out in the statement.

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

The report to the Committee was prepared prior to the finalisation of the Capital Programme for 2018/19 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 at Cabinet in February 2018. Other indicators are targets only and minor adjustments will not be reported.

- **Treasury Management**

The proposed strategy is set out in Annex A in paragraph 5. It sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

The proposed strategy has regard to the Government's Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes.

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

This strategy aims to strike a balance between allowing for current investment levels to continue, whilst also considering the Council's intention to directly invest in both commercial and residential property.

Subject to the Council's agreement, the Treasury Management Strategy will take effect from 26 February 2018.

**RECOMMENDED**

- (a) ***That the Treasury Management Strategy 2018/19 to 2020/21 and the Treasury Indicators contained within Annex A be approved; and***
- (b) ***That authority be delegated to the Section 151 Officer, (who in turn delegates to Hampshire County Council's Director of Corporate Resources, as agreed in the Service Level Agreement), to manage all Council investments (other than the high yield investment portfolio) according to the risk assessment process in the Investment Strategy as appropriate.***

**CLLR A O'SULLIVAN  
CHAIRMAN**

**Attachments:** Annex A

## TREASURY MANAGEMENT STRATEGY 2018/19 – 2020/21

### 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. CIPFA consulted on changes to the Code in 2017, but has yet to publish a revised Code.
- 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

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

#### 1.6. Economic background

The major external influence on the Council's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation (CPI) reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates

to 0.5% in November 2017. Since this point, CPI hit 3.1% in November 2017.

### **1.7. Credit outlook**

High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

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. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

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 remain very low.

### **1.8. Interest rate forecast**

The Council's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides. The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

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

## **3. LOCAL CONTEXT**

- 1.9. On 31 December 2017, the Council held £144m of borrowing and £84.5m 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>31/03/17 Actual £m</b>	<b>31/03/18 Estimate £m</b>	<b>31/03/19 Forecast £m</b>	<b>31/03/20 Forecast £m</b>	<b>31/03/21 Forecast £m</b>
General Fund CFR	3.3	5.7	15.5	26.7	35.7
Housing Revenue Account CFR	1.9	1.9	1.9	1.9	1.9
HRA Settlement	142.7	138.6	134.5	130.4	126.3
<b>Total CFR</b>	<b>147.9</b>	<b>146.2</b>	<b>151.9</b>	<b>159.0</b>	<b>163.9</b>
Less: External borrowing *	(144.1)	(139.8)	(135.5)	(131.2)	(126.9)
<b>Internal (over) borrowing</b>	<b>3.8</b>	<b>6.4</b>	<b>16.4</b>	<b>27.8</b>	<b>37.0</b>
Less: GF Usable reserves	(21.8)	(20.5)	(15.3)	(9.2)	(5.7)
Less: HRA Usable reserves	(29.2)	(25.6)	(20.1)	(18.9)	(17.7)
Less: Working capital	(11.6)	(7.4)	(7.4)	(7.4)	(7.4)
<b>Resources for investments</b>	<b>(62.6)</b>	<b>(53.5)</b>	<b>(42.8)</b>	<b>(35.5)</b>	<b>(30.8)</b>
<b>New borrowing (or investments)</b>	<b>(58.8)</b>	<b>(47.1)</b>	<b>(26.4)</b>	<b>(7.7)</b>	<b>6.2</b>

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

- 1.10. 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.
- 1.11. The CFR is showing a potential need for borrowing in the future as the Council looks to roll out its commercial and residential investment strategies, and at the appropriate time, the Council will consult with its treasury advisors on how best to service its borrowing, including the possibility of renewing maturing loans on the HRA. 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.
- 1.12. 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 2018/19.

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

- 1.13. The Council currently holds £144 million of loans, a decrease of £0.2 million on the previous year, as a result of the HRA refinancing in 2012. The balance sheet forecast in Table 1 shows that the Council

does not expect to need to borrow in 2018/19. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £206.4 million.

#### 1.14. 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.

#### 1.15. 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>2017/18 Revised £m</b>	<b>2018/19 Limit £m</b>	<b>2019/20 Limit £m</b>	<b>2020/21 Limit £m</b>
<b>Total Debt</b>	<b>185.4</b>	<b>191.2</b>	<b>198.2</b>	<b>203.1</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>2017/18 Limit £m</b>	<b>2018/19 Limit £m</b>	<b>2019/20 Limit £m</b>	<b>2020/21 Limit £m</b>
<b>Total Debt</b>	<b>200.7</b>	<b>206.4</b>	<b>213.5</b>	<b>218.4</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. The 2017 Autumn statement lifted the borrowing cap by £1bn for Council's with the highest affordability pressures. Details are yet to be confirmed, and in any case, this Council is not currently planning to seek further approvals to increase



HRA borrowing beyond the previously set limit (based on the settlement payment plus the old Housing Subsidy Debt amount).

<b>Table 4: HRA Debt Limit</b>	<b>2017/18 Revised £m</b>	<b>2018/19 Limit £m</b>	<b>2019/20 Limit £m</b>	<b>2020/21 Limit £m</b>
<b>Total</b>	<b>155.5</b>	<b>155.5</b>	<b>155.5</b>	<b>155.5</b>

#### **1.16. 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.

#### **1.17. Sources of borrowing**

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

- Public Works Loan Board (PWLB) and any successor body
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Hampshire Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

### **1.18. Other sources of debt finance**

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

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

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

### **1.19. Municipal Bonds Agency**

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

### **1.20. Short-term and variable rate loans**

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

### **1.21. Debt rescheduling**

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

## **5. INVESTMENT STRATEGY**

1.22. 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 £95.6 and £59.4 million.

### **1.23. 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. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

### **1.24. Negative interest rates**

If the UK enters into a recession in 2018/19, 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.

### **1.25. Strategy**

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to continue to diversify into more secure and/or higher yielding asset classes during 2018/19. This is especially the case for the estimated £40m that is available for longer-term investment. Approximately 73% (increased from 59% 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, pooled property and equity funds, and secured bank bonds. Whilst the remaining cash is subject to bail-in risk, 61% of this balance is held overnight money market funds which are subject to a reduced risk of bail-in, 28% is held in certificates of deposit which can be sold on the secondary market, and 3% is held in overnight call accounts with banks to allow for liquidity. This diversification will represent a continuation of the new strategy adopted in 2015/16.

The Council has invested in further high yield investments by increasing its investments in pooled property and pooled equity funds, and by investing in pooled multi-asset funds.

The investments in pooled property, equity and multi-asset funds allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. The funds which are operated on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the

longer term but are more volatile in the short-term. All of the Council's pooled fund investments are in the funds' distributing share classes which pay out the income generated.

Although money can be redeemed from the pooled funds at short notice, the Council's intention is to hold them for at least the medium term. Their performance and suitability in meeting the Council's investment objectives are monitored regularly and discussed with Arlingclose.

<b>Table 5: High yield investments capital value</b>	<b>Principal invested £m</b>	<b>Market value 31/12/2017 £m</b>	<b>Capital yield (per annum) %</b>
Pooled Property Funds	6.05	6.13	-0.61
Pooled Equity Funds	3.00	3.18	4.61
Pooled Multi Asset Funds	2.00	1.99	-0.72
<b>Total</b>	<b>11.05</b>	<b>11.30</b>	<b>0.84</b>

As shown in Appendix B, without this allocation the weighted average return of the Council's cash investments would have been 0.57%; the allocation to high yielding investments has added 0.50% (£0.4m based on the cash balance at 31 December 2017) to the average interest rate earned by the remainder of the portfolio.

#### 1.26. Investment limits

The maximum that will be lent/invested to/with any one organisation (other than the UK Government) will be £12 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, and investments in pooled funds, as they would not count against the limit for any single foreign country, since the risk is diversified over many countries.

<b>Table 6: Investment limits</b>	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£12m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£12m per group
Any group of pooled funds under the same management	£12m per manager
Registered providers	£10m in total
Money Market Funds	£50% in total

#### 1.27. Approved counterparties

The Council may invest its surplus funds with any of the counterparty types in Table 7 below, subject to the cash limits (per counterparty) and the time limits shown.

<b>Table 7: 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	£6m 5 years	£12m 20 years	£12m 50 years	£6m 20 years	£6m 20 years	£6m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 25 years	£6m 10 years	£6m 10 years	£6m 10 years
AA	£6m 4 years	£12m 5 years	£12m 15 years	£6m 5 years	£6m 10 years	£6m 10 years
AA-	£6m 3 years	£12m 4 years	£12m 10 years	£6m 4 years	£6m 10 years	£6m 10 years
A+	£6m 2 years	£12m 3 years	£6m 5 years	£6m 3 years	£6m 5 years	£6m 5 years
A	£6m 13 months	£12m 2 years	£6m 5 years	£6m 2 years	£6m 5 years	£6m 5 years
A-	£6m 6 months	£12m 13 months	£6m 5 years	£6m 13 months	£6m 5 years	£6m 5 years
None	£1m 6 months	n/a	£12m 25 years	n/a	£6m 5 years	£6m 25 years
<b>Pooled funds</b>	£12m per fund					

This table must be read in conjunction with the notes below

### 1.28. 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.

### 1.29. 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. See below for arrangements relating to operational bank accounts.

**1.30. 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.

**1.31. 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.

**1.32. 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.

**1.33. 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.

**1.34. Pooled funds**

Shares in diversified investment vehicles consisting of the 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. 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.

### **1.35. 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.

### **1.36. 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.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. 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.

### 1.37. 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.

### 1.38. 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, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in Table 8 below.

<b>Table 8: Non-specified investment limits</b>	<b>Cash limit</b>
Total long-term investments	£40m
Total investments without credit ratings or rated below [A-] (except UK Government and local authorities)	£30m
Total non-Sterling investments	£0m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£0m
Total non-specified investments	£45m*

\* 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-.



### 1.39. 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. NON-TREASURY INVESTMENTS

1.40. Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the CLG Guidance, the Council is intending to purchase property for investment purposes and may also make loans and investments for service purposes, for example in equity investments and loans to the Council's subsidiaries.

1.41. Such loans and investments will be subject to the Council's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

## 7. TREASURY MANAGEMENT INDICATORS

1.42. The Authority measures and manages its exposures to treasury management risks using the following indicators.

### 1.43. 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 9: Interest rate exposures</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Upper limit on fixed interest rate investment exposure	£40m	£40m	£40m
Upper limit on variable interest rate investment exposure	£120m	£120m	£120m
Upper limit on fixed interest rate borrowing exposure	£206.4	£213.5	£218.4
Upper limit on variable interest rate borrowing exposure	£206.4	£213.5	£218.4

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.

### 1.44. 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 10: 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%

#### **1.45. 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 11</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Limit on principal invested beyond year end	£40m	£40m	£40m

## **8. OTHER ITEMS**

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

#### **1.47. Policy on the 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.

#### **1.48. 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.

#### **1.49. Investment training**

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

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

CIPFA's Code of Practice requires that the Council ensures that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. All members were invited to a workshop presented by Arlingclose on 29 November 2017, which gave an update on treasury matters. A further Arlingclose workshop has been planned for November 2018.

#### **1.50. 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.

#### **1.51. 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 £206.4 million.

## Appendix A – Arlingclose Economic & Interest Rate Forecast November 2017

### Underlying assumptions:

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's fiscal position.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remains elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

### Forecast:

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short term interest rates are subdued. On-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.
- Our central case for Bank Rate is 0.5% over the medium term. The risks to the forecast are broadly balanced on both sides.
- The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.19
<b>Arlingclose Central Case</b>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.15
<b>3-month LIBID rate</b>														
Upside risk	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.22
<b>Arlingclose Central Case</b>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.20
<b>1-yr LIBID rate</b>														
Upside risk	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.27
<b>Arlingclose Central Case</b>	0.70	0.70	0.70	0.70	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.77
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.15	-0.26
<b>5-yr gilt yield</b>														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
<b>Arlingclose Central Case</b>	0.75	0.75	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95	1.00	1.05	1.10	0.89
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
<b>10-yr gilt yield</b>														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
<b>Arlingclose Central Case</b>	1.25	1.25	1.25	1.25	1.25	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.55	1.36
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
<b>20-yr gilt yield</b>														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
<b>Arlingclose Central Case</b>	1.85	1.85	1.85	1.85	1.85	1.90	1.90	1.95	1.95	2.00	2.05	2.05	2.05	1.93
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
<b>50-yr gilt yield</b>														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
<b>Arlingclose Central Case</b>	1.70	1.70	1.70	1.70	1.70	1.75	1.80	1.85	1.90	1.95	1.95	1.95	1.95	1.82
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.39

## Appendix B – Existing Investment &amp; Debt Portfolio Position

<b>Investments</b>	Asset value on 31/07/2017 £m	Asset value on 31/12/2017 £m	Average Rate/Yield on 31/12/17 %	Average Life on 31/12/17 years
Short term Investments				
- Banks and Building Societies:				
- Unsecured	15.6	9.1	0.41	0.17
- Secured	10.9	7.1	0.76	0.33
- Money Market Funds	5.5	14.0	0.34	0.01
- Local Authorities	18.0	30.5	0.58	0.44
- Corporate Bonds	1.5	0.0	n/a	n/a
	<b>51.5</b>	<b>60.7</b>	<b>0.52</b>	<b>0.29</b>
Long term investments				
- Banks and Building Societies:				
- Secured	10.5	10.5	0.76	1.68
- Local Authorities	3.0	2.0	1.00	2.14
	<b>13.5</b>	<b>12.5</b>	<b>0.80</b>	<b>1.76</b>
High yield investments				
- Pooled Property Funds*	4.1	6.1	4.43	n/a
- Pooled Equity Funds*	2.1	3.2	4.82	n/a
- Pooled Multi Asset Funds*	2.0	2.0	3.13	n/a
	<b>8.2</b>	<b>11.3</b>	<b>4.31</b>	<b>n/a</b>
<b>TOTAL INVESTMENTS</b>	<b>73.2</b>	<b>84.5</b>	<b>1.07</b>	<b>0.54</b>
Increase/ (Decrease) in Investments £m		11.3		

	£m	%
<b>External Borrowing</b>		
PWLB	(144.0)	(3.12)
<b>Investments</b>		
Total Investments	84.5	1.07
<b>Net Debt</b>	<b>(59.5)</b>	<b>(6.03)</b>

\* Yield represents the average of each investment's most recent dividend payment as a percentage of the asset value.

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## REPORT OF GENERAL PURPOSES AND LICENSING COMMITTEE

(Meeting held on 12 January 2018)

### 1. PAY POLICY STATEMENT 2018-19 (MINUTE NO. 20)

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 2018-19 as set out in Appendix 1.

**RECOMMENDED:**

***That the Pay Policy Statement 2018-19 as set out in Appendix 1, be approved.***

**CLLR S J CLARKE  
CHAIRMAN**

Attachment: Appendix 1

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# New Forest District Council

## Pay Policy Statement Financial year 2018-19

### 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 2018-19, including the remuneration of its Chief Officers and that of its lowest paid employees. Once the Pay Award for 2018-19 has been agreed the Pay levels in this document will be amended accordingly.
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 formally discussed and consulted upon at the Employee Engagement Panel before recommendations are taken forward to 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 2 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 Trade 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.

### **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, 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.
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 2018 this has been calculated as follows:

Chief Executive Remuneration	£113,536
Employees Median average remuneration	£21,399
Ratio	5.3

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	£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	£20,773	£10.7670	21				£20,773								
22	£20,165	£10.4519	20				£20,165								
22	£19,575	£10.1460	19			£19,575									
22	£19,002	£9.8490	18			£19,002									
22	£18,446	£9.5608	17			£18,446									
22	£17,906	£9.2809	16		£17,906										
22	£17,382	£9.0093	15		£17,382										
22	£16,873	£8.7456	14		£16,873										
22	£16,379	£8.4897	13	£16,379											
22	£15,900	£8.2412	12	£15,900											
22	£15,434	£8.0000	11	£15,434											
Employee Notice Period				One Month						Two Months			Three Months		



**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.

## REPORT OF PLANNING COMMITTEE

(Meeting held on 10 January 2018)

### 1. LAND AT ROESHOT AND BURTON, HINTON, BRANSGORE – USE OF LAND AS NATURAL GREEN SPACE (SANG) (APPLICATION 16/10443) (MINUTE 31 (i))

The Planning Committee are recommending that this Council should enter into an Inter-Authority Agreement between Christchurch Borough Council, New Forest District Council and The New Forest National Park Authority in order to facilitate full and proper management of a Suitable Alternative Natural Green Space (SANG). The SANG is within the administrative areas of this Council and the National Park Authority, at Roeshot, and is required to mitigate the impact of housing development within Christchurch Borough Council's jurisdiction. The former Planning Development Control Committee granted planning permission for the use of this land as Natural Green Space, under ref. 16/10443, on 8 June 2016 (Minute 5 (g) refers). The original Committee report was attached to report item 3(i) considered by the Planning Committee.

This Council has been asked to enter into the agreement to allow Christchurch Borough Council to enter into a separate S106 Agreement between them and the developer/land owner to regulate the SANG and to enforce the provisions of it. The S106 Agreement will allow allocation of SANG land in the areas of this Council and the National Park Authority, as required by Christchurch Borough Council in order to mitigate new housing development on land within their jurisdiction. It is important to note that while this Council will not be party to the s106 Agreement, it will have a step-in right to enforce its provisions if the s106 Agreement is not properly enforced by Christchurch Borough Council. Christchurch Borough Council will be able to take action in terms of enforcement powers on this land (within the New Forest District) but this will not prevent this Council from stepping in, if necessary.

#### **RECOMMENDED:**

***That authorisation be given to enter the Inter-Authority Agreement in accordance with the details set out Report Item 3 (i) to the Planning Committee.***

**COUNCILLOR W G ANDREWS  
CHAIRMAN**

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## REPORT OF CABINET

(Meeting held on 7 February 2018)

### 1. REQUEST FOR LEASE OF LAND FOR MILFORD PLAY AREA (MINUTE 61)

The Cabinet has approved a request from Milford on Sea Parish Council to lease 2 areas of land adjacent to the Needles Eye Café on Milford sea front to allow the enhancement of the play area. The Parish Council had undertaken a public consultation on the proposals and their initial proposals had been modified to take account of the representations received and also the concerns of planning officers.

The Cabinet has also approved the request by Parish Council for the release of £66,034 from the monies held by the District Council in Section 106 contributions, towards the overall cost of implementing this project.

### 2. COMMUNITY GRANT AWARDS 2018 (MINUTE 62)

The Cabinet has agreed the payments that will be made under the Council's Community Grants Scheme for 2018. Each application had been considered, in detail, by the Community Grants Task and Finish Group, established by the Community Overview and Scrutiny Panel using the revised criteria adopted by the Council in 2017 (Cabinet minute 56, 1 February 2017 refers). Their recommendations had been adopted by the Community Overview and Scrutiny Panel.

The approved grants total £218,020. Further details on each application can be found in Appendix 1 to Report Item 4 to the Cabinet, with a summary of the proposed payments set out in paragraph 5.1 of the report.

The Cabinet also agreed that there should be a comprehensive review of the community grants process and eligibility criteria in advance of the 2018 application deadline, in the light of the increasing number of applications being received and the large sums requested by some organisations. The Community Grants Task and Finish Group will be asked to undertake this review. The Cabinet considered that it is important that community grants are directed towards organisations that are benefitting communities widely across the District.

### 3. MEMBERS ALLOWANCES 2018/19 - 2022/23 - REPORT OF THE INDEPENDENT REMUNERATION PANEL (MINUTE 63)

The Cabinet is recommending the adoption of the recommendations of the Independent Review Panel which undertook a review of members' allowances to cover the period 2018/19 - 2022/23. The Panel's report and recommendations were attached as Appendix 1 to Report Item 5 to the Cabinet. The Panel concluded that the current scheme has stood the test of time and that only minor changes were needed. A small increase of £25 is recommended in the ICT element of the Basic Allowance, and also an increase in the allowance for the Chairman of the Planning Committee, resetting it at 35% of the Leader's Special Responsibility Allowance. There are also minor changes to the Dependant Carers' Allowances and clarification of the circumstances in which travel allowances will be paid.

The Panel recommends that the current annual indexation of allowances to the annual cost of living salary percentage increase for local government staff should continue.

In answer to questions Members were advised that the Independent Remuneration Panel had been advised of the impending increase in the number of members of the Cabinet from 6 to 8 and had taken this into account in their recommendations.

**RECOMMENDED:**

***That the current scheme of allowances be continued subject to the following modifications from 1 April 2018:***

- (i) that the ICT element of the Basic Allowance be increased by £25 per annum to £415 per annum;***
- (ii) that the Special Responsibility Allowance for the Chairman of the Planning Committee be reset to 35% of the Leader's Special Responsibility Allowance;***
- (iii) that a Co-optees' Allowance of £55.36 be paid for meetings up to 4 hours in length and £110.72 for meetings over 4 hours in length;***
- (iv) that the current maximum hourly rate claimable for the childcare element of Dependants' Carers' Allowance be fixed at the current living wage of £8.45, with the cap on the number of hours that a member may claim aggregated to 52 hours per month;***
- (v) that the hourly rate for which elderly or dependant relative element of the Dependant Relatives' allowance is claimable be set at the Hampshire County Council rate for Home Care Help, currently £10.32 per hour;***
- (vi) that Part 3 and Appendix 3 of the Members' Allowances Scheme, relating to travel allowances, be clarified, as set out in the recommendation of the Independent Remuneration Panel;***
- (vii) that the Basic Allowance (including ICT allowance), Special Responsibility Allowances and Co-optees' Allowance be indexed to the annual percentage increase for local government staff at scale point 28, to be applied from the same year that applies to staff;***
- (viii) that travel allowance mileage rates be indexed to the HMRC approved mileage rates for motor vehicles, motor cycles and bicycles;***
- (ix) that the childcare element of Dependants' Carers' Allowance be indexed to the "living wage" hourly rate (outside of London) as defined by the Living Wage Foundation; and***
- (x) that the elderly and other dependant relatives element of the Dependants' Carers' Allowance be indexed to the median hourly rate charged for Home Help by Hampshire County Council.***

**4. HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL EXPENDITURE PROGRAMME 2018/19 (MINUTE 64)**

The Cabinet is recommending approval of the Housing Revenue Account budget and housing public sector capital expenditure programme for 2018/19. The proposed budget has been considered by the Tenant Involvement Group and their comments, in support of the proposals, are set out in paragraph 10 of Report Item 6 to the Cabinet. The Housing Revenue Account budget is attached as Appendix 1 to the Report.

Housing rents will be reduced by 1% to an average of £99.03 per week for 2018/19. This is in accordance with Government requirements, and the reduced income has been taken into account in the overall budget.

It is proposed that the service charges for hostels and older persons' accommodation will not be increased as current charges comply with the requirement to ensure that relevant costs are fully recovered from the users of the service.

Similarly, garage rents will remain unchanged at £10 per week (plus VAT for non-Housing Revenue Account tenants), as it has been concluded that this is the optimum charge for achieving the best income from this source.

The Cabinet has approved the 5 year programme of planned maintenance and improvement works, budgeted at £7.472 million, which is set out in Appendix 2 to Report Item 6 to the Cabinet. This will continue to meet the requirements of the "December Homes Standard".

A summary of income and expenditure for the Housing Revenue Account is set out in sections 3 and 4 of Report Item 6 to the Cabinet. The Budget will continue to be operated on a break even basis, maintaining a reserve balance of £1 million, with any additional funds being transferred to the Acquisitions and Development reserve.

A summary of the Capital Programme for 2018/19 is set out in section 6 of the report. Of particular note is that the proposed capital programme for 2018/19 reflects the Housing Buy Back and Development Strategy which was approved by the Cabinet in November 2016, and is £3.262 million more than the original programme for 2017/18.

There has been a significant loss of properties through the "Right to Buy" scheme, but the new build and acquisitions programme is delivering new properties, with 19 new properties in 2017/18 and significant progress being made towards construction on 2 sites that will deliver 52 units in 2018/19.

**RECOMMENDED:**

- (a) That the Housing Revenue Account budget, as set out in Appendix 1 to Report Item 6 to the Cabinet, be agreed;**
- (b) That from 02 April 2018, a reduction in rents of 1% from the 2017/18 rent level be agreed, in accordance with Government requirements;**
- (b) That no change be made to the service charge for hostel accommodation;**
- (d) That no change be made to the service charge for older persons' accommodation;**
- (e) That no change be made to the rent for garages; and**
- (f) That a 2018/19 Housing Capital Programme of £18.552m be agreed, as set out in paragraph 6.1 of Report Item 6 to the Cabinet.**

**5. MEDIUM TERM FINANCIAL PLAN - SETTING THE BUDGET FOR 2018/19 (MINUTE 65)**

The Cabinet is recommending approval of the Medium Term Financial Plan, the General Fund revenue and capital budgets for 2018/19 and the level of Band D Council Tax.

Since the Cabinet last considered the Medium Term Financial Plan in December 2017 there have been a number of developments, including a pay award offer of 2%, together with the introduction of a new minimum pay point of £8.50. Available resources have also increased, with additional New Homes Bonus and an increase in the Council Tax Base. The summary of available resources is attached as Appendix 1 to Report Item 7 to the Cabinet, with the revised budget requirements summarised in Appendix 2.

It is intended that there will be a limited use of reserves, principally for the second year of the 3 year ICT "Protect and Maintain Service Delivery" project; and also for the payment of one-off "construction grants", as recommended by the Community Overview and Scrutiny Panel as part of the Community Grants approvals (see item 2 above).

The General Fund net budget requirement, as set out in Appendices 4a and 4b to Report Item 7 to the Cabinet, is £17.243 million, an increase of £656,000 over the 2017/18 budget. Net savings and improved income totalling £1.377 million will absorb the expected pay and price increases of £1.130 million and make an important contribution towards offsetting the reductions in Government funding.

The proposed central support service business unit budgets are set out in Appendix 4c to Report Item 7 to the Cabinet. These costs are distributed across a number of portfolio areas.

The proposed Band D Council Tax is £168.36, an increase of £5 (3.06%) from 2017/18.

The proposed General Fund Capital Programme, totalling £7.673 million, is set out in Appendix 5 to Report Item 7 to the Cabinet. This includes 2 major projects to be funded from reserves and capital receipts. The first of these is the development of a depot on Council-owned land at Hardley Industrial Estate to replace Claymeadow Depot, Totton which currently does not operate satisfactorily. Budgetary provision is being included this year for the initial feasibility and preparatory work, leading to the preparation of a business case. The other significant project is investment to promote "Smarter Working". This will be a 3 year programme of investment and the current budget is indicative only, and only for the initial feasibility and preparatory work leading to the development of a business case.

A range of prudential indicators need to be approved each year and these are set out in Appendix 6 to Report Item 7 to the Cabinet.

It is proposed to increase the fees and charges for the Stillwater Park by 3.9%, in line with RPI inflation in September.



**RECOMMENDED:**

- (a) That is be agreed that there is a General Fund Net Budget Requirement in 2018/19 of £17,243,480 as set out in Appendix 4 to Report Item 7 to the Cabinet, including the use of reserves to finance the ICT “Protect and Maintain Frontline Services” projects, and one-off construction grants as set out in Appendix 3 to Report Item 7 to the Cabinet;**
- (b) That the site licence fees and service charges at Stillwater Park be increased by 3.9% in line with RPI inflation;**
- (c) That the Band D Council Tax for 2018/19 shall be £168.36;**
- (d) That the General Fund Capital Programme for 2018/19 of £7.673m, as set out in Appendix 5 to Report Item 7 to the Cabinet be approved; and**
- (e) That each of the prudential indicators, the Limits for 2018/19 to 2020/21 and the Minimum Revenue Provision Policy Statement, as set out in Appendix 6 to Report Item 7 to the Cabinet be approved and adopted.**

**6. FUTURE FOREST RECREATION MANAGEMENT STRATEGY PARTNERSHIP CONSULTATION (MINUTE 66)**

The Cabinet has received the findings of a “call for views” consultation led by the National Park Authority on the review of their Recreation Management Strategy 2010-2030. As one of the organisations with a remit for managing recreation in the National Park, this Council is one of the 6 statutory organisations represented on the Recreation Management Strategy Steering Group, together with the Forestry Commission, Verderers of the New Forest, Natural England, the County Council and the National Park Authority. The analysis of the responses received is set out in the Findings Report which is attached as Appendix 1 to Report Item 7 to the Cabinet, while the proposed “Next Steps” report is attached as Appendix 2. The next stage in the process is to develop a new suite of actions focussed on protecting the special landscapes of the Forest and managing recreation for local people and visitors. This will involve careful liaison between the key stakeholders, with the resulting actions being the subject of further consultation during the coming summer.

The Cabinet has confirmed that this Council will continue its commitment to partnership working to help draft the new actions for the update to the Recreation Management Strategy 2010-2030. In future the Portfolio Holder for Leisure and Wellbeing will attend meetings of the Strategy Steering Group, in addition to the officers, to carry forwards this Council’s commitment to playing its part in the process.

**7. ELECTORAL REVIEW OF THE DISTRICT COUNCIL (MINUTE 67)**

In support of a recommendation from the Corporate Overview and Scrutiny Panel the Cabinet is recommending that an approach is made to the Local Government Boundary Commission for England to review the Council’s electoral arrangements with the aim of reducing the number of members on the Council to approximately 48.

Following consideration of this issue in 2013/14 the Council decided not to pursue a review. The issue has however been revisited, following a question asked by Cllr J Ward of the Leader of the Council. A Task and Finish Group was accordingly

appointed in September 2016 and has explored various options. None of the criteria which would impose a duty on the Local Government Boundary Commission for England to undertake a review apply in this District and, if changes are thought appropriate, an approach to the Commission to undertake a review will be necessary.

The Task and Finish Group looked at a number of factors, including the number of electors per member in this authority and in comparable authorities; both now and projected to 2023. The Task and Finish Group's analysis of the arguments in favour and against a reduction in membership are set out in detail in section 3 of Report Item 9 to the Cabinet.

**RECOMMENDED:**

***That the Local Government Boundary Commission for England be requested to undertake a review of the electoral arrangements in the New Forest District with a view to reducing the number of members on the Council from 60 to approximately 48.***

**8. HOMELESSNESS REDUCTION ACT (MINUTE 68)**

Members have been briefed on the key changes to this Council's responsibilities that will be introduced by the Homelessness Reduction Act 2017.

There are a number of key changes compared to the current situation. The main ones that affect this Council are:

- The time period for which the local authority is responsible for responding to impending homelessness will be increased from 28 days to 56 days;
- The scope of the advice that must be provided to prevent homelessness is increased and must address the varying needs of enquirers;
- Once a person has established their eligibility for assistance, in accordance with the Asylum and Immigration Act 1996, all individuals, regardless of personal circumstances or priority need, will be entitled to a formal assessment of their case;
- In the light of the formal assessment the Council must try to agree a personalised housing plan with the individual, setting out the steps that both the individual and the Council should be required to take in order to have and retain suitable accommodation. These steps must be kept under regular review;
- The duty on the Council to prevent homelessness will be extended to all applicants, regardless of priority need and intentionality in causing homelessness. The reasonable steps that the Council must take to assist them must take into account the formal assessment of their case;
- Once someone has become homeless the Council must take reasonable steps to help them, based on a formal assessment of their case. This will now be irrespective of their priority need or intentionality in causing homelessness;
- If this initial relief duty does not resolve the homelessness and the Council's duty has not been discharged the application must be assessed under the full homelessness duty as it currently exists, with priority need and intentionality in causing homelessness taken into account;
- The time period for which the Council will be responsible for providing temporary accommodation for applicants that are in priority need but intentionally homeless will be greater;
- The duty to protect the property of homeless applicants will be extended to all eligible applicants, regardless of priority need;

- Applicants under the homelessness legislation will no longer need to demonstrate a local connection to qualify for an assessment, personalised housing plan or the duty to prevent homelessness. Applicants under the main housing duty will still be able to be referred to an authority where they have a local connection.
- Other public bodies, to be specified by Regulation, are expected to be able to refer individuals who they think may be homeless or threatened with homelessness. Effective partnership arrangements must be established to allow this to happen effectively.

The Act also imposes requirements on applicants under the legislation to ensure that they co-operate fully with the process.

The new processes will impose significant new burdens on this Council in respect of each application, and it is also expected there will be a significant increase in the number of applications for assistance. Additional employees are required to meet the challenges ahead.

The duty to provide temporary accommodation will also increase.

A significant amount of work is currently underway through the Council's Homelessness Team to respond to the challenges of the new legislation, as set out in paragraph 7.9 of Report Item 10 to the Cabinet. The budgetary implications, including the setting aside of £150,000 to meet the additional resource implications, are set out in section 8 of the report. Part of the additional cost will be met from additional government funding.

The Housing Portfolio Holder will be working closely with the Leisure and Wellbeing Portfolio Holder to develop essential relationships with partner organisations to meet the challenges presented by the new legislation, and in particular to address some of the underlying mental health issues that may be contributing to homelessness and street sleeping.

All members welcomed the opportunity to work on a cross-party basis to address the wider challenges presented by homelessness in the District, working to identify innovative approaches such as those that had been recognised as best practice in other areas. Further information on the Government's Gold Standard Programme for managing homelessness, will be brought to a future meeting of the Cabinet at the earliest opportunity.

## **9. RESPONSE TO LOCAL GOVERNMENT ASSOCIATION PEER REVIEW (MINUTE 69)**

The Cabinet has been updated on the actions being taken to respond to the recommendations of the Local Government Association Peer Review Group following their visit to this Council in October 2017. The current situation with respect to the Review Group's 8 recommendations is summarised in section 3 of Report Item 12 to the Cabinet.

The Cabinet has also approved the Corporate Framework that is attached as Appendix 1 to the report, which articulates how the Council's priorities are going to be delivered and identifies the strategies that will help support that delivery. In future, reports on performance will be aligned to the new Corporate Framework.

## **10. CONTRACT STANDING ORDERS (MINUTE 70)**

The Cabinet considers that the Standing Orders for contracts need to be revised to reflect current procurement processes. In addition, it is proposed to increase contract threshold values, for example to allow Service Managers to let contracts up to £15,000 (currently £5,000); and also the threshold requiring contracts to be openly advertised from £25,000 to £50,000. This will allow contracts below £50,000 to be made available to suppliers in the local economy, while allowing open advertising to widen competition should that be required. The proposed changes to threshold values are summarised in Annex A to the revised Contracts for Standing Orders. All contracts over £25,000 value will be overseen by the procurement team to vet the supplier selection process and ensure best value and service considerations are in place.

It is proposed that there should be greater clarity under the “Gateway Review” process to ensure that all procurement projects over the value of £25,000 are properly defined and project managed; there is effective communication about the project; roles and responsibilities are identified and assigned; and the opportunities and risks are identified.

### **RECOMMENDED:**

- (a) That the revised Contract Standing Orders, as attached as Appendix 1 to Report Item 13 to the Cabinet, be approved;**
- (b) That the Service Manager (Legal) in consultation with the Executive Head of Governance and Regulation be delegated authority to make minor changes to Contract Standing Orders; and**
- (c) That the scheme of delegation of powers to officers be updated to reflect the changes in the revised Contract Standing Orders.**

**COUNCILLOR B RICKMAN  
CHAIRMAN**

## **COUNCIL – 26 FEBRUARY 2018**

### **THE 2018/19 COUNCIL TAX**

#### **1. INTRODUCTION**

- 1.1 Members are required to calculate and set the Council Tax for 2018/19.
- 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 2018/19, 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 2018/19 COUNCIL TAX BILL**

- 2.1 This report recommends a Council Tax level of £1,693.78 for 2018/19. This is an average figure based on a band 'D' property and is an increase of £90.06 (5.62%) over the equivalent figure for 2017/18.
- # 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 2018/19 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 £1,612.52 to £1,740.66. The average figures are as follows :-

	2017/18	2018/19	INCREASE	
	AVERAGE £	AVERAGE £	£	%
New Forest District Council	163.36	168.36	5.00	3.06
Hampshire County Council	1,133.10	1,200.96	67.86	5.99
Police and Crime Commissioner for Hampshire	165.46	177.46	12.00	7.25
Hampshire Fire and Rescue Authority	63.84	65.74	1.90	2.98
	1,525.76	1,612.52	86.76	5.69
Parish/Town Councils	77.96	81.26	3.30	4.23
	1,603.72	1,693.78	90.06	5.62

- 2.5 The proposed 2018/19 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 2018/19 General Fund budget requirement, elsewhere on this agenda, totals £17,243,480. After deducting retained Business Rates, Government support and collection fund adjustments of £5,353,730, the District Council needs to raise £11,889,750 through Council Tax. This would require a District Council Tax of £168.36 for a Band D property, which means there is an increase of £5.00 (3.06%) over the equivalent figure for 2017/18.

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

- 4.1 Hampshire County Council met on the 22 February 2018 and set its precept upon this Council at £84,812,996. This results in a Band D Council Tax of £1,200.96, which represents an increase of £67.86 (5.99%) over the equivalent 2017/18 figure.

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

- 5.1 The Police and Crime Commissioner for Hampshire set a precept of £12,532,402 upon this Council. This results in a Band D Council Tax of £177.46, which represents an increase of £12.00 (7.25%) over the equivalent 2017/18 figure.

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

- 6.1 Hampshire Fire and Rescue Authority met on the 13 February 2018 and set its precept upon this Council at £4,642,625. This results in a Band D Council Tax of £65.74, which represents an increase of £1.90 (2.98%) over the equivalent 2017/18 figure.

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

- # 7.1 The Town and Parish Council precepts (Council Tax Requirements) for 2018/19 are detailed in Appendix 3 and total £5,738,450. This is an increase of £269,229 from 2017/18 and results in an average Band D Council Tax for 2018/19 of £81.26, an increase of £3.30 (4.23%) from 2017/18.

#### **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 11 December 2017 the Council calculated the Council Tax Base for the year 2018/19:

- (a) for the whole Council area as 70,621.0 [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 2018/19 (excluding Parish Precepts) is £11,889,750.
- 10.3 That the following amounts be calculated for the year 2018/19 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) £144,878,430 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) £127,250,230 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
  - (c) £17,628,200 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) £249.62 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) £5,738,450 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) £168.36 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	202.37
BEAULIEU	183.99
BOLDRE	193.53
BRAMSHAW	188.56
BRANSGORE	223.20
BREAMORE	192.91
BROCKENHURST	210.85
BURLEY	185.38
COPYTHORNE	183.80
DAMERHAM	205.61
DENNY LODGE	203.35
EAST BOLDRE	207.72
ELLINGHAM HARBRIDGE & IBSLEY	199.97
EXBURY & LEPE	168.36
FAWLEY	285.79
FORDINGBRIDGE	255.48
GODSHILL	214.52
HALE	213.49
HORDLE	213.76
HYDE	187.57
HYPHE & DIBDEN	264.25
LYMINGTON & PENNINGTON	271.79
LYNDHURST	223.82
MARCHWOOD	283.44
MARTIN	204.07
MILFORD-ON-SEA	204.99
MINSTEAD	195.37
NETLEY MARSH	189.58
NEW MILTON	247.27
RINGWOOD	260.65
ROCKBOURNE	243.38
SANDLEHEATH	195.52
SOPLEY	225.04
SWAY	204.66
TOTTON & ELING	296.50
WHITSBURY	185.73
WOODGREEN	198.69

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	134.91	157.40	179.88	202.37	247.34	292.31	337.28	404.74
BEAULIEU	122.65	143.11	163.54	183.99	224.87	265.76	306.64	367.98
BOLDRE	129.01	150.53	172.02	193.53	236.53	279.54	322.54	387.06
BRAMSHAW	125.70	146.66	167.61	188.56	230.46	272.36	314.26	377.12
BRANSGORE	148.79	173.61	198.40	223.20	272.79	322.40	371.99	446.40
BREAMORE	128.60	150.05	171.47	192.91	235.77	278.65	321.51	385.82
BROCKENHURST	140.56	164.00	187.42	210.85	257.70	304.56	351.41	421.70
BURLEY	123.58	144.19	164.78	185.38	226.57	267.77	308.96	370.76
COPYTHORNE	122.53	142.96	163.38	183.80	224.64	265.49	306.33	367.60
DAMERHAM	137.07	159.92	182.76	205.61	251.30	296.99	342.68	411.22
DENNY LODGE	135.56	158.17	180.75	203.35	248.53	293.73	338.91	406.70
EAST BOLDRE	138.47	161.57	184.64	207.72	253.87	300.04	346.19	415.44
ELLINGHAM HARBRIDGE & IBSLEY	133.31	155.54	177.75	199.97	244.40	288.84	333.28	399.94
EXBURY & LEPE	112.23	130.95	149.65	168.36	205.77	243.19	280.59	336.72
FAWLEY	190.52	222.29	254.03	285.79	349.29	412.81	476.31	571.58
FORDINGBRIDGE	170.31	198.71	227.09	255.48	312.25	369.03	425.79	510.96
GODSHILL	143.01	166.85	190.68	214.52	262.19	309.86	357.53	429.04
HALE	142.32	166.05	189.77	213.49	260.93	308.37	355.81	426.98
HORDLE	142.50	166.26	190.01	213.76	261.26	308.76	356.26	427.52
HYDE	125.04	145.89	166.73	187.57	229.25	270.93	312.61	375.14
HYPHE & DIBDEN	176.16	205.53	234.89	264.25	322.97	381.69	440.41	528.50
LYMINGTON & PENNINGTON	181.19	211.40	241.59	271.79	332.18	392.58	452.98	543.58
LYNDHURST	149.21	174.09	198.95	223.82	273.55	323.29	373.03	447.64
MARCHWOOD	188.95	220.46	251.94	283.44	346.42	409.41	472.39	566.88
MARTIN	136.04	158.73	181.39	204.07	249.41	294.77	340.11	408.14
MILFORD-ON-SEA	136.65	159.44	182.21	204.99	250.54	296.10	341.64	409.98
MINSTEAD	130.24	151.96	173.66	195.37	238.78	282.20	325.61	390.74
NETLEY MARSH	126.38	147.46	168.51	189.58	231.70	273.84	315.96	379.16
NEW MILTON	164.84	192.33	219.79	247.27	302.21	357.17	412.11	494.54
RINGWOOD	173.76	202.73	231.69	260.65	318.57	376.49	434.41	521.30
ROCKBOURNE	162.25	189.30	216.34	243.38	297.46	351.55	405.63	486.76
SANDLEHEATH	130.34	152.08	173.79	195.52	238.96	282.42	325.86	391.04
SOPLEY	150.02	175.04	200.03	225.04	275.04	325.06	375.06	450.08
SWAY	136.43	159.19	181.92	204.66	250.13	295.62	341.09	409.32
TOTTON & ELING	197.66	230.62	263.55	296.50	362.38	428.28	494.16	593.00
WHITSBURY	123.81	144.46	165.09	185.73	227.00	268.28	309.54	371.46
WOODGREEN	132.45	154.54	176.61	198.69	242.84	287.00	331.14	397.38

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 2018/19 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	800.64	934.08	1,067.52	1,200.96	1,467.84	1,734.72	2,001.60	2,401.92
POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE AUTHORITY	118.31	138.02	157.74	177.46	216.90	256.33	295.77	354.92
HAMPSHIRE FIRE AND RESCUE AUTHORITY	43.83	51.13	58.44	65.74	80.35	94.96	109.57	131.48
	962.78	1,123.23	1,283.70	1,444.16	1,765.09	2,086.01	2,406.94	2,888.32

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 2018/19 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	1,097.69	1,280.63	1,463.58	1,646.53	2,012.43	2,378.32	2,744.22	3,293.06
BEAULIEU	1,085.43	1,266.34	1,447.24	1,628.15	1,989.96	2,351.77	2,713.58	3,256.30
BOLDRE	1,091.79	1,273.76	1,455.72	1,637.69	2,001.62	2,365.55	2,729.48	3,275.38
BRAMSHAW	1,088.48	1,269.89	1,451.31	1,632.72	1,995.55	2,358.37	2,721.20	3,265.44
BRANSGORE	1,111.57	1,296.84	1,482.10	1,667.36	2,037.88	2,408.41	2,778.93	3,334.72
BREAMORE	1,091.38	1,273.28	1,455.17	1,637.07	2,000.86	2,364.66	2,728.45	3,274.14
BROCKENHURST	1,103.34	1,287.23	1,471.12	1,655.01	2,022.79	2,390.57	2,758.35	3,310.02
BURLEY	1,086.36	1,267.42	1,448.48	1,629.54	1,991.66	2,353.78	2,715.90	3,259.08
COPYTHORNE	1,085.31	1,266.19	1,447.08	1,627.96	1,989.73	2,351.50	2,713.27	3,255.92
DAMERHAM	1,099.85	1,283.15	1,466.46	1,649.77	2,016.39	2,383.00	2,749.62	3,299.54
DENNY LODGE	1,098.34	1,281.40	1,464.45	1,647.51	2,013.62	2,379.74	2,745.85	3,295.02
EAST BOLDRE	1,101.25	1,284.80	1,468.34	1,651.88	2,018.96	2,386.05	2,753.13	3,303.76
ELLINGHAM HARBRIDGE & IBSLEY	1,096.09	1,278.77	1,461.45	1,644.13	2,009.49	2,374.85	2,740.22	3,288.26
EXBURY & LEPE	1,075.01	1,254.18	1,433.35	1,612.52	1,970.86	2,329.20	2,687.53	3,225.04
FAWLEY	1,153.30	1,345.52	1,537.73	1,729.95	2,114.38	2,498.82	2,883.25	3,459.90
FORDINGBRIDGE	1,133.09	1,321.94	1,510.79	1,699.64	2,077.34	2,455.04	2,832.73	3,399.28
GODSHILL	1,105.79	1,290.08	1,474.38	1,658.68	2,027.28	2,395.87	2,764.47	3,317.36
HALE	1,105.10	1,289.28	1,473.47	1,657.65	2,026.02	2,394.38	2,762.75	3,315.30
HORDLE	1,105.28	1,289.49	1,473.71	1,657.92	2,026.35	2,394.77	2,763.20	3,315.84
HYDE	1,087.82	1,269.12	1,450.43	1,631.73	1,994.34	2,356.94	2,719.55	3,263.46
HYPHE & DIBDEN	1,138.94	1,328.76	1,518.59	1,708.41	2,088.06	2,467.70	2,847.35	3,416.82
LYMINGTON & PENNINGTON	1,143.97	1,334.63	1,525.29	1,715.95	2,097.27	2,478.59	2,859.92	3,431.90
LYNDHURST	1,111.99	1,297.32	1,482.65	1,667.98	2,038.64	2,409.30	2,779.97	3,335.96
MARCHWOOD	1,151.73	1,343.69	1,535.64	1,727.60	2,111.51	2,495.42	2,879.33	3,455.20
MARTIN	1,098.82	1,281.96	1,465.09	1,648.23	2,014.50	2,380.78	2,747.05	3,296.46
MILFORD-ON-SEA	1,099.43	1,282.67	1,465.91	1,649.15	2,015.63	2,382.11	2,748.58	3,298.30
MINSTEAD	1,093.02	1,275.19	1,457.36	1,639.53	2,003.87	2,368.21	2,732.55	3,279.06
NETLEY MARSH	1,089.16	1,270.69	1,452.21	1,633.74	1,996.79	2,359.85	2,722.90	3,267.48
NEW MILTON	1,127.62	1,315.56	1,503.49	1,691.43	2,067.30	2,443.18	2,819.05	3,382.86
RINGWOOD	1,136.54	1,325.96	1,515.39	1,704.81	2,083.66	2,462.50	2,841.35	3,409.62
ROCKBOURNE	1,125.03	1,312.53	1,500.04	1,687.54	2,062.55	2,437.56	2,812.57	3,375.08
SANDLEHEATH	1,093.12	1,275.31	1,457.49	1,639.68	2,004.05	2,368.43	2,732.80	3,279.36
SOPLEY	1,112.80	1,298.27	1,483.73	1,669.20	2,040.13	2,411.07	2,782.00	3,338.40
SWAY	1,099.21	1,282.42	1,465.62	1,648.82	2,015.22	2,381.63	2,748.03	3,297.64
TOTTON & ELING	1,160.44	1,353.85	1,547.25	1,740.66	2,127.47	2,514.29	2,901.10	3,481.32
WHITSBURY	1,086.59	1,267.69	1,448.79	1,629.89	1,992.09	2,354.29	2,716.48	3,259.78
WOODGREEN	1,095.23	1,277.77	1,460.31	1,642.85	2,007.93	2,373.01	2,738.08	3,285.70

**For Further Information:**

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**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 2018/19 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	111,472,530	99,582,780	11,889,750
HRA	27,667,450	27,667,450	0
Town/Parish Precept	<u>5,738,450</u>	<u>0</u>	<u>5,738,450</u>
	<u>144,878,430</u>	<u>127,250,230</u>	<u>17,628,200</u>
	(a)	(b)	(c)

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

	<b>£</b>
District	168.36
Average Town/Parish	81.26
	<u>249.62</u>

(e) £5,738,450 is the total of the Town/Parish Council precepts as shown in Appendix 3.

(f) £168.36 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 2018/19 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	2018/19			
	COUNCIL TAX REQUIREMENT	TAX BASE PROPERTIES	COUNCIL TAX PER BAND D	COUNCIL TAX INC. / (-) DEC. FROM 2017/18
	£		£	£
ASHURST AND COLBURY	31,520	926.80	34.01	-0.15
BEAULIEU	8,000	511.80	15.63	-0.02
BOLDRE	26,832	1,066.10	25.17	0.65
BRAMSHAW	7,000	346.50	20.20	0.62
BRANGSORE	99,500	1,814.50	54.84	2.06
BREAMORE	4,400	179.20	24.55	0.27
BROCKENHURST	79,080	1,861.00	42.49	0.00
BURLEY	13,467	791.30	17.02	-0.24
COPYTHORNE	18,675	1,209.30	15.44	1.36
DAMERHAM	8,750	234.90	37.25	-0.51
DENNY LODGE	5,416	154.80	34.99	0.25
EAST BOLDRE	15,000	381.10	39.36	0.12
ELLINGHAM HARBRIDGE AND IBSLEY	19,175	606.70	31.61	-0.05
EXBURY AND LEPE	0	116.10	0.00	0.00
FAWLEY	534,157	4,548.90	117.43	4.14
FORDINGBRIDGE	198,550	2,279.00	87.12	0.66
GODSHILL	10,373	224.70	46.16	-0.66
HALE	11,797	261.40	45.13	8.37
HORDLE	108,680	2,393.60	45.40	3.97
HYDE	9,950	518.00	19.21	1.04
HYTHE AND DIBDEN	708,640	7,390.00	95.89	1.50
LYMINGTON AND PENNINGTON	742,351	7,177.40	103.43	2.96
LYNDHURST	80,000	1,442.50	55.46	4.23
MARCHWOOD	237,200	2,061.20	115.08	2.85
MARTIN	7,049	197.40	35.71	5.98
MILFORD-ON-SEA	101,944	2,783.30	36.63	1.13
MINSTEAD	10,000	370.30	27.01	-0.27
NETLEY MARSH	17,303	815.60	21.22	0.13
NEW MILTON	825,234	10,457.90	78.91	10.03
RINGWOOD	485,196	5,257.30	92.29	2.69
ROCKBOURNE	12,333	164.40	75.02	-0.60
SANDLEHEATH	7,575	278.90	27.16	1.63
SOPLEY	21,000	370.50	56.68	-14.97
SWAY	61,747	1,700.80	36.30	0.80
TOTTON AND ELING	1,201,150	9,373.40	128.14	2.73
WHITSBURY	1,800	103.60	17.37	-0.36
WOODGREEN	7,606	250.80	30.33	0.53
	<b>5,738,450</b>	<b>70,621.00</b>	<b>81.26</b>	

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