

AGENDA FOR THE EXECUTIVE

Date: Monday, 7 November 2016

Time: 6.00 pm

Venue: Collingwood Room - Civic Offices

Executive Members:

Councillor S D T Woodward, Policy and Resources (Executive Leader)

Councillor T M Cartwright, MBE, Public Protection (Deputy Executive Leader)

Councillor Miss S M Bell, Leisure and Community

Councillor K D Evans, Planning and Development

Councillor Miss T G Harper, Streetscene

Councillor Mrs K Mandry, Health and Housing

1. Apologies for Absence

2. Minutes (Pages 5 - 8)

To confirm as a correct record the minutes of the meeting of Executive held on 10 October 2016.

3. Executive Leader's Announcements

4. Declarations of Interest

To receive any declarations of interest from members in accordance with Standing Orders and the Council's Code of Conduct.

5. Petitions

6. Deputations

To receive any deputations, of which notice has been lodged.

7. Minutes / References from Other Committees

To receive any reference from the committees or panels held.

Matters for Decision in Public

Note: Where an urgent item of business is raised in accordance with Part 3 of the Constitution, it will be considered with the relevant service decisions as appropriate.

8. Public Protection

Key Decision

(1) Public Spaces Protection Order (Pages 9 - 32)

A report by the Director of Planning and Regulation.

9. Policy and Resources

Key Decision

(1) Vanguard Process (Pages 33 - 62)

A report by the Director of Finance and Resources.

(2) Development of sites at 96 Highlands Road and 2 Fareham Park Road (Pages 63 - 74)

A report by the Director of Finance and Resources.

Non-Key Decision

(3) Finance Monitoring Report 2016/17 (Pages 75 - 86)

A report by the Director of Finance and Resources.

(4) Treasury Management Monitoring Report 2016/17 (Pages 87 - 100)

A report by the Director of Finance and Resources.

P GRIMWOOD
Chief Executive Officer

www.fareham.gov.uk

28 October 2016

**For further information please contact:
Democratic Services, Civic Offices, Fareham, PO16 7AZ
Tel: 01329 236100
democraticservices@fareham.gov.uk**

FAREHAM

BOROUGH COUNCIL

**Minutes of the
Executive**
(to be confirmed at the next meeting)

Date: Monday, 10 October 2016

Venue: Collingwood Room - Civic Offices

Present:

S D T Woodward, Policy and Resources (Executive Leader)
T M Cartwright, MBE, Public Protection (Deputy Executive Leader)
Miss S M Bell, Leisure and Community
K D Evans, Planning and Development
Miss T G Harper, Streetscene
Mrs K Mandry, Health and Housing

Also in attendance:

B Bayford, Chairman of Health and Housing Policy Development and Review Panel
Mrs S M Bayford, Chairman of Scrutiny Board
Mrs P M Bryant, Chairman of Licensing and Regulatory Affairs Committee
M J Ford, JP, Chairman of Public Protection Policy Development and Review Panel
L Keeble, Chairman of Streetscene Policy Development and Review Panel
A Mandry, Chairman of Planning and Development Policy Development and Review Panel



1. APOLOGIES FOR ABSENCE

There were no apologies given for this meeting.

2. MINUTES

RESOLVED that the minutes of the Executive held on the 05 September 2016 be confirmed and signed as a correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

The Executive Leader placed on record his thanks to all Officers who were involved with the Holly Hill Leisure Centre project, for which the official opening took place earlier that day. The project has reached a successful conclusion and is one of the largest projects in the history of the Council.

Olympic Gold Medalist, Adam Peaty formally opened the Leisure Centre which marked his first official opening and he met members of the public, including the many youngsters who were in attendance.

Reiterating his thanks to Officers and to the Members who were involved, the Executive Leader stated that this long awaited Leisure Centre will bring many benefits to people across the Borough.

4. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

5. PETITIONS

There were no Petitions submitted at this meeting.

6. DEPUTATIONS

There were no Deputations made at this meeting.

7. MINUTES / REFERENCES FROM OTHER COMMITTEES

There were no minutes or references from other committees brought to this meeting.

8. LEISURE AND COMMUNITY

(1) Holly Hill Play and Recreational Facilities

RESOLVED that the Executive approves £130,000 from the section 106 contributions for outdoor sport and recreation for the construction of a new multi-use games area and items of outdoor equipment on the land adjacent to Holly Hill Leisure Centre.

9. POLICY AND RESOURCES

(1) Medium Term Finance Strategy

RESOLVED that the Executive agrees:

- (a) the Council's finance strategy and the budget guidelines for 2017/18, as set out in the finance strategy document attached to this report; and
- (b) to submit the update Pay Policy, annexed to the Medium Term Finance Strategy, to Council for approval.

(2) Efficiency Savings

RESOLVED that the Executive:-

- (a) notes the proposed reductions in the staffing establishment, as set out in the report;
- (b) agrees the proposal to meet redundancy costs from transitional grants and existing establishment budgets; and
- (c) agrees the savings under the headings "procurement", "proceeds and "priorities" subject to a decision by the Council on the 2017/18 council tax at the appropriate time.

(3) Commercial Acquisition

RESOLVED that the Executive:-

- (a) agrees to the purchase of the commercial investment; and
- (b) approves the of terms set out in confidential Appendix A.

(The meeting started at 6.00 pm
and ended at 6.16 pm).

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 7 November 2016

Portfolio:	Public Protection
Subject:	Public Spaces Protection Order
Report of:	Director of Planning and Regulation
Strategy/Policy:	Community Safety Strategy
Corporate Objective:	A Safe and Healthy Place to Live and Work

Purpose:
To implement a Public Spaces Protection Order under section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014 following the statutory consultation

Executive summary:
Fareham Town Centre is experiencing an increase in begging, street drinking, taking of drugs and rough sleeping which is having a detrimental effect on the quality of life of those who live, work in and visit Fareham.

Recommendation/Recommended Option:
That the Executive agrees to implement a Public Spaces Protection Order under section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014

Reason:
Begging, Street drinking, taking of drugs and rough sleeping are becoming increasingly prevalent in Fareham Town Centre and having a detrimental impact on the quality of life for those who live, work in and visit Fareham.

Cost of proposals:
Costs associated if Order is confirmed in the future – erecting signs, legal process

- Appendices:**
- A: Draft Order**
 - B: Map of area**
 - C: Consultation Report**
 - D: EIA**

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	7 November 2016
Subject:	Public Spaces Protection Order
Briefing by:	Director of Planning and Regulation
Portfolio:	Public Protection

INTRODUCTION

1. The Anti-Social Behaviour Crime and Policing Act 2014, which came into force in October 2014, brought in new powers to allow Local Authorities to better tackle anti-social behaviour in their area. One of these powers was the ability to make a Public Spaces Protection Order (PSPO). These powers were discussed by the Council's Executive on 7 July 2016 and approval granted to commence a consultation.
2. Fareham is a safe place to live, work and visit and crime rates in the town centre and borough are low. Begging, street drinking, taking of drugs and rough sleeping are becoming increasingly prevalent in Fareham Town Centre and are having a detrimental impact on the quality of life for residents, businesses and visitors.
3. The Council consulted on the making of a Public Spaces Protection Order (PSPO) in the summer of 2016, to assist in addressing the issues above.
4. The Police, Fareham Borough Council and Community Safety Partners including Catch 22, Hampshire and Isle of Wight Community Rehabilitation Company, Public Health England, Two Saints, Avalon's Inclusion Team, Department for Work and Pensions, Fareham Drugs and Alcohol Action Group, Adult Mental Health, Hampshire Youth Offending Team and the Fire Service worked together and tried a number of measures to reduce this anti-social behaviour and some of these have been successful with certain individuals. However the area has also attracted many other individuals from other parts of Hampshire and the problems have continued. Following representations by the police, shopkeepers, residents and members of the public, the Council's community safety team decided that it should consider using the powers granted to it under new legislation.
5. This Public Space Protection Order proposes to bring in a controlled alcohol zone and range of controls to prevent, street drinking, rough sleeping, begging and the taking of drugs in public place for the shaded area of Fareham Town Centre shown on the map (Appendix B). These measures will mean that, whilst it is not an offence to drink alcohol, beg, sleep rough in a public space, it will be an offence to fail to comply with a request by an authorised officer to cease drinking or surrender alcohol, cease using drugs,

cease begging aggressively.

6. The order will provide the police and other accredited officers with the power to require individuals to stop consuming alcohol, taking drugs, begging and rough sleeping within the designated public place. Such an order provides a power of confiscation and disposal of the substance, plus a police power of arrest for an individual failing to comply with directions.
7. Failure to comply can lead to prosecution or the issuing of a fixed penalty notice of a maximum of £100.
8. These discretionary powers will allow authorised officers to take positive action where appropriate and prevent disorder; the alcohol or drug consumption and begging must be associated with anti-social or disorderly behaviour or the belief that such behaviour may occur.
9. The proposed order is similar to the Designated Public Place Order (DPPO) already in place in the whole of Fareham since 2007 and used successfully by local police officers to stop anti-social behaviour related to alcohol consumption through engagement and confiscations where necessary and there have been no prosecutions.

Consultation

10. In addition to the statutory consultees, it is best practice to consult more widely and thus a public consultation was undertaken between 17 August 2016 and 27 September 2016. This was publicised on the Council's website, making use of social media and other communications to make people aware of the consultation exercise.

Results of the Consultation

11. 544 responses were received to a survey which was the preferred method of collating responses to the consultation. There emails and letters received during the consultation period. A copy of the consultation analysis can be found in Appendix C.
12. The respondents were mainly either residents from the area or staff/owners of local businesses.
13. Of the 544 responses, 96% (481) wanted Police and authorised officers to have extra powers to tackle street drinking, 98% (491) wanted Police and authorised officers to have extra powers to tackle drug taking in public places. 91% (454) wanted Police and authorised officers to have extra powers to tackle persistent and aggressive begging and finally 81% (406) of respondents wanted Police and authorised officers to have extra powers to tackle rough sleeping.
14. The local police are fully supportive of this PSPO and indeed proposed it along with others. There were a minority of returns that had negative comments about the introduction of a PSPO and these are summed up in Appendix C.
15. There are clear concerns from residents and business representatives about the problem with the consumption of alcohol, begging, taking of drugs in public places, and associated anti-social behaviour, in the centre of Fareham. There is a concern that this creates a negative perception of the town and feelings of being unsafe and intimidated as a result of the behaviours seen. It is suggested that the introduction of a PSPO will send a clear message that inappropriate behaviour associated with the consumption of alcohol, begging and taking of drugs in public places will not be tolerated.

16. It is not suggested that the PSPO will alone solve the problems but it does provide the police and authorised officers with an enforcement tool which can be used with discretion and allow the confiscation of the alcohol, a power which the police only have at present in respect of those under the age of 18.
17. It is recognised that there needs to be support for those who have problems of substance misuse and homelessness and the council and police will continue to work with charities, substance misuse and housing services to try and help those in need. The issues are monitored on a monthly basis through the multi-agency Partnership Action Group.

Support and Initiatives

18. Since 2014 the steady increase in anti-social behaviour and crime associated with street drinkers. In summer of 2016 a substantial increase in crimes associated with drinking, violence and drugs increased in areas around West Street, which included Trinity Church Gardens, Museum Gardens, The Gillies, Gardens of Reflection and Osborn Road Multi-storey car park. Statistically between the five month period of November 2015 – March 2016 and April 2016 – August 2016, reported Anti-Social Behaviour has risen in Fareham East Ward by 22%. All crime comparative within the same time frame has also risen by 16%. According to research carried out via the Police Record Management System, 694 incidents were reported to Police between 24/02/2016 and 31/08/2016 in the Fareham East Ward. This exclusively includes all ASB offences, theft, all public order offences, assaults, assaults on Police, domestic disputes and other disputes and drug offences. Of those, 208 were proven to be directly linked to those affiliated with the rough sleeper/ street drinking nominals.
19. It can therefore be said, in relation to the aforementioned offences, the same rough sleeper/street drinker group were responsible for 1 in 3 calls to Police during that 6 month period. As a result of this increase, the fortnightly Tactical Planning Meeting and monthly Partnership Action Group identified this issue as a District Priority and identified the locations as Priority Patrol Areas.
20. All street drinkers/rough sleepers have been given information to seek help for their respective addictions, housing, health and benefit needs. Joint agency patrols took place throughout June, July, August and September 2016. Agencies attending included Police, Homeless Charities, Churches, Fareham Borough Council, Inclusion, Two Saints, Public Health England, Fire Service and ward councillors.
21. Police and Fareham Borough Council also worked in partnership with Emmaus Hampshire, a homeless charity, who came on joint patrols in Fareham. Three people have taken their offer of assistance and are engaging with their programme in Winchester.
22. In 2015, in addition to the food voucher initiative, a welfare drop-in facility was explored. A regular date was set up between Two Saints and Café Imbizo whereby Two Saints Outreach would set up in the café for anybody homeless or in need could easily access the support services. Unfortunately this was rarely attended and ceased to operate in 2016 through lack of willing attendees. Two Saints and Inclusion have outreach officers that continually engage with the street drinkers and rough sleepers on the streets and direct them to support.
23. The food voucher initiative was replaced by a scheme between Café Imbizo, Inclusion, Citizens Advice and Two Saints, whereby vouchers were issued that allowed for a free

drink and/or sandwich to the recipient only. This ensured only those engaging proactively with services would be able to access the incentive and continues to successfully operate to this date. Additional support agencies will be added to assist with housing, employment and debt advice.

24. A “reduce the strength” campaign has been initiated in Fareham through joint work between Police and the Council’s Licensing Team. Licensed premises have voluntarily removed high strength beers and ciders from their shelves. This has been overwhelmingly successful, with most stores willingly engaging with the initiative and many removing the drink from their shelves with immediate effect. Work is still on-going with a minority of stores who continue to sell the high strength alcohol.
25. 101 Gosport Road provides sheltered accommodation for the homeless. They have 18 beds available and a small number of emergency beds. Residents are required to contribute towards their stay and adhere to rules.

Equalities

26. The Council has a public sector equality duty under the Equalities Act 2010 to have due regard to tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. The Equality Impact Assessment in Appendix D sets out the protected characteristics, responses to the consultation from the public and mitigating actions supporting a positive partnership approach.
27. The PSPO will apply to all individuals committing anti-social behaviour within the designated area, without discrimination.

Conclusion

28. The Anti-social behaviour, Crime and Policing Act 2014 permits a PSPO to be imposed where there is evidence that consumption of alcohol or drugs, begging in a public is associated with anti-social behaviour. A formal public consultation has been carried out, which resulted in an overwhelming desire for the Council to implement such an Order. It is proposed that the order be made for three years
29. An interested person (as defined in Section 66(1) of the aforementioned Act) may apply to the High Court to question the validity of the order or any variation thereof on the grounds specified in section 66(2) of the Act within 6 weeks of the date of the order or any subsequent variation.
30. During this 6 week period, officers will, if the order is made, prepare signage, and finalise the procedures for issuing of Fixed Penalty Notices should they be required. The Order will be widely published in the area and awareness raising will be undertaken so that members of the public are conversant with the terms of the Order.

Enquiries:

For further information on this report please contact Narinder Bains (Ext 4496)

DRAFT ORDER

ANTI-SOCIAL BEHAVIOUR, CRIME AND POLICING ACT 2014

SECTION 59

PUBLIC SPACES PROTECTION ORDER 2015

**The Fareham Borough Council (Town Centre) Public Spaces Protection Order
No. 1 of 2016**

Fareham Borough Council (“The Council”) makes the following Order in exercise of its powers under s.59 of the Anti-Social Behaviour, Crime and Policing Act 2014 (“The Act”)

1. This Order may be cited as the Fareham Borough Council (Town Centre) Public Spaces Protection Order (“the Order”)
2. This Order takes effect on the _____ 20 and continues to have effect for a period of three years thereafter.
3. This Order applies to the land (“the Restricted Area”) and is shown red on the attached plan (“the Order plan”).
4. This Order applies to all persons within the Restricted Area at all times of the day and night.

Prohibitions

- I. Persons not to act in a manner that causes harassment, alarm or distress as a result of consuming alcohol, use of drugs or begging within the Restricted Area.
- II. No person shall within the restricted area refuse to stop drinking alcohol or hand over containers (sealed or unsealed) which are believed to contain alcohol, drugs and paraphernalia when required to do so by an authorised officer to prevent public nuisance and disorder.

The Council is satisfied that the conditions set out in Sections 59 and 72 of the Act have been satisfied and that it is, in all the circumstances, expedient to make this Order for the purposes of reducing anti-social behaviour in the Restricted Area. The Council is satisfied that activities have been carried out in the Restricted Area that have a detrimental effect on the quality of life of those in the locality. Furthermore the

Council is satisfied that the effect of the activities is, or is likely to be, of a persistent or continuing nature, and is, or is likely to be such as to make the activity unreasonable and the effect justifies the restrictions imposed.

The Council makes this Order because people have been gathering in the Restricted Area and consuming alcohol and acting in a manner causing alarm, harassment and distress to the local community.

Offences

Failure without reasonable excuse to comply with the prohibitions or requirements imposed by this Order is a summary offence under Section 67 of the Act. A person guilty of an offence under Section 67 of the Act is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

Failure to comply with a requirement of a constable or an authorised person not to consume alcohol or anything they reasonably believe to be alcohol; or to surrender anything which a constable or authorised officer reasonably believes to be alcohol or a container for alcohol, is a summary offence under Section 63 of the Act. A person guilty of an offence under Section 63 of the Act is liable on summary conviction to a fine not exceeding level 2 on the standard scale.

SCHEDULE 1

The land to which this Order applies includes the following:

Parts of Fareham Town Centre and as shown on the attached map within the area marked in red.

For the avoidance of doubt the Restricted Area is shown red on the attached Order plan.

Dated this day of 20

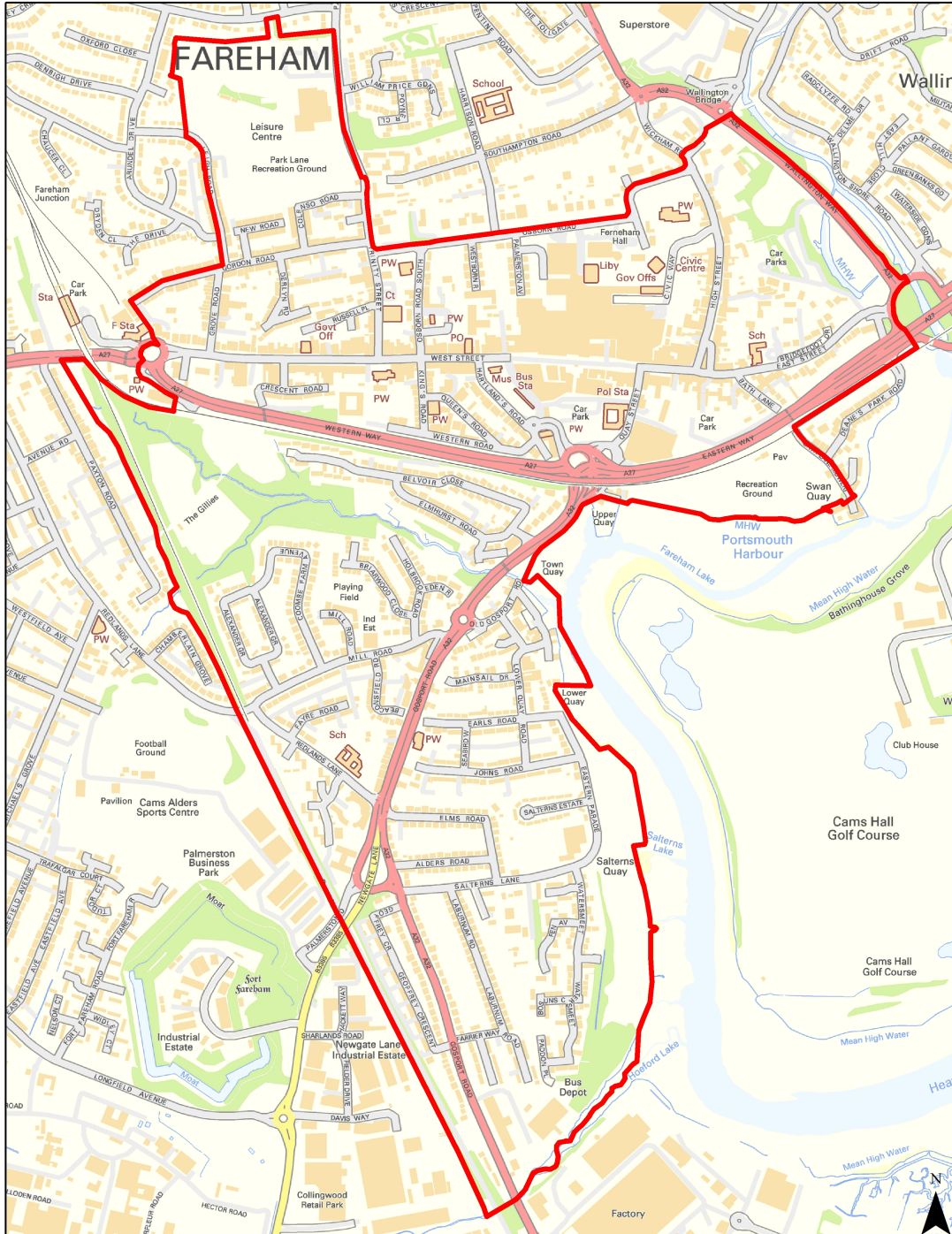
The Common Seal of Fareham Borough Council

Was affixed to this Order in the presence of -

.....
.....

Authorised by the Council to sign in that behalf

Public Space Protection Order



FAREHAM
BOROUGH COUNCIL

This map is reproduced from Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationary Office © Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Licence 100019110, 2015.

Public Space Protection Order Consultation Analysis

Introduction

1. Fareham Borough Council undertook consultation with residents and interested organisations regarding proposals to initiate a Public Spaces Protection Order in the town centre between 17 August and 27 September 2016.
2. Respondents were asked a number of questions relating to the introduction of a Public Spaces Protection Order (PSPO) to give Police Officers and Police Community Support Officers extra powers to tackle instances of street drinking, drug taking, begging and sleeping rough in the Town Centre.

Our principles for consultation

3. The Council aims to give everyone an equal opportunity to influence and comment on changes to services. Our engagement and consultation will:
 - **Have a purpose:** We will consult on policies and plans at a formative stage and only ask questions on issues that have not been decided on yet
 - **Be informative and clear:** We will provide information in plain English that is clear and balanced and helps everyone contribute to the process
 - **Be promoted and targeted:** We will promote consultations widely and target people, businesses and organisations who may be most affected by a policy.
 - **Use a variety of methods:** We will understand the needs of different audiences and engage and consult in a way that suits them, making best use of new technologies and methods
 - **Be open and transparent:** We will publish feedback and responses to the consultation in a timely fashion and explain how consultation responses have informed decision making.

How did we engage people during the consultation?

4. In order to allow as many people to take part as possible the survey was available online via our website and paper copies were provided at the Civic Offices and also on request.
5. The six week consultation period was judged to be a sufficient period of time to gather the views of a range of interested parties and is in line with reasonable expectation for this type of proposal.
6. The structure of the questionnaire allowed explanatory and supporting information to be presented to respondents. This included information on our work with the police and a range of specialised organisations such as local substance misuse support groups and a homelessness charity, to support people and help them to try and turn their lives around. This helped to ensure that

participants were aware of the background and context to the Council's proposals.

How did we promote the survey?

7. As with all the Council's consultations, we worked to ensure that the proposals were presented in a clear and easy to understand way. Every effort was made to ensure that as many people as possible were aware of the proposed changes and had an opportunity to have their say during the consultation. The following promotional channels were used:

- **Social Media:** The consultation was promoted with links to the survey on Facebook and twitter. The posts were shared by residents and groups a number of times during the consultation per
- **E-panel requests:** Emails with links to the survey were sent to over 2,000 residents.
- **Council Connect:** The consultation was accessible on the Council's digital service and information point in the shopping centre in Fareham Town Centre.
- **Contacted local sheltered housing schemes:** Paper copies of the survey were sent to schemes within the town centre.
- **Press release:** An initial press release was sent out followed by a reminder one during the consultation. This resulted in significant coverage in the local press as well as on Radio Solent.
- **Website:** The consultation was promoted on the Council's homepage throughout the consultation period.
- **Notice boards:** The consultation was promoted on all of the Council's 43 public notice boards around the Borough.
- **Partner Invites:** Relevant partner organisations were invited to take part by email.

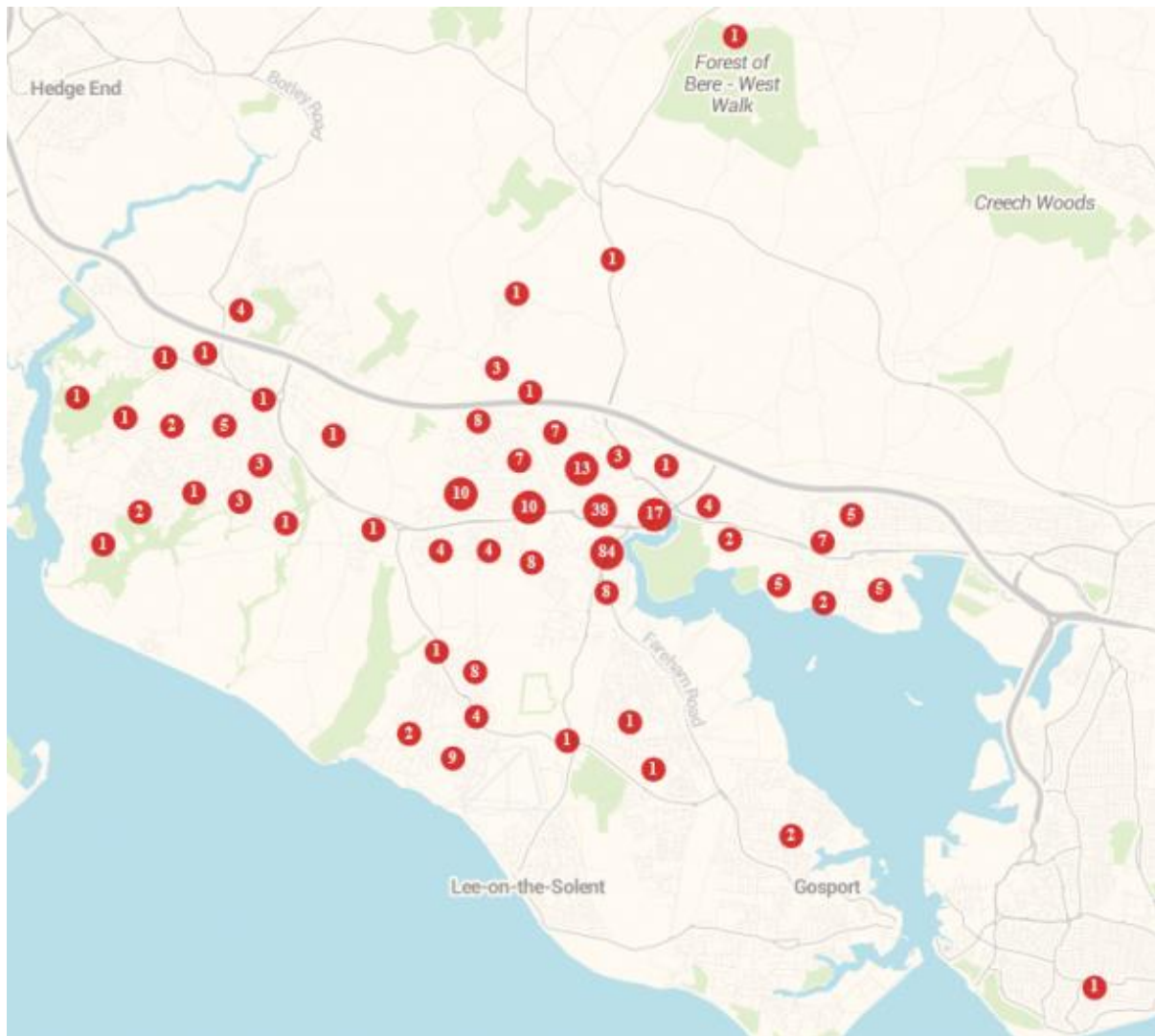
How many people took part in the Survey?

8. There were 544 respondents.

Where were the respondents from?

9. The map below highlights the home postcode of the respondents who provided them in the survey. It is clear that the highest concentration of responses came from people that lived or worked within the proposed PSPO area.

Map1: Map of responses by Postcodes given by respondents



10. There were a small group of respondents who identified themselves as representing local businesses or organisations based in the town centre.

Overall Results

11. Respondents were asked whether they were in support of the police having extra powers to tackle each of the following issues: street drinking, drug taking, persistent begging and rough sleeping. The levels of support expressed for a PSPO to tackle each of the issues shown by respondents who answered this question is below:

- Street drinking – 96% (481) of respondents in favour
- Drug taking – 98% (491) of respondents in favour
- Persistent begging – 91% (454) of respondents in favour
- Rough sleeping – 81% (406) of respondents in favour

12. The results of the survey reveal that a large majority of respondents were in favour of a Public Space Protection Order, particularly with regards to stopping people engaging in drug-taking and street drinking in the town centre. There were

slightly less respondents in favour of PSPO to help tackle persistent begging and rough sleeping. However, there was still a strong majority in support of a PSPO for both.

Respondents who said they lived in the town centre

13. Mapping the results based on the postcode given allows us to focus in on the views of those respondents from within the PSPO area:

- Street drinking - 97% (55) of respondents in favour
- Drug taking - 98% (56) of respondents in favour
- Persistent begging - 97% (55) of respondents in favour
- Rough sleeping - 91% (52) of respondents in favour

14. The results for respondents with a postcode within the proposed PSPO area, is broadly the same as the overall results when looking at street drinking and drug taking in the town. However, 8% more of the respondents with a postcode in the town centre area wanted to see the PSPO implemented to help with persistent begging and 10% more wanted it as a tool to help deal with rough sleeping when compared to the overall results.

People were also asked for their views on what impacts they thought a PSPO might have on the town centre or local people.

15. We wanted to understand what impact respondents thought a PSPO would have to help understand their views and to see whether there were any possible impacts that we were not aware of.

16. There were 481 comments given by people in support of a PSPO. Of these, 453 were considered positive. A number of themes emerged from the positive comments given by respondents in favour of the PSPO:

- Have a positive impact on anti-social behaviour
- Make Fareham town centre a more pleasant and safe place to be
- Make residents feel safer when visiting the town centre at night
- It would help the police do their job
- Help deter any more anti-social behaviour

17. 28 comments given by respondents in favour of a PSPO that were considered either neutral or negative. These covered the following themes:

- The PSPO would direct the anti-social activity elsewhere
- The PSPO would have little impact
- The PSPO was not necessary
- The PSPO would only work in combination with other measures e.g. alcohol support

18. It is also important to consider the views of the minority of people who did not support the implementation of a PSPO. From these, there were 69 comments given which covered the following themes regarding the possible PSPO:

- Have little impact upon the Town Centre or local people
- Drive the problems elsewhere in Fareham or underground
- Too difficult to enforce
- There were too many laws already
- Cause further distress to vulnerable people

People were asked to comment on what impacts they think a PSPO would have on the people involved in the anti-social behaviour

19. There were 475 comments given by people in support of a PSPO. Of these, 425 expressed an opinion that the PSPO would have a positive impact on the people engaged in anti-social behaviour. There were a number of themes to emerge from the comments given:

- Hoped it would encourage people to get help and support
- It would stop some of the anti-social behaviour
- It would deter people who engage in anti-social behaviour from coming to Fareham

20. Of those in support of the PSPO, 50 comments were provided that were either neutral or negative about the impact the order would have on the people engaged in the anti-social behaviour. A number of themes emerged from these comments:

- It would have no impact on behaviour
- It would only work in combination with support from other agencies e.g. drug rehabilitation and homelessness support
- It would put further pressure on people with a complex range of problems
- It could move them to places where children congregate e.g. parks

21. Again, it is important to consider some of the views of the minority of people who did not agree with implementing a PSPO. 34 comments were given and focused on the following:

- It could marginalise those involved in the anti-social behaviour even further
- It would do nothing constructive to help these people with their problems
- Fines wouldn't work as these people have little or no funds to pay them
- More support was required to help these people

General Comments about the possible PSPO

22. Respondents were asked for general comments about the possible PSPO. 261 comments were given by respondents in support of a PSPO. Of these, 244 were considered positive. These are the main themes to emerge:

- It is a great idea
- It would make me feel safer in town
- Do it – the sooner the better!
- The boundary of the PSPO should be increased to cover the whole borough
- Don't understand why the police didn't already have the power to tackle these issues
- Should also include cycling through the pedestrian area and on pavements in the PSPO

23. Of those in support of the PSPO, 17 general comments were provided that were either neutral or negative. These focused on the following:

- The PSPO would only be effective if combined with other support mechanisms
- It would have little impact on the people engaged in anti-social behaviour
- It would only move the issues onto other parts of the Borough.
- There are sufficient laws already to tackle the issues

24. Again, it is important to consider some of the views of the minority people who did not agree with implementing a PSPO. 34 comments were given and focused on the following:

- Agencies already have the powers needed to deal with the issues
- Issues are complex and need joint working amongst support agencies to deal with complex problems
- A PSPO could be abused by those in power
- It will just alienate vulnerable people

Addressing the concerns of consultation respondents

25. Whilst the majority of respondents were in support of introducing a PSPO, it is important to consider and address the concerns raised in the consultation. The following outlines the main concerns expressed by respondents and outlines how the Council and our partners will mitigate them:

- **Concern:** A PSPO would only work in combination with support from other agencies e.g. drug rehabilitation and homelessness support
- **Mitigation:** The Council works closely with support agencies. It is recognised that there needs to be support for those who have problems of substance misuse and homelessness and the council and police will continue to work with charities and substance misuse and housing services to try and help those in need. The support needs of individuals are considered including their housing situation, physical and mental health needs. Their offending behaviour is assessed at fortnightly Tactical Planning Meetings and the

monthly the multi-agency Fareham Partnership Action Group meetings and an appropriate plan put in place to provide them with support.

- **Concern:** It would put further pressure on people with a complex range of problems.
- **Mitigation:** Prohibitions on behaviours that affect clients with complex physical and mental needs are mitigated through access to appropriate services, with trained staff skilled at dealing with the needs of the client group.
- **Concern:** It would just move the behaviour to other areas in Fareham.
- **Mitigation:** The Council will continue to monitor issues on a daily basis through 101 call data, partnership working between Two Saints, Police, Fareham Borough Council Community Safety Team and the Car Parks Manager. The issue will be further monitored and evaluated at the fortnightly Tactical Planning Meeting and the monthly the multi-agency Fareham Partnership Action Group.

Equality Impact Assessment

This document is intended to act as a guide and point of reference, rather than be a template. There is no requirement to use this document as part of the policy development or decision making process; although it may help.

When using this form, please feel free to enter as much or as little information as you feel is appropriate.

Name		Date	
Job title			
What are you thinking of changing or implementing?			
<p>The Anti-Social Behaviour Crime and Policing Act 2014, which came into force in October 2014, brought in new powers to allow Local Authorities to better tackle anti-social behaviour in their area. One of these powers was the ability to make a Public Spaces Protection Order (PSPO).</p> <p>Following representations by the police, shopkeepers, residents and members of the public regarding anti-social behaviour in the town centre, the Council's community safety team decided that it should consider using the powers granted to it under new legislation.</p> <p>Begging is an offence under the Vagrancy Act 1824 but this legislation does not provide an effective deterrent to those who engage in this activity, with courts often imposing the minimum fine.</p> <p>Drinking alcohol in public, in the town centre, is currently restricted by a Designated Public Places Order (DPPO). This was created under previous legalisation and will expire in 2017.</p> <p>The Council is proposing to introduce a Public Spaces Protection Order to control street drinking, drug taking, persistent begging and rough sleeping. It is proposed for the area known as Fareham Town Centre and is shown on the map in Appendix B of the report. This area has been identified as a result of increased incidents of anti-social behaviour associated with street drinking, taking of drugs and begging. Potential displacement of the issues will be continually monitored to ensure that other areas do not see the problems migrating as a result of action being taken within the Town Centre.</p> <p>These measures will make it, an offence, in Fareham town centre, to fail to comply with a request, by an authorised officer, to cease drinking, surrender alcohol, cease using drugs, or to cease begging aggressively. The new measures will not make it an offence to drink alcohol, beg or sleep rough the town centre.</p> <p>The order provides a power of confiscation and disposal of substances, plus a police power of arrest for should an individual fail to comply with directions. Failure to comply can lead to prosecution or the issuing of a fixed penalty notice, with a maximum fine of £100. These discretionary powers will allow authorised officers to take positive action where appropriate and prevent disorder. The alcohol, drug consumption or begging must be associated with anti-social or disorderly behaviour or the belief that such behaviour may occur for the powers to be used.</p>			

What is the expected or anticipated impact of this change?

The Council works closely with support agencies. It is recognised that there needs to be support for those who have problems of substance misuse and homelessness and the council and police will continue to work with charities and substance misuse and housing services to try and help those in need.

The issues are monitored on a daily basis through 101 call data, partnership working between Two Saints, Police, Fareham Borough Council Community Safety Team and the Car Parks Manager. The issue is further monitored and evaluated at the fortnightly Tactical Planning Meeting and the monthly the multi-agency Fareham Partnership Action Group. The support needs of individuals are considered including their housing situation, physical and mental health needs. Their offending behaviour is assessed and an appropriate plan put in place to provide them with support.

Where engagement with the large number of local support services fails, enforcement action may be taken as determined by the panel. This approach balances the needs of the individual, principally substance misuse, physical and mental health concerns, with the need to tackle anti-social behaviour, respond effectively to complaints from the public and take action against illegal activities.

Prohibitions on behaviours that affect clients with complex physical and mental health needs are mitigated through access to appropriate services, with trained staff skilled at dealing with the needs of the client group.

All cases will be dealt with on their individual merits and the PSPO has written into it the test of "reasonable excuse", providing an exemption from the order if the excuse for the behaviour is reasonable.

It is the intention of the extra powers, provided by the PSPO, will help improve the quality of life within the town centre.

Protected characteristic: Age (including children and young people)

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?
- What, if any, is the expected impact on people with this protected characteristic?
- What steps or action is planned to mitigate any negative impact?

All ages of vulnerability will be referred into safeguarding mechanisms using each agency's safeguarding processes. The fortnightly Tactical Planning Meetings and monthly Partnership Action Group will discuss and provide support and single points of contact to anyone on the vulnerability tracker or nominal tracker.

Protected characteristic: Disability (including physical and those with mental health conditions)

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?

- What, if any, is the expected impact on people with this protected characteristic?
- What steps or action is planned to mitigate any negative impact?

Mental health considerations will be taken into account by officers when assessing individual cases.

Protected characteristic: Gender reassignment

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?
- What, if any, is the expected impact on people with this protected characteristic?
- What steps or action is planned to mitigate any negative impact?

No impact identified.

Protected characteristic: Marriage and civil partnership

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?
- What, if any, is the expected impact on people with this protected characteristic?
- What steps or action is planned to mitigate any negative impact?

No impact identified.

Protected characteristic: Pregnancy and maternity

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?
- What, if any, is the expected impact on people with this protected characteristic?
- What steps or action is planned to mitigate any negative impact?

Pregnant women will be referred into safeguarding mechanisms to Hampshire County Council to have an initial assessment and then offer of support.

Protected characteristic: Race

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?
- What, if any, is the expected impact on people with this protected characteristic?
- What steps or action is planned to mitigate any negative impact?

No impact identified.

Protected characteristic: Religion or belief

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?
- What, if any, is the expected impact on people with this protected characteristic?
- What steps or action is planned to mitigate any negative impact?

No impact identified.

Protected characteristic: Sex

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?
- What, if any, is the expected impact on people with this protected characteristic?
- What steps or action is planned to mitigate any negative impact?

No impact identified.

Protected characteristic: Sexual orientation

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?
- What, if any, is the expected impact on people with this protected characteristic?
- What steps or action is planned to mitigate any negative impact?

No impact identified.

Poverty

Begging (and street drinking) can have ties with poverty, with individuals engaging in begging due to insufficient access to financial resources. Engagement with stakeholders has shown that persons engaged in begging and street drinking have access to a range of support services including homelessness advice and access to accommodation. Enforcement of the PSPO will include officers directing individuals to support services available locally. The Council are working in partnership with local homeless charities, Two Saints and the Department for Work and Pensions in supporting people with financial issues.

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 November 2016

Portfolio:	Policy and Resources
Subject:	Vanguard Progress
Report of:	Director of Finance and Resources
Strategy/Policy:	Efficiency Plan
Corporate Objective:	Dynamic, prudent and progressive Council

Purpose:

To provide an update on the Council's achievements as a result of the introduction of the Vanguard method, including financial savings achieved and improvements in customer satisfaction, and to propose that the existing contract be extended to allow for a further phase of works.

Executive summary:

Works on phase four of the Vanguard interventions are well under way with further interventions proposed, however the contract with the Vanguard Consultancy is nearing its completion. This most recent phase has focused on introducing the Vanguard method within the Streetscene and ICT departments, as well as looking at purchasing and payments within finance and resources and the cash office function.

Significant lessons have been learnt from each intervention to date and new ways of working have been implemented, which have resulted in a more responsive, customer focused approach. Services are being tailored to suit the individual customer, rather than using a 'one size fits all' approach.

The main purpose of the initial contract was to improve the overall customer experience; the interventions have however generated unplanned savings of £956,400 per annum, with further savings likely in the future.

Whilst the Vanguard approach is working well, there is a possibility that the rollout of interventions could lose its momentum as the consultancy contract nears its completion.

To keep up the momentum and to rollout the Vanguard method in further areas, it is proposed that the Council awards the Vanguard Consultancy a further contract extension. This will enable additional interventions to be carried out with the advice

and guidance of a specialist consultant.

The contract extension should continue to be viewed as a “spend to save” initiative, with additional annual savings expected as new ways of working are implemented. This means that funds would be used from the spending reserve, with the reserve being replenished with any additional savings made.

Recommendation/Recommended Option:

That the Executive agrees:

- (a) to waive Contract Procedure Rules in order to extend the existing contract with the Vanguard Consultancy; and
- (b) to fund the extension of the existing contract from the spending reserve surplus to be replenished by subsequent savings from further interventions.

Reason:

To continue the programme of transformational change within the Council, improving the experience of our customers, empowering our employees, and identifying savings through improved efficiency.

Cost of proposals:

£100,000 revenue expenditure, funded from revenue reserves, with a view to replenishing the reserves when savings are realised.

Appendices:

- A: Building Services intervention
- B: Parking Services intervention
- C: Development Management intervention
- D: Benefits intervention
- E: Recruitment intervention
- F: Environmental Health intervention
- G: Insurance Claims intervention
- H: Tenancy intervention
- I: Housing Options intervention
- J: ICT intervention
- K: Intervention summary and plan

Background papers: None

Reference papers:

- Executive Report on 13 May 2013
- Executive Report on 6 October 2014
- Full Council Report on 11 December 2014
- Executive Report on 20 April 2015

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	7 November 2016
Subject:	Vanguard Progress
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. The purpose of this report is to provide an update on the progress of the work being undertaken under the guidance of the Vanguard Consultancy and, due to the success of the programme, propose that the existing contract be extended to allow for a further phase of works.

BACKGROUND

2. The Council has a good track record of providing high quality services. When customer satisfaction levels were measured in 2011 via a postal survey, 92% of respondents indicated that they were happy with the way in which the Council runs things.
3. Whilst this was an excellent result, and a reflection of the hard work and commitment by both members and officers, there was still room for improvement. With a view to maintaining and increasing customer satisfaction and avoiding complacency, the Chief Executive Officer investigated different approaches to the way services are designed and delivered, specifically those aimed at improving levels of customer satisfaction.
4. As a result of this investigation, the Executive considered a report on 13 May 2013, outlining a new management approach to improving customer satisfaction, which would require the appointment of specialist consultants to work alongside managers and employees to provide guidance and support throughout the process. The report recommended that the Executive approve the appointment of the Vanguard Consultancy.
5. The Executive approved the recommendation to waive contract procedure rules and approved the appointment of the Vanguard Consultancy to implement changes to the way the Council delivers its services to customers.
6. The initial cost of the proposals was £300,000, split over a three year period, with £200,000 expenditure being met from funds earmarked for "Improving the Customer Experience" and "Invest to Save" which was approved by the Executive on 16 July 2012 and the remaining £100,000 considered as part of the budget setting cycle for 2014/15.

THE VANGUARD METHOD

7. The Vanguard method is loosely based on a systems thinking approach and provides an appropriate framework to help to implement the necessary changes to improve service provision and customer satisfaction.
8. Working alongside managers and employees, Vanguard's key to success is to design services "outside in" from a customer's perspective, rather than using a "one size fits all approach" and designing processes for the benefit of the organisation.
9. As well as creating better processes, the systems thinking method can lead to changes to measures, costs, structure and the role of support functions. As well as leading to tangible improvement in customer service, there is also evidence that suggests staff morale is improved, as front line employees feel more empowered to solve a customer's problem.

VANGUARD PROGRESS – PHASE 1

10. The first phase of the process commenced in September 2013, with all Directors and Heads of Service learning the Vanguard method, understanding the customer experience and identifying opportunities for change.
11. Lessons learnt from the first phase were that:
 - the majority of customers' problems were not solved at the first point of contact;
 - as an organisation, we stand behind rules and regulations;
 - we are courteous and have high satisfaction levels but we don't solve customers' problems quickly;
 - defining the purpose of each service from the customers' point of view is critical for improvement;
 - targets are not always helpful as they can cause perverse actions; and
 - technology can create extra work as we "feed the machine".
12. Annual savings of £59,000 were captured from the first phase of works, achieved through the deletion of two vacant posts.
13. The second phase of works was identified, which included detailed interventions in housing repairs, car parking penalty charge notices, planning applications, benefits and recruitment advertising.

VANGUARD PROGRESS – PHASE 2

14. The second phase of works focused on detailed interventions in the service areas identified at the end of phase one.
15. The Executive considered a progress report on 6 October 2014. Significant lessons had been learnt from each intervention and new ways of working were being implemented, resulting in a more responsive, customer focused approach. In summary, these new ways of working had resulted in:

- the average time to fix a repair to a Council property dramatically falling from 89 days to 6 days (appendix A);
 - the number of “challenges” to parking penalty charge notices falling by 50% (appendix B);
 - the average time taken to process a planning application falling from 56 days to 36 days (appendix C);
 - the average time to process a benefit application falling from 20 days to 6 days (appendix D); and
 - an improved range of candidates applying for job vacancies (appendix E).
16. As a result of the intervention into the housing repairs service, the frequency of electrical and emergency lighting testing was changed. This resulted in annual savings of approximately £109,000, bringing the annual savings to date to £168,000.
17. The Executive report on 6 October 2014 also set out progress to date and details of a third phase of works to be implemented within the terms of the initial contract. This included interventions commencing in environmental health noise control, insurance, housing tenancy services and strategic housing, and requested that £30,000 of the savings already achieved through this initiative be recirculated through the Housing Revenue Account, to fund the intervention into housing tenancy services.

INTERIM REPORT

18. The last update on the level of savings achieved by the introduction of the Vanguard methodology was considered by the Full Council on 11 December 2014.
19. The report stated that whilst £168,000 of savings had been reported to the Executive in October 2014, further savings had been identified as a result of Vanguard interventions by the time of the December meeting. These additional savings had resulted from a restructure of the Building Services team (£88,000 per annum), a restructure of the Parking team (£75,000 per annum) and a restructure of the Benefits team (£50,000), and amounted to annual savings of £381,000.

VANGUARD PROGRESS – PHASE 3

20. The third phase of works focused on environmental health noise control, insurance, housing tenancy services and strategic housing. As previously identified during the second phase of works, introducing new ways of working in these areas resulted in significant improvements to the services provided to the Council’s customers.
21. In summary, the new ways of working had resulted in:
- the time taken to deal with noise complaints from start to finish falling from up to 6 months to 3-4 weeks (appendix F);
 - Insurance claims being resolved more quickly by gathering all of the facts as soon as an incident is reported and speaking with the customer face-to-face to understand what matters to them when rectifying any damage. As a result, officers have more time to spend proactively working with different service areas, enabling them to learn lessons and prevent similar incidents reoccurring (appendix G);

- tenants now having more choice about where they live and how would like their home to look (appendix H); and
- strategic housing officers working with customers to help them solve their housing needs in the best way and also ensuring that, where appropriate, a suitable property is allocated. In addition, the size of the waiting list has reduced from 1100 to 1070 (appendix I).

VANGUARD PROGRESS - PHASE 4

22. On 20 April 2015, the Executive considered a report that reviewed the outcome of the initial contract with the Vanguard Consultancy and proposed that an extension of the existing contract be awarded for a further phase of works.
23. The Executive agreed to waive the contract procedure rules in order to extend the existing contract with the Vanguard Consultancy and to fund an extension to the contract using £170,000 of the spending reserve surplus, to be replenished by subsequent savings from the new interventions.
24. The extension to the contract would allow for another phase of works to commence, with new interventions proposed in Streetscene, ICT Helpdesk and the Council's overall approach to purchasing and payments. It would also allow for the expansion of the existing interventions, so other work areas could be looked at.
25. Essentially, from this point forward, the contract would be viewed as a "spend to save" initiative. This means that funds would be used from the spending reserve, with the reserve being replenished with any additional savings made. Evidence clearly indicates that one-off expenditure on the Vanguard Consultancy normally results in a significant level of annual savings which more than justify the initial investment.
26. Phase 4 has now commenced and whilst still in the early stages, has resulted in the following process improvements:
 - cutting out of unnecessary administration when accepting pitch bookings and creating a smoother process, as well as improved handling when dealing with abandoned vehicle and fly tipping reports;
 - ICT problems being fixed first time whilst preventing a reoccurrence as well as removing the requirement for employees to regularly change their network password; this in itself as reduced the number of password reset requests from 200 per month to just 2 per month (appendix J);
 - improvements to the flow of the invoicing process when dealing with payments for materials and sub-contractors, and thereby reducing manual work and hand offs; and
 - an intervention into the cash office function determined that there is still a requirement for a cash office for the foreseeable future. As well as simplifying several processes, the intervention identified a need to continue looking at all areas of Parking Services as well as starting an intervention in Finance.
27. With further funding, it is proposed that detailed interventions will continue in Streetscene (to include refuse and recycling, street cleansing, public open spaces, grounds maintenance and cemeteries) and Finance, as well as expanding the Parking and ICT interventions. The Vanguard method will also be introduced to other services

and departments including Council Tax and Business Rates and Democratic Services. Appendix K shows the proposed intervention summary and plan.

FURTHER SAVINGS

28. As a result of various Vanguard interventions across the Council, further annual savings have been identified.
29. At the Full Council meeting on 15 October 2015, it was reported that additional savings had been achieved following the deletion of two posts within the management structure (Director of Community and Head of Building Services); this had resulted in savings of £168,100.
30. Further annual savings have already been realised, following departmental restructures in Development Management (£33,700), the Customer Service Centre (£92,000) and Environmental Health (£65,000).
31. A recent efficiency savings exercise has also identified annual savings of £216,600, as a result of new ways of working, bringing the total expected annual savings to £956,400. These additional savings will be achieved by the deletion of posts as follows:
 - Customer Service Centre (establishment reduction) - £23,700
 - Civil Enforcement Officer (vacant pending retirement) - £25,800
 - Personnel Restructure (including deletion of vacant Senior Personnel Officer post) - £38,400
 - Planning Project Officer (vacant) - £20,600
 - Grounds Maintenance Supervisor (vacant) - £34,400
 - Housing Options Manager (vacant) - £47,900
 - Business Support Officer (vacant) - £25,800
32. Whilst on-going savings have been delivered as a result of the Vanguard interventions, some of the interventions have also led to spending being redirected to front line activities within the service. In other services where costs have increased, such as housing repairs, these are being monitored closely to ensure that the right balance is being struck between cost control and meeting customer demand.

NEXT STEPS

33. The Vanguard intervention process is working well and has introduced a cultural change across the authority. As more services go through an intervention, these new ways of working are becoming standard practice, lowering the likelihood of staff slipping back into the 'old' way of working.
34. New employees are trained in the new way of working and we will eventually reach a time where more staff have gone through the intervention process than have not.
35. There is a possibility that the rollout of interventions, and the programme of cultural change, could lose its momentum when the current contract ends.

36. Whilst it would be possible to carry out further interventions based on in-house expertise, any progress would be relatively slow because those officers still have to undertake their day jobs. It is therefore proposed to award the Vanguard Consultancy a further contract extension to provide advice and guidance on the next phase of interventions.
37. The contract extension would allow for the interventions in Finance and Streetscene to continue (covering refuse and recycling, street cleansing, public open spaces, grounds maintenance and cemeteries), as well as expansion of the interventions in Parking and ICT. The extension would also enable the Vanguard method to be introduced to other services and departments, including Council Tax and Business Rates and Democratic Services.
38. The new contract should be viewed as a “spend to save” initiative. It would therefore be viewed as self-funding and would be put in place to increase the speed of change.

FINANCIAL IMPLICATIONS

39. The new contract will be viewed as self-funding. It is therefore proposed to redirect £100,000 of the spending reserve surplus to fund a further year of support.
40. It is proposed that the Council’s Contract Procedure Rules are waived in order to extend the current contract with the Vanguard Consultancy.

CONCLUSION

41. The fourth phase of embedding the Vanguard method is well under way, with a detailed intervention proposed in Streetscene and the continuation of interventions in other areas.
42. Significant lessons have been learnt from each intervention and new ways of working are resulting in a more responsive, customer focused approach.
43. The new ways of working have introduced a cultural change across the services that have gone through the intervention process. As this process has not yet been introduced across all services, there is the possibility that without continued guidance from the Vanguard Consultancy, this period of change could lose its momentum when the current contract comes to an end.
44. Annual savings of £956,400 have already been identified, although some of the interventions have also led to spending being redirected to front line activities within the service.
45. The contract with the Vanguard Consultancy is nearing its end. To enable the works to continue, it is proposed that the current Vanguard Consultancy contract is extended, using £100,000 of the spending reserve surplus.
46. The contract extension would enable existing interventions to continue, as well as enabling the commencement of detailed interventions across additional services.

Enquiries:

For further information on this report please contact Lindsey Ansell (Ext 4567).

Appendix A – Building Services Intervention

Building Services

The Building Maintenance Service maintains 2,349 residential properties (which includes 447 leasehold properties) as well as the Council’s public buildings. The intervention took place in 2014 and looked at the responsive repairs element of the service.

The old approach Purpose: Maintain the Council assets to a high standard, within budgets and in accordance with Council policies

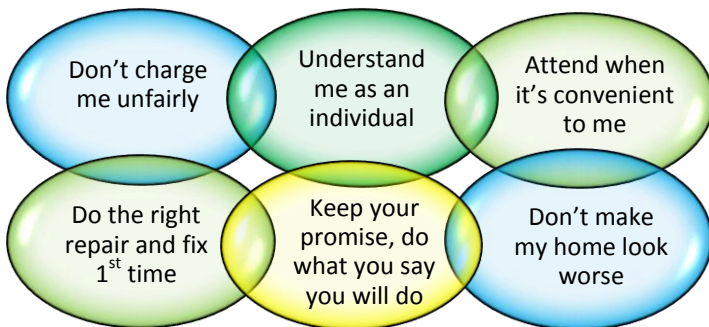


The Vanguard intervention highlighted that the service, as it was previously delivered, focused on making a surplus, controlling costs, policy compliance, and a basic premise that we didn’t trust the customer. When a request for repairs was received a surveyor would visit the property to determine what works were required.

The focus was generally only to deal immediately with repairs that were an emergency or considered urgent.

The surveyor would inform the customer that any other non-urgent works would be dealt with as part of a planned programme of works. This approach resulted in a lot of waste work and the average time to complete a repair was 89 days.

The new approach Purpose: Fix My Home

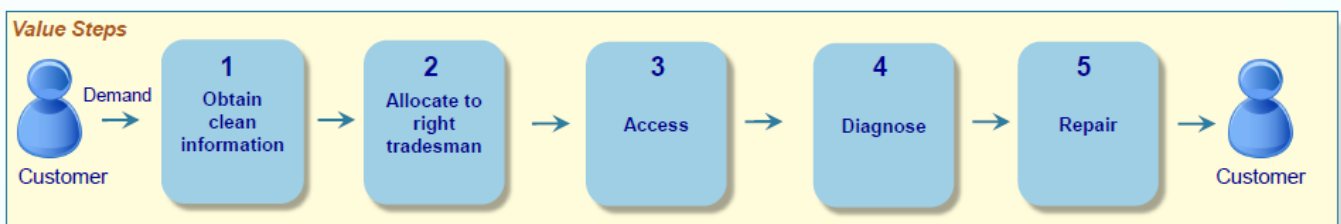


Following the Vanguard intervention, the focus is now on fixing the repair and doing what matters to the customer in a proportionate way, taking into account the circumstances. The tradesmen are empowered to determine what repair is needed and what is proportionate. The focus is on fixing the repair first time, as well as arranging a time to visit that is convenient for the customer.

“Your tradesmen were very patient and understanding with my son, who has learning difficulties – they spoke directly with him, rather than over him, and didn’t make assumptions”

Customer feedback

In the majority of cases, repairs are now being dealt with immediately, as we are doing ‘what matters’ for the tenant and not putting works off. This approach has reduced a significant amount of waste work from the system. The average time taken to complete a repair is currently 8 days and 60% of the jobs are completed within a single visit.



Appendix B – Parking Services Intervention

Parking Services

The Parking Services intervention took place in 2014 and focused on Parking Enforcement and the issue of Penalty Charge Notices (PCN's).

The old approach Purpose: To enforce Parking Enforcement Legislation



Osborn Road Multi-Storey Car Park

Of the 8,400 PCN's that were issued in 2013, 2,440 (29%) were "challenged" by customers, with 62% of the challenges being successful. This highlighted that under the old approach, a high level of preventable demand was built into the system.

Notices that were subsequently cancelled were being served because of the rules that we imposed on our Civil Enforcement Officers (CEO's); they believed that legislation gave them no choice but to issue a notice and were also under the misapprehension that they were required to issue a certain number of notices.

This caused high levels of customer dissatisfaction as well as unnecessary work by officers dealing with angry customers and administering the cancellation of the PCN's.

The new approach Purpose: To serve a good PCN that is not challenged



CEO in new uniform

The new approach gives the CEO's freedom to engage with customers and educate them into understanding why they have parked inappropriately, rather than simply issuing a penalty charge notice. They are now able to make decisions based on common sense and the facts set out in front of them.

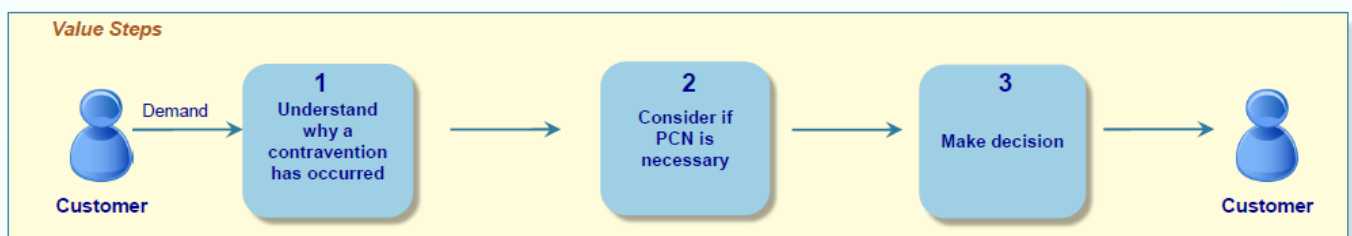
In 2015/16, 8403 PCN's were issued and 1756 (21%) of these were challenged; of these challenges, 13% were successful.

This new method has therefore resulted in a reduction in the number of challenges as well as the number of PCN's that are cancelled; in turn this has also seen a decline in back office administration.

By talking with our customers and explaining the issues, officers are experiencing less confrontation. This has been supported by a recent change in uniform; the enforcement officers now wear a more casual style uniform, giving them a softer, more approachable look.

"We feel we can now engage more with our customers and use our own common sense when dealing with issues"

CEO feedback



Appendix C – Development Management Intervention

Development Management

The Development Management intervention began in February 2014 and started by looking at how we deal with planning and related applications. Dealing with planning applications is a major statutory function of the service, with approximately 1,150 applications received each year.

The old approach Purpose: To make decisions on planning applications within either 8 or 13 weeks

Prior to the Vanguard Intervention the operation of the service revolved around making decisions on applications within either 8 or 13 weeks. In order to meet these targets some applications would get refused if they were unacceptable and the deadline was approaching. Alternatively applicants were invited to withdraw applications rather than get their application refused. These two approaches meant that the applicant suffered delay, additional costs and frustration whilst a second application was prepared and considered. The Council in turn incurred additional costs either defending planning appeals or processing a second planning application (for which it is not allowed to make a charge).



Old process flow, showing the numerous stages

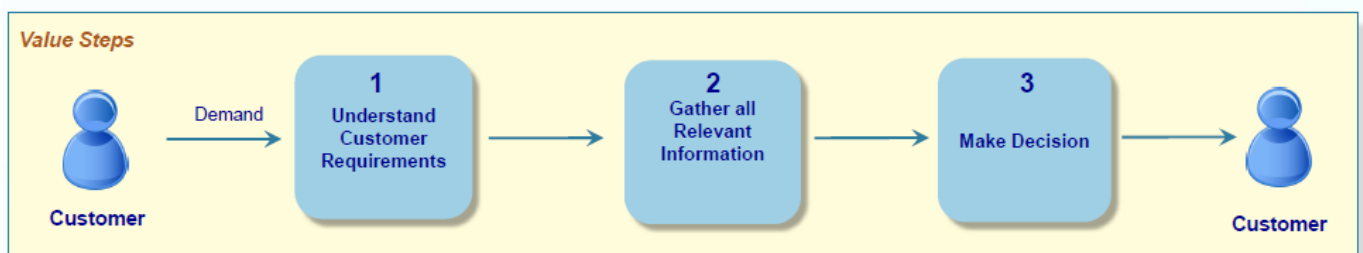
The new approach Purpose: To make good decisions and to give good advice

“...thanks for your communication throughout the process. Some Councils are very difficult to speak to if there are issues...so it makes a refreshing change to deal with Fareham, who have a much more proactive approach”

Customer feedback

There is now far greater dialogue between Development Management and applicants and their agents. If planning applications are not acceptable when first submitted we speak to the applicant and their agents to see if problems can be addressed. Ultimately we aim where possible to deal with planning applications once. Applicants and agents are keen to get the ‘right’ decision rather than any decision within 8 or 13 weeks.

This is not to say that applicants and their agents do not want decisions made quickly. Development Management Officers now focus on making decisions as soon as it is practically possible to do so rather than focusing on 8 or 13 week targets. As a result many planning applications are now decided far quicker than under the ‘old’ system.



Appendix D – Benefits Intervention

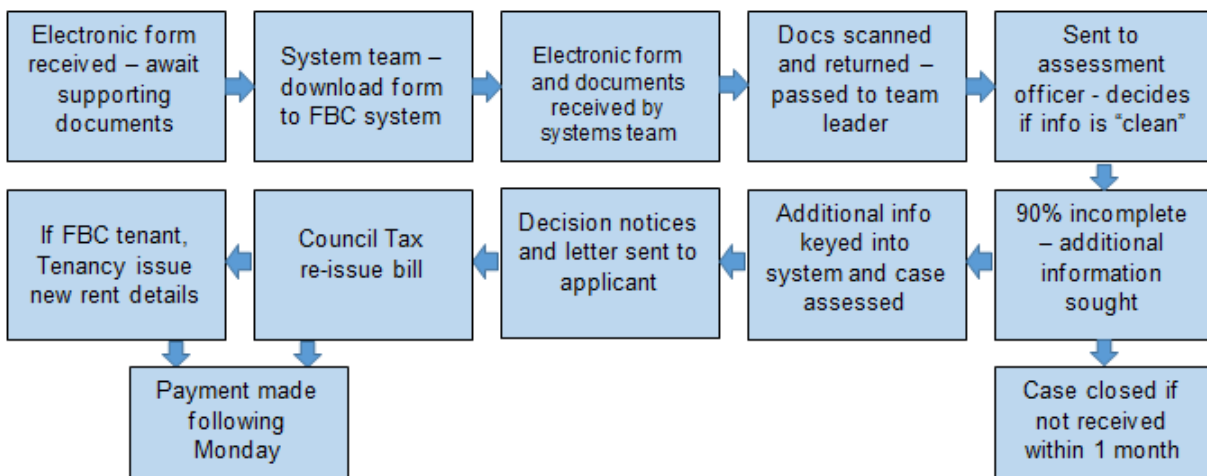
Benefits

In 2014, the Benefits intervention team reviewed the way in which they processed claims for Housing Benefit and Council Tax Support. Annually, the team receive approximately 1,200 new claims and 16,000 reports of changes in circumstances from claimants.

The old approach Purpose: To make decisions quickly

Under the old approach, the average time to process new claims was 20 days, although in reality it could take between 1 and 50 days. 90% of all claims were incomplete, so a large amount of time was spent chasing for further information.

The computer generated letters resulted in 75% of officer time spent dealing with preventable demand such as “I don’t understand”, “I want my case reviewed”, “how much benefit am I getting” and “I want to appeal as I think my benefit award is wrong”.



The new approach Purpose: Help me receive the benefits I am entitled to quickly and easily

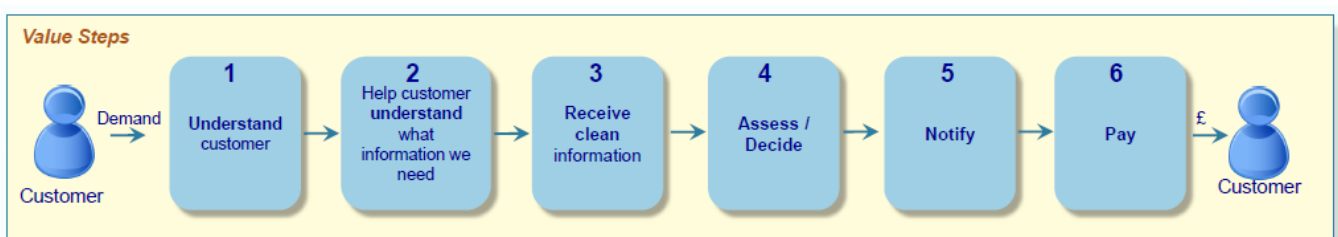
“Top marks! It was handled extremely well so I knew exactly how much I was entitled to... it relieved my anxiety knowing what I would be paid and when”

Customer feedback

The new approach sees officers providing a more tailored response to meet the needs of the individual and ensures that officers only do what matters to our customers, rather than getting caught up in complex procedures.

Following a team restructure, every customer is able to talk to a Benefits Assessment Officer who will deal with every aspect of their claim and, in the majority of cases, determine their benefit entitlement at the first point of contact.

There has been a 78% reduction in the number of formal review requests and a 100% reduction in the number of appeals. It now takes half the time to process new claims and a third of the time to process changes in circumstances. Preventable demand has fallen and the average time to process an application is now 9 days.



Appendix E – Recruitment Intervention

Recruitment

The recruitment and selection intervention commenced in March 2014, with a new approach considered for each recruitment exercise. This is a significant area of work for HR with 98 people recruited since 2014, across 77 vacancies.

The old approach Purpose: To recruit people to posts

The recruitment process previously operated under a “one size fits all” approach, using a standard advert, job description, person specification and lengthy application form for every post.

HR provided a support role advising managers and managers were responsible for their own recruitment administration, including vacancy approvals, drafting adverts and inviting candidates in for interview. The whole process was very extensive and included a lot of unnecessary and time consuming administration.

There was a lack of communication with applicants; whilst feedback was provided after their interview, candidates did not hear from us if they were not shortlisted.

The new approach Purpose: Right person in the right job, at the right time

The difference the “Vanguard Method” has made to Recruitment at Fareham Borough Council

What it was....	What it is.....
Our Customers - Candidates	
Lack of communication to applicants. Give me more info on the culture	Feedback whether good or bad System changes needed to allow better communication.
One sizes fits all	Bespoke recruitment, more personalised
Lengthy/Overly complicated/Make it easy to reapply	Changing application, turn sections on and off to suit the job
Unfriendly/Wordy	Simplify job details, make it easier, more communication
Too much paper in contract pack	Look to online on-boarding, remove the unnecessary
Our Customers - 'Managers'	
HR are supportive in interviews but too much paperwork for managers	HR take the lead, turn off unnecessary systems and paperwork. Talk!
Process takes too long. Employment checks delay start dates	Start the process earlier at assessment stage
Scoring (unpopular)	Justifiable reasons, not scores
Lengthy Business Case to recruit	Talk about who it is and why needed – approve
One size fits all	Bespoke recruitment

The new process is much quicker and slicker, with unnecessary systems and administration being removed. HR now lead the process and more time is spent speaking with managers and candidates to understand their requirements. Remaining administration is dealt with by HR, allowing managers to focus on delivering their services.

Feedback is now provided to candidates at every stage of the process

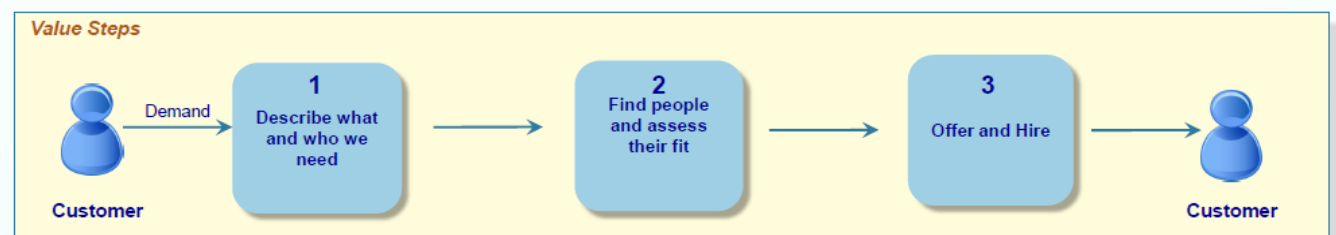
The recruitment process is tailored to fit the job, rather than using a standard approach.



“I had a genuine picture of what the job was about...I felt I could sell myself better”

Customer feedback

Recent job advertisements for two very different roles



Appendix F – Environmental Health Intervention

Environmental Health

This intervention took place in August 2014 and after initial scoping it was decided to focus on neighbour noise complaints. This is a significant area of work for the Pollution team with approximately 1000 complaints a year across Fareham and Gosport.

The old approach Purpose: To enforce Statutory Nuisance legislation



The old approach to dealing with noise complaints focused on enforcing legislation. It was a 'one size fits all' approach with the customer having to complete log forms for one month before any further action commenced. Upon receipt of the forms, a letter would be sent to the property making the noise, threatening the occupier with prosecution. The image to the left shows the process map, with the various standard letters used shown at the bottom.

The out of hours service was used to gain evidence to support formal action; however this was only followed through in less than 1% of cases. The majority of the time, the other 99% of customers became frustrated by the process and stopped making contact, resulting in the complaint being closed.

The process was very lengthy and usually took in excess of 60 days to go through. It mainly made relationships between neighbours worse and the problem was rarely solved.

The new approach Purpose: To help neighbours live peacefully together

"Really supportive and helpful. Problem was resolved - very good service"

Customer feedback

The focus now is on speaking to customers in person to understand the issues they have with their neighbours. The officers then talk to the neighbour in person (where appropriate) and mediate between the two, if the customer doesn't want to themselves. Neighbours are often unaware they are affecting each other and most of the time they are keen to resolve any issues. The officers remain in contact throughout and the complaint stays open until the customer is happy that the problem has been resolved.

This new approach led to a team restructure and recruitment to two new posts of Neighbour Liaison Officers. The focus is now centred on helping neighbours to live peacefully together.

The process now generally takes 2-3 weeks, with the issues being resolved to everyone's satisfaction. Officers experience less confrontation and enjoy greater job satisfaction. The out of hours service tends to only be used when the informal approach fails.



Appendix G – Insurance Claims Intervention

Insurance Claims

The insurance claims intervention commenced in summer 2014. The Finance team administers around 100 claims a year for public liability, motor and property damage claims.

The old approach **Purpose: To minimise the cost to the Council**



With the previous approach to dealing with claims, a non-injury claim could take up to 16 months to settle and injury claims up to 3 years. Most legitimate claims were processed through the Council's insurers even when the value of the claim was below the excess, lengthening the time to settle or reject a claim.

The onus was on the customer to provide evidence of a claim and to arrange the repair/replacement of any property damage.

Contact with the customer was limited and we followed our insurer's advice when rejecting claims based on legal liability and did not fully consider the impact of the loss or damage to the customer.

Evidence gathering was piecemeal and involved numerous interactions between the service area, insurance officer and insurer. The process was very time consuming and something that should have been relatively quick and easy to resolve took months, sometimes years, rather than weeks, to resolve.

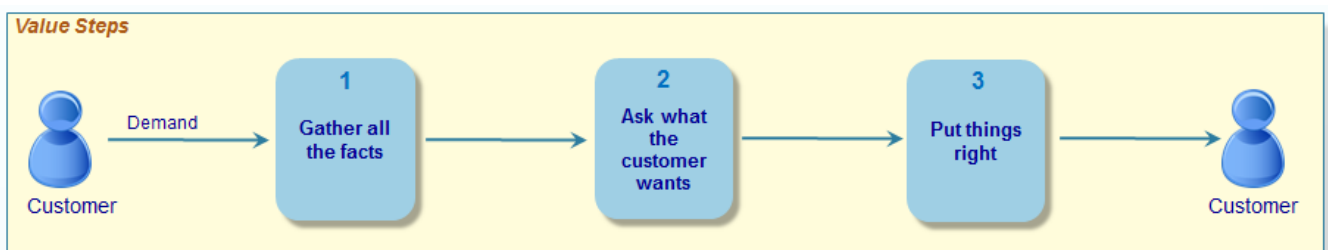
The new approach **Purpose: Put right what went wrong**

"I can't thank you enough for all your help. I appreciate all you have done for me. A big thank you."

Customer feedback

Under the new approach, most claims are dealt with in-house rather than being sent to the Council's insurer. Officers are resolving claims more quickly by gathering all the facts as soon as an incident is reported including attending the location of the incident, taking photographs and measurements of any damage and speaking to the customer face-to-face to understand what matters to them when rectifying any damage. The customer is informed throughout the process and we allow them to decide how any remedial works are to take place and how they are reimbursed. As a result, incidents are resolved more quickly and to the customer's satisfaction. A typical non-injury claim now takes a month to resolve.

The Finance team now has a dedicated Insurance and Risk Officer, who has more time available to proactively work with departments analysing incidents and looking at ways to prevent similar occurrences. As well as receiving positive comments from our customers, employees are feeling more empowered to make their own decisions.



Appendix H – Tenancy Services Intervention

Tenancy Services

In 2015, an intervention in Housing was completed covering Tenancy Services, which focused on the way in which we fill vacant properties. This was run in conjunction with an intervention in Housing Options and how we help people in housing need.

The old approach Purpose: To fill void properties as quickly as possible

The old approach saw the allocation of housing being dealt with by three separate services, with each one having their own priorities, targets and performance measures.

Empty properties were returned to 'standard' before a new tenant had been identified and often items or adaptations that could have been used were removed.

Available properties were advertised on our website and we received an average of 80 bids for every property. The whole process was time-consuming, confusing and disappointing for customers.

The new approach Purpose: Match people to the right property

Under the new approach, upon receipt of a notification of a property becoming void, we now match a suitable applicant from the Housing Waiting List.

When doing this, up to date and detailed information about the applicant's current circumstances, together with knowledge of the attributes of the property becoming vacant are used.

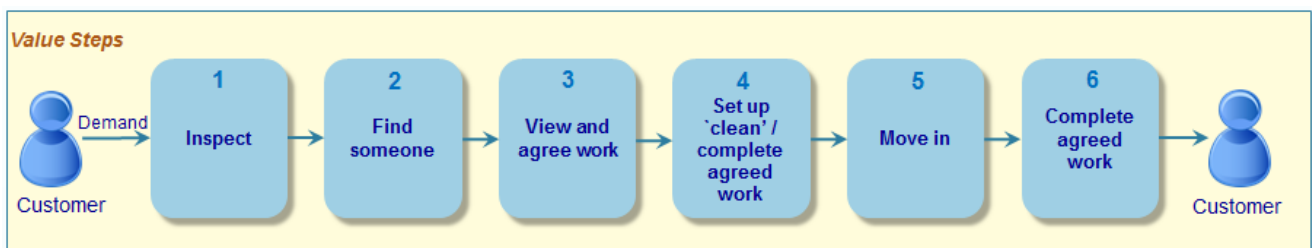
Examples of things we look at are: does it contain adaptations that could be made use of by an applicant; what are the sizes of the rooms; local knowledge of the neighbourhood from the Area Housing Officer. By amalgamating all of this knowledge, we can ensure that the most appropriate person in the highest need of re-housing is matched to the property.

"...pride in my flats condition & its daily upkeep is now the norm and all thanks to your help. I can at long last, after 6 or more dreadful and horrible years, start returning to being my true self again and rest easier now. Your job title should be changed to 'Dream Maker'"

Customer feedback

The work is now undertaken by one service with no hand-offs to other teams. This ensures that customers are supported, involved and fully aware of what is happening at every stage.

Feedback from customers has been excellent and officers are now experiencing far greater job satisfaction.



Appendix I – Housing Options Intervention

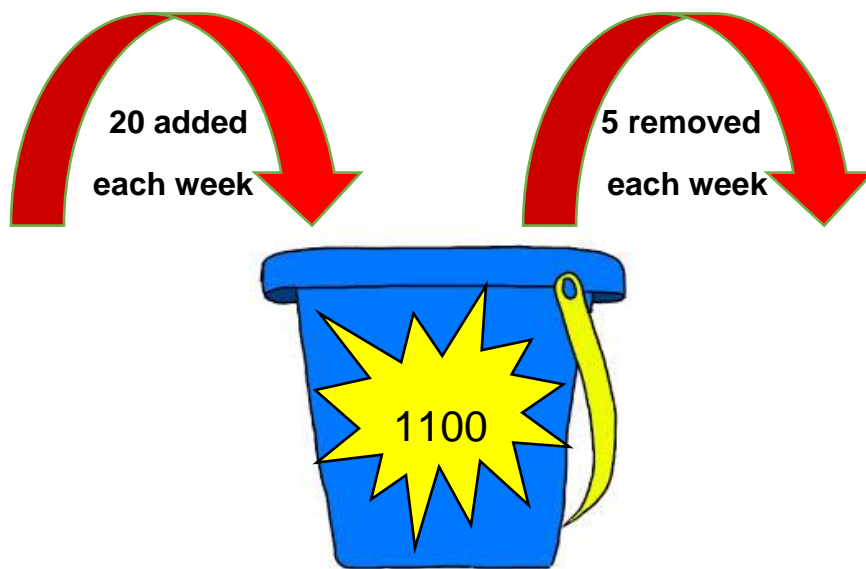
Housing Options

In 2015, an intervention in Housing was completed covering Housing Options, which focused on the way in which we help people in housing need. This was run in conjunction with an intervention in Tenancy and how we look at filling our vacant properties.

The old approach Purpose: To determine what our legal duty is and only do that

The old approach to dealing with people in housing need focused on the legislation and would often mean that families were placed in unsuitable temporary accommodation whilst waiting for a home through the Housing Waiting List.

In addition to this, people who were already adequately housed were able to join the Housing Waiting List. As a result, the list was growing and for the majority of applicants there was no realistic chance of ever being offered a property.



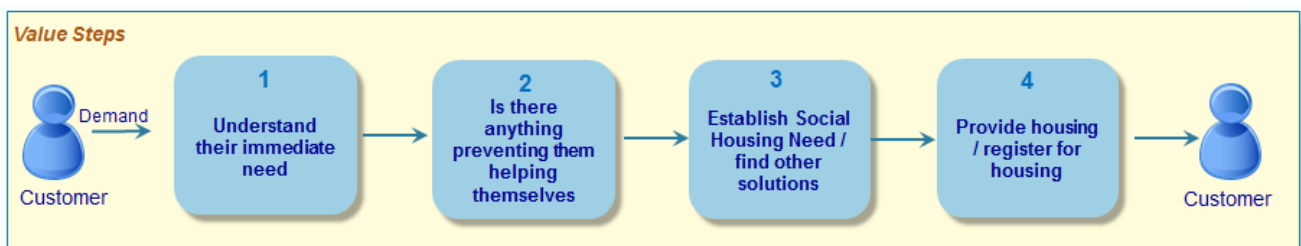
The new approach Purpose: Help people solve their housing problem

"...there are not enough people like in you the world! You have been like an actual super-hero and saved us! We both thank you from the bottom of our hearts for all your help and support – you have gone above and beyond from day one."

Customer feedback

The focus now is ensuring officers speak with our customers face to face and provide comprehensive and intensive support, tailored to individual specific needs and circumstances. This enables the majority of customers to remain in their existing home or secure suitable alternative accommodation.

Only where there is a clear need for housing that can only be solved through the provision of social housing are people added to the Housing Waiting List. The size of the waiting list has reduced and currently holds 1070 customers.



Appendix J – ICT Intervention

ICT Service

The ICT intervention began in summer 2015 and initially focused on the helpdesk/support function, before it was quickly recognised that the scope of the intervention needed to cover the whole of the service. The ICT service provides support to Council employees and deals with all issues relating to ICT systems and equipment.

The old approach Purpose: Fix my problem with a quick fix

The old approach very much focused on providing a 'quick fix' for those with any problems. Often the root of the issue was not diagnosed and/or resulted in a further problem. In addition, the views of the service users were not 'trusted' and as a result some problems could go on for a long time before being fixed, causing frustration to users. If the deadline for a job was nearing, it would simply be extended to allow further time for completion.

There would be approximately 200 open helpdesk requests at any one time, with a 60% failure demand. Up to 200 lock-outs or password reset requests would be received per month.

The new approach Purpose: Fix my problem first time and prevent it reoccurring



The new approach ensures that priorities are driven by the service users and more time is spent ensuring problems are permanently fixed in a timely manner, whilst looking at ways to prevent a reoccurrence.

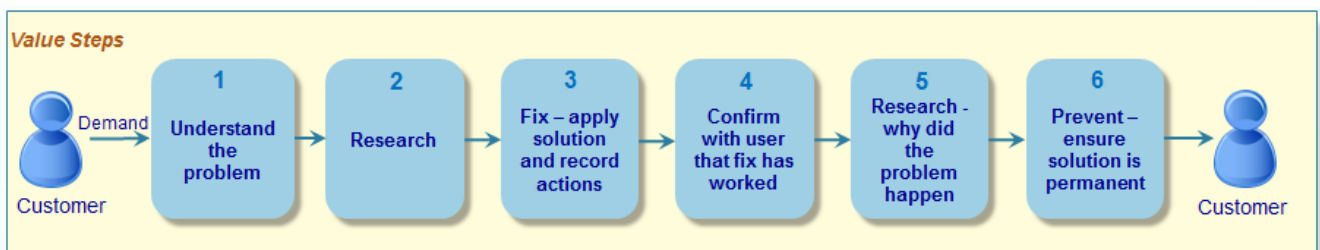
The ICT department now work more closely as a team to ensure problems are solved as effectively as possible and regular team meetings are held.

A 'duty officer' system has been introduced to free up resources for project work and permanent fixes.

Officers now trust the view of the service user and know that they need to understand more about their problems – rather than trusting their judgement to diagnose a problem, they have a face to face conversation and experience the problem themselves.

The new way of working has resulted in a reduction in the number of open helpdesk requests - currently 76, with this figure steadily reducing. The 60% failure demand has already decreased to 40%.

A simple change that has had a major impact is that users are no longer required to regularly update their system log-in password; as a result of this only 2 password reset requests are received per month.



Appendix K – Intervention Summary and Plan

Service / System / Flow / Intervention	System / Flow Owner	2013				2014				2015				2016				2017																					
		S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Responsive Repairs - 1	SB																																						
Benefits	ZH																																						
Parking - 1	KW																																						
Recruitment	SR																																						
Development Management - Planning	LS																																						
Insurance	CH																																						
Environmental Health - Statutory Nuisance	IR																																						
Tenancy Services - Lettings	JS																																						
Strategic Housing - Help me	CD																																						
ICT - Help Desk / Support	SR																																						
Streetscene - 1	MB																																						
Responsive Repairs - 2	SB																																						
Cash Office	AR																																						
Tenancy Services - Rental Income	JC																																						
Tenancy Services - Living in - Help me	JC																																						
Parking - 2	KW																																						
Procurement	LU																																						
Risk Management	EH																																						
Council Tax & Business Rates	AC																																						
Streetscene - 2	MG																																						
Democratic Services	LU																																						
Finance	EH																																						

KEY

Intervention

Parking – 1

Parking – 2

Tenancy Services – Living – Help Me

Streetscene – 1

Streetscene – 2

Finance

Democratic Services

Flows

PCN Flow

Swipe Cards (Disabled Badge Holders)
Residents Permits & Scratch Cards
Dispensations
Season Tickets

Mutual Exchange
Permission Requests
Adaptations
Neighbours & Neighbourhoods
General Help & Advice

Pitch Bookings
Bulky Waste & Fridge Collection
Bin Delivery & Collection
Refuse & Recycling

Street Cleansing
Public & Open Spaces
Grounds Maintenance
Cemeteries

Payables (Purchase-to-Pay)
Receivables
Budget – Preparation & Follow-up
Financial Reporting

Committee Support
Elections Support

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 7 November 2016

Portfolio:	Policy and Resources
Subject:	Development of the site at 96 Highlands Road and 2 Fareham Park Road
Report of:	Director of Finance and Resources
Strategy/Policy:	Asset Management
Corporate Objective:	Maintain and extend prosperity. Strong and Inclusive communities.

Purpose:

The purpose of this report is to seek approval to proceed with the development of the site of the former Hampshire Rose Public House and No 2 Fareham Park Road and to include provision for the scheme within the Capital Programme.

Executive summary:

In November 2014, the Council acquired the site of the former Hampshire Rose Public House at 96 Highlands Road and in May 2015 purchased the adjacent site of 2 Fareham Park Road. Work has progressed to prepare concept designs for the combined site taking into account the financial viability and planning policy considerations.

Two concept designs have been worked up, for schemes which would deliver between 18 and 21 flats, depending on the layout and quantity of amenity and parking space provided on the development.

The Executive is requested to consider the proposed development and to earmark an appropriate capital budget to allow the delivery of the preferred option.

Recommendation/Recommended Option:

That the Executive:

- (a) agrees in principle with the development of the site of the former Hampshire Rose Public House and No 2 Fareham Park Road for affordable housing;
- (b) approves a capital budget of up to £2,850,000 for the implementation of the development; and
- (c) agrees, in principle, that Aspect Building Communities Ltd should be the preferred method of delivery for the site.

Reason:

To progress a residential development on the site of the former Hampshire Rose Public House and No 2 Fareham Park Road.

Cost of proposals:

The 18 unit scheme would require a capital budget of £2,510,000. The 21 unit development would require a capital budget of £2,850,000. This would be funded through borrowing if delivered by Aspect.

Appendices:

A: Location Plan
B: 18 Unit Scheme
C: 21 Unit Scheme

Background papers:**Reference papers:**

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	7 November 2016
Subject:	Development of the site at 96 Highlands Road and 2 Fareham Park Road
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. The site of the former Hampshire Rose Public House has been vacant for many years and subject to a number of changes in ownership. The Executive, in September 2009, endorsed the submission of a bid to the agents for the receivers of the public house, but the bid was unsuccessful. The site was acquired in January 2010 by a development company who submitted two unsuccessful planning applications. The Hampshire County Council (HCC) subsequently purchased from the developers in October 2010, but no progress was made in developing the site.
2. In November 2014 the opportunity arose for the Council to acquire the site from the HCC to assist in the Councils objective to progress a residential development at this location. In May 2015 the size of the site was increased to by the purchase of the adjoining site at 2 Fareham Park Road.
3. Work has progressed to prepare a design for the combined site taking into account the financial viability and planning policy considerations and two development options have been considered.

DEVELOPMENT OPTIONS

Viability of the site

4. The site has a number of complications arising from it, such as a mains sewer, and it is also of an irregular shape and dimensions. As a result, it is naturally constrained by its physical form, making development of it more challenging.
5. An independent assessment of the site has been undertaken to establish what quantum of development is necessary to achieve a viable scheme, and this indicated that approximately 39 affordable units would be necessary to achieve a viable scheme. The form of the site makes this unachievable, without increasing the height of the scheme. This, however, is deemed to be inappropriate in the location as it would represent an over-bearing building that is out of character with the rest of the neighbourhood.

- Options have therefore been explored which allow the site to deliver as many units as possible, but in a way which is in keeping with the local area.

Option A – Maximum Development

- The maximum number of units that can be constructed on the combined site is 21 units which would comprise 14 one bed roomed flats and 7 two bed roomed flats.
- This design would meet the Council's planning requirements in most respects, and would be a good quality design on the former pub site. Care has been taken to consider the impact of the development on the surrounding area, and especially on the properties in the immediate vicinity.
- Taking forward this scheme would require further discussion with the Planning Authority, to determine ways in which the requirement for amenity space and parking space could be satisfied. For example, this could be overcome through further land acquisition, off site provision, a relaxation of planning guidance given the nature of the accommodation being provided, or a reduction in bed spaces on the development.
- This is the preferred development scheme, as it provides the highest number of affordable homes in the area, where there is a high demand for 1 and 2 bed roomed accommodation.

Option B – Policy Compliant Development

- In the event that agreement cannot be reached with the Planning Authority, an alternative scheme has been prepared which complies with parking and amenity space standards. This would also result in a good quality design but would require a reduction in units by 3 to an 18 home scheme. Such a development would provide 10 one bed room flats and 8 two bed roomed flats.

HOUSING NEED

- Discussions with the Housing Options team have identified that there are currently 610 households on the Housing Register waiting for 1 or 2 bedroom accommodation and of those, 439 have listed North Fareham as one of the areas within the Borough that they would like to live.

DELIVERY OF THE SCHEME

- The Housing Revenue Account is restricted in the amount of money it can borrow to invest in new homes, and usable reserves are limited. For this reason, officers have been pursuing the use of Aspect Building Communities Ltd, the Council's joint venture housing company, as the mechanism, for delivering the scheme.
- This would require additional up-front work to establish the legal structure for delivery, but a precedent for this has been put in place on a similar scheme within Aspect's control so it is not anticipated that it will be an onerous task.
- The scheme would then be project managed and constructed under the control of one of Aspect's delivery partners (either First Wessex or Radian), and funded by the Council. The capital budget would become a quasi-commercial loan from the Council to Aspect, repayable through rental income that Aspect would collect from the tenants.
- Early indications are that a scheme of this scale would require other sites to be incorporated into the Joint Venture structure in order to achieve economies of scale and

justify the additional costs of structuring the company. Officers have identified suitable sites to enable this scheme to proceed, but it will require the Aspect Board to determine whether it is content to proceed on this basis.

17. Consequently, it is proposed that officers continue to develop the scheme in dialogue with the Aspect delivery partners so that development does not suffer further delays, and in the event that it cannot be achieved, then the development could be brought forward within the remit of the Housing Revenue Account.
18. Assuming that the legal structure can be concluded, then this will be brought to a future meeting of the Executive for consideration.

FINANCIAL IMPLICATIONS

19. Based on a build cost of £1,850 m², the 21 unit scheme would require a capital budget of £2,850,000 with the 18 unit scheme requiring a capital budget of £2,510,000. Both figures include the cost of both works and professional fees.
20. An assessment of the financial viability of the development has indicated that for the 18 unit development, the development would pay back the costs of both the land and the development in 26 years. For the maximum development of 21 units the payback period is 21 years.
21. It is proposed that the development be funded from borrowing.

DELIVERY

22. The development could be delivered via the joint venture company Aspect Building Communities Limited or by the Council.
23. The tenancy mix of the development will be determined as part of the discussions on the delivery method of the scheme.

PROGRAMME

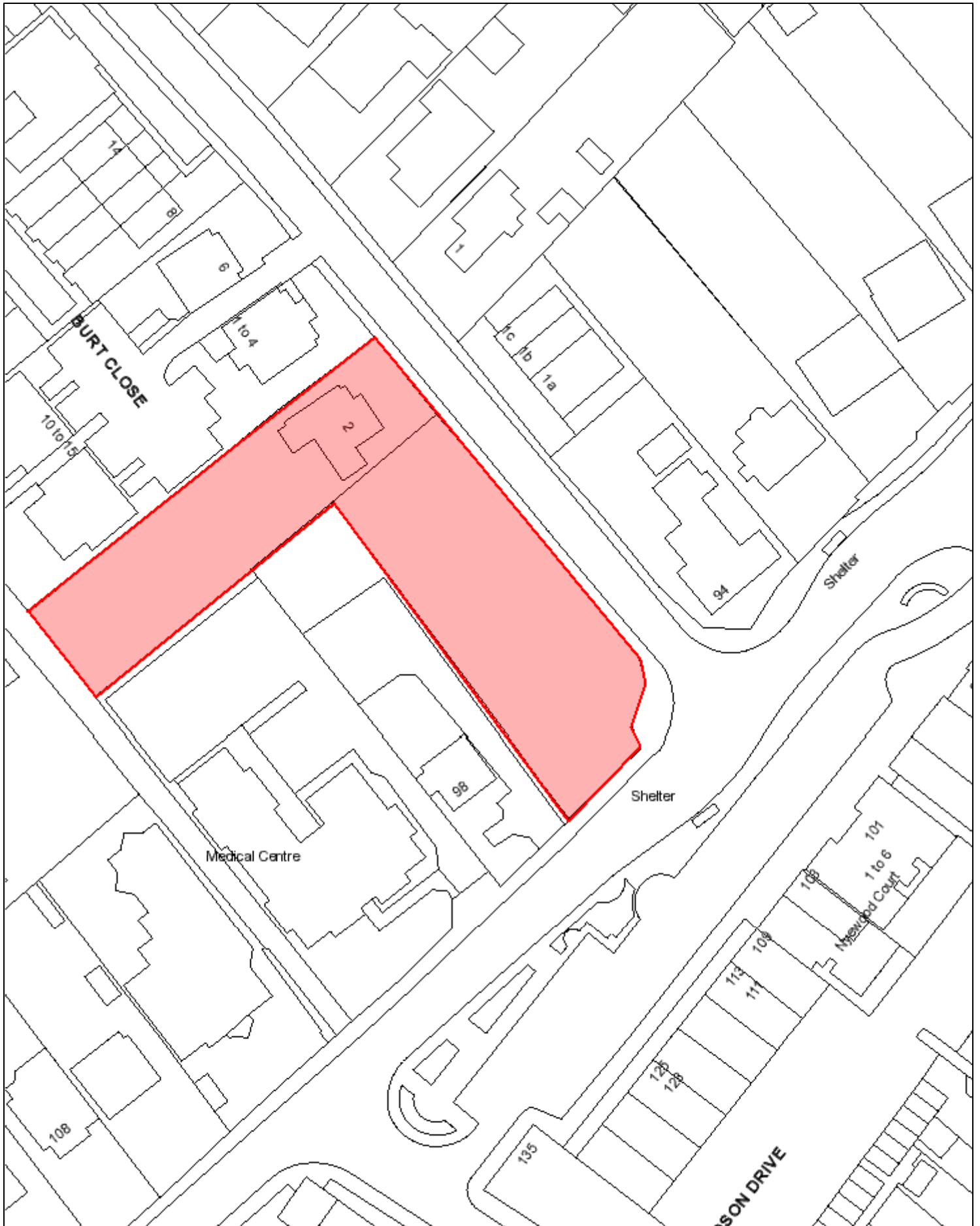
24. On the assumption that the capital funding is approved it is anticipated that construction could commence in autumn 2017 with the first occupations one year later in autumn 2018.

CONCLUSION

25. Following the acquisition of the sites of 96 Highlands Road and 2 Fareham Park Road, two options for residential development have been prepared for consideration.

Enquiries:

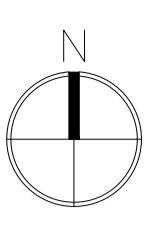
For further information on this report please contact Gareth Satherley. (Ext 4476)





Notes
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 2. Do not scale this drawing except for Local Authority planning purposes
 3. All dimensions must be checked on site by the contractor prior to commencement of the works.

Rev.	Revision	By	Date	Check	Date



Site Plan 1:200 @ A1
 2 0 2 4 6 8 10 12 14 16 18m
 1:200

Schedule of Accommodation

Site area- 0.23 Ha	
10 no. 2p 1b flats	@ 50 sqm
5 no. 3p 2b flats	@ 61 sqm
3 no. 4p 2b flats	@ 70 sqm

We can amend some of the flats to provide wheelchair accessible units if required.

Total 15 homes
 Density 91.3 dph

20 parking spaces all unallocated
 (0.75 per 1 bed and 1.25 per 2 bed)

Cycles in sheds or communal stores
 (1 per flat in communal, 2 per two bed in sheds)

Bins in communal stores or private gardens, collection points next to the road side

Each flat has either a garden or private balcony. Communal gardens are provided next to Block A

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96 HIGHLANDS ROAD
 FAREHAM
 FAREHAM BOROUGH COUNCIL

Project & Drawing title

PROPOSED SITE

Drawn	Date	Checked	Date	Scale at
tgm	29/04/16	rks	29/04/16	1:200

Job N°: 14-097 Drawing N°: SK01 Rev: C

Status: **PRELIMINARY DRAWING**

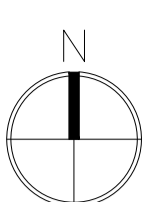
Ground Floor | Bicentennial Building
 Southern Gate | Chichester
 West Sussex | PO19 8EZ
 t. 01243 774748
 e. admin@mharchitects.co.uk
 www.mharchitects.co.uk
 Limited Company
 Registered in England No. 0949393





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Rev. Revision By Date Check Date



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Page 73



96 HIGHLANDS ROAD
 FAREHAM
 FAREHAM BOROUGH COUNCIL

Project & Drawing title

PROPOSED SITE

Drawn	Date	Checked	Date	Scale at A1
tgm	29/04/16	nks	29/04/16	1:200
Job N°	14-097	Drawing N°	SK01	Rev.
Status	PRELIMINARY DRAWING			

Ground Floor | Bicentennial Building
 Southern Gate | Chichester
 West Sussex | PO19 8EZ
 t. 01243 774748
 e. admin@mharchitects.co.uk
 www.mharchitects.co.uk
 Limited Company
 Registered in England No. 0949393



FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 7 November 2016

Portfolio:	Policy and Resources
Subject:	Finance Monitoring Report 2016/17
Report of:	Director of Finance and Resources
Strategy/Policy:	Finance Strategy
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:
 This report provides comparative information on the Council's revenue and capital expenditure for the period ended 30 September 2016. Members are invited to consider the financial performance and any corrective action that may be deemed appropriate.

Executive summary:
 This report provides summary information on the overall spending position against the revenue and capital budgets in the current year, as set out in the following tables:-

Revenue	Budget 2016/17	Budget to 30 Sep 16	Actual to 30 Sep 16	Variation
	£000s	£000s	£000s	£000s
Service Budgets	12,283	13,474	13,196	-278
Non-Service Budgets	-3,380	-1,094	-1,130	-36
Net	8,903	12,380	12,066	-314

Capital Programme	Budget 2016/17	Budget to 30 Sep 16	Actual to 30 Sep 16	Variation
	£000s	£000s	£000s	£000s
General Fund	41,168	5,636	5,348	-288
HRA	8,987	4,169	4,397	228
Total	50,155	9,805	9,745	-59

Revenue and capital spending plans are showing an under spend for the period.

While there are no areas of immediate concern, it is appropriate to monitor financial performance over the second half of the financial year to ensure that any slippage

does not adversely affect the services provided to residents and customers. Commentary on the most significant variations is set out in the in the briefing paper accompanying the report.

Recommendation:

That the Executive notes the Revenue and Capital Budget Monitoring Report.

Reason:

To provide members of the Executive with a summary of the Council's budgetary performance to 30 September 2016.

Cost of proposals:

Not applicable.

Appendices: **None**

Background papers:

Reference papers:

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	7 November 2016
Subject:	Finance Monitoring Report 2016/17
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. This report sets out, in detail, the variations between the budgeted and actual income/expenditure to 30 September 2016 for both revenue and capital budgets.

REVENUE EXPENDITURE SUMMARY

2. The details of the budget and spend for each of the Council's committees and portfolios for the first six months of the 2016/17 financial year are shown in the following table:-

ACTUAL REVENUE EXPENDITURE TO 30 SEPTEMBER 2016

	Budget 2016/17 £	Budget to 30 Sep 16 £	Actual to 30 Sep 16 £	Variation £
Committees				
Planning	672,900	245,500	138,382	-107,118
Licensing & Regulatory Affairs	491,400	175,900	183,432	7,532
Executive - Portfolio Budgets				
- Leisure & Community	2,635,700	692,800	611,434	-81,366
- Health & Housing	1,196,900	517,900	488,264	-29,636
- Planning & Development	-595,700	-538,900	-413,608	125,292
- Policy & Resources	1,353,000	10,419,000	10,254,974	-164,026
- Public Protection	2,050,600	993,300	922,261	-71,039
- Streetscene	4,478,600	968,200	1,010,984	42,784
SERVICE BUDGETS	12,283,400	13,473,700	13,196,123	-277,577
NON-SERVICE BUDGETS	-3,380,100	-1,094,000	-1,130,135	-36,135
NET BUDGET	8,903,300	12,379,700	12,065,988	-313,712

3. The budget for Policy and Resources to September 2016 appears high against the budget for the year as housing benefit payments are processed during the year whereas the grant income is processed at year end.

THE KEY COUNCIL SERVICES

4. The Council has a number of services that would be considered as major or demand led services as they have a large impact on the council tax and any major variation in these budgets could lead to unacceptable rises in council tax. The details are shown in the following table:-

Service	Budget 2016/17 £	Budget to 30 Sep 16 £	Actual to 30 Sep 16 £	Variation £	
Cost of Employment	15,429,600	7,773,415	7,962,826	189,411	☹
Parking Services	-1,081,800	-530,000	-412,180	117,820	☹
Waste & Recycling Total	1,972,700	809,300	924,753	115,453	☹
Local Plan	1,093,000	472,500	509,271	36,771	☹
Homelessness	358,600	290,600	306,209	15,609	☹
Ferneham Hall	437,200	212,400	227,298	14,898	☺
Local Land Charges	-170,800	-97,700	-83,234	14,466	☹
Community Parks & Open Spaces	1,133,500	66,600	79,722	13,122	☹
Street Cleansing	885,600	381,500	388,202	6,702	☹
Local Tax Collection	795,300	346,600	319,750	-26,850	☺
Housing Benefit Payments	-77,300	10,159,200	10,131,725	-27,475	☺
Interest On Balances	-569,900	-60,000	-94,165	-34,165	☺
Processing Applications	276,700	81,100	24,278	-56,822	☺
Trade Refuse	-85,600	-421,100	-500,009	-78,909	☺
Commercial Estates	-2,132,400	-1,181,500	-1,302,652	-121,152	☹

5. The main variations in the key services are detailed as follows:-







- (a) Expenditure on employees represents approximately 60% of the Council's gross expenditure (excluding benefit payments) and therefore it is important that the total establishment cost is monitored collectively, as well as monitoring at service level. During the first 6 months of the year, savings on salaries and wages have arisen, mainly as a result of employee vacancies. This has been partly offset by the additional expenditure on agency employees used to cover some of those vacancies. On top of this there has been additional expenditure as a result of contract terminations but these will be offset by salary savings over the course of the year.

- (b) Parking Services is showing a variation of £117,000 above the budget, which is mainly as a result of reduced income from users of the Council's car parks. The usage has shown a continued decline from the last financial year.
- (c) Waste Collection and Recycling services is showing an over spend at the half year point mainly as a result of higher spend on agency staff particularly in the garden waste service. Some of this over spend has been offset by vacancy savings and lower transport costs especially where fuel costs have stabilised.
- (d) The Local Plan is showing an over spend on the budget mainly due to an increase in the use of consultants where there have been staff vacancies. These vacancies have now been filled so the budget should stabilise throughout the rest of the year.
- (e) The Homelessness budget is showing a slight overspend for the year to date due to extra payments for renting properties. The trend on this service shows higher spend in the early part of the financial year which is anticipated to reduce nearer the end of the year.
- (f) Ferneham Hall is showing an over spend after 6 months mainly due to high levels of spend on repairs to the building and spend on purchases of equipment. There has also been lower than anticipated income from hiring of the hall.
- (g) Local Land charges is showing a variation of over £14,000 over the budget which is as a result of less income due to a 10% reduction in applications received. It is not known if this reduction will continue during the remainder of the financial year.
- (h) Housing benefits payments are currently £27,000 under the budget for the year. The forecast will be reviewed at the mid-point of the financial year and will reflect the updated position on changes in caseload and amounts paid in benefits. Expenditure will be offset by income at year end when Government Grant is accounted for.
- (i) Interest on investments is currently higher than budgeted for the year as more cash has been available for investment than anticipated. This however will drop off throughout the remainder of the financial year as some of the larger capital projects will reduce this balance as they near completion or are completed. During the financial year there was also a drop in interest rates which mean that any investments will in future attract very little income from interest.
- (j) Processing Applications is showing as under spent as the income for the year is showing as over £70,000 over the budget for the year. This has been partially offset by an increase in the use of consultants.
- (k) Trade Waste is currently showing an increase in income due to an increase in the number of customers using the service.
- (l) Commercial estates are showing a variation of £121,000 more than the

budget for the first 6 months of the year. The rental income is over the budget for the year to date as units that were empty have now been filled particularly at FareTec, and the Innovation Centre at Daedalus has had units filled quicker than anticipated. There have also been savings on premises expenditure which has been offset by increased spend on consultants.

THE COUNCIL'S FUNDAMENTAL PARTNERSHIPS

6. The Council has six fundamental partnerships and it is appropriate that the expenditure in relation to each partnership is specifically monitored. The table below shows the financial performance relating to this Council's element of each partnership:-

Service	Budget 2016/17 £	Budget to 30 Sep 16 £	Actual to 30 Sep 16 £	Variation £	
Project Integra	25,000	0	0	0	
Community Safety Partnership	180,700	75,800	75,371	-429	
Fareham & Gosport CCTV Partnership	148,100	68,400	58,165	-10,235	
Portchester Crematorium JC	-125,000	0	0	0	
Environmental Health Partnership	1,362,400	669,900	648,662	-18,238	
Building Control Partnership	226,300	102,800	76,443	-26,357	

7. There are no particular causes for concern within the Council's fundamental partnerships.

CAPITAL PROGRAMME

8. On 8 February 2016, the Executive approved the 2016/17 capital programme for General Fund services of £14m and Housing Revenue Account (HRA) of £6.6m giving a combined total of £20.6m.
9. Details of actual capital expenditure in 2015/16 were reported to the Executive on 11 July 2016 and it was noted that the slippage on the capital programme for 2015/16 of £5.9m for General Fund and HRA services, would now be included in the capital programme for 2016/17.
10. Since the capital programme was approved earlier in the year, a number of new schemes have been added to the 2016/17 programme giving a revised total of £50.1m:-
- Leigh Road Tennis Courts – Conversion to Car Parking - £70,000
 - Property Purchases - £1.8m
 - Wickham Cemetery Wall Repair - £132,500
 - Play Area Upgrades – £70,000
 - Daedalus Schemes Updated - £8.8m
 - Westbury Manor Museum Remodelling - £448,000
 - Hook Recreation Ground Sports Changing Room – Change of Use - £37,000

- Hill Head Coastal Protection Phase 1 - £355,500
- Southampton Road Retail Park - £11.8m
- Holly Hill Play and Recreational Facilities - £150,000

11. The following table sets out the updated capital programme for 2016/17 and has been used as the basis for monitoring progress to 30 September 2016:-

	Approved Programme £	2015/16 Slippage £	New Schemes £	Updated Programme £
Public Protection	0	0	0	0
Streetscene	434,500	39,600	169,500	643,600
Leisure & Community	1,922,100	2,649,900	738,000	5,310,000
Health & Housing	560,000	396,400	0	956,400
Planning & Development	47,700	22,000	355,500	425,200
Policy & Resources	11,047,600	429,900	22,355,000	33,832,500
Total General Fund	14,011,900	3,537,800	23,618,000	41,167,700
Housing Revenue Account	6,621,000	2,366,200	0	8,987,200
Updated Capital Programme	20,632,900	5,904,000	23,618,000	50,154,900

MAJOR CAPITAL SCHEMES

12. The Council has a number of major capital schemes where budgeted expenditure for 2016/17 is in excess of £500,000. These schemes, with forecast budget to 30 September 2016, are detailed in the following table:-

Capital Scheme	Budget 2016/17 £	Budget to 30 Sep 16 £	Actual to 30 Sep 16 £	Variation £	
Commercial Property Investment Acquisition	11,755,000	0	0	0	😊
Sylvan Court Sheltered Housing	3,938,000	1,969,000	2,012,335	43,335	😊
Holly Hill Leisure Centre	3,377,100	3,000,000	2,929,420	-70,580	😊
Daedalus	3,265,000	150,000	111,088	-38,912	😊
HRA Capitalised Repairs/Renewals	2,650,000	1,325,000	1,814,375	489,375	😐
Property Purchases	1,800,000	1,000,000	1,011,377	11,377	😊
Bridge Road Development	1,000,000	0	0	0	😊
Stevenson Court New Build	654,700	600,000	570,390	-29,610	😊
Housing Purchases	650,000	0	0	0	😊
Vehicles and Plant	576,100	288,000	127,145	160,855	😊
Civic Offices Improvement Programme	550,200	100,000	78,036	-21,964	😊
Disabled Facilities Grant	500,000	295,500	247,388	-48,112	😊

13. Progress updates on the major schemes are detailed below:-

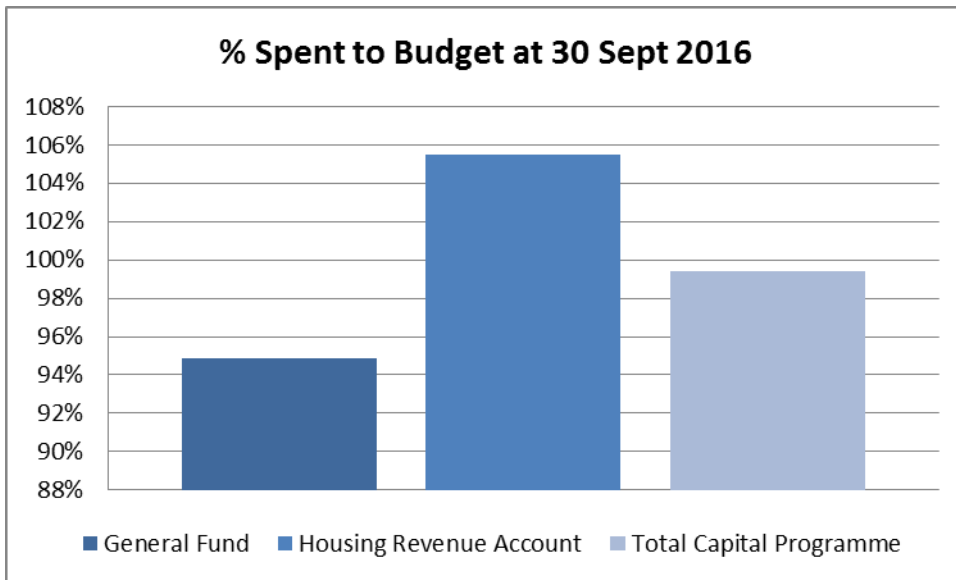
- (a) The scheme at Sylvan Court is for 36 x 1 and 2 bed sheltered housing flats in the western wards. Work commenced in July 2015 with expected completion now due mid-January 2017. The delay has been due to a delivery of uncured concrete blocks which halted work for 5 weeks and some delays due to inclement weather.
- (b) The construction of the Holly Hill Leisure is now complete and the facility is now open to the public. Remaining works relate to agreeing the final account and resolving end of construction snagging issues.
- (c) Expenditure to date for HRA Capitalised Repairs/Renewals is higher than profiled and is likely to be over budget by the end of the year. Future spend will be on a holistic basis focussing on improving individual estates as well as borough-wide improvements on individual elements such as windows, kitchens and bathrooms.
- (d) The scheme at Stevenson Court is for 16 x 1bed flats for general needs (including 1 fully wheelchair accessible unit) in central Fareham. Work commenced in February 2015 and completed in August 2016 and is currently being allocated tenants.
- (e) Expenditure on Vehicles and Plant has been for three ride-on mowers and a tractor for grounds maintenance and a transit van for the refuse and recycling service.
- (f) There have been 46 completed cases for Disabled Facilities Grants to date, with a further 17 approved and 30 pending. Better Care Fund funding has increased this year from £330,000 to £590,990.

CAPITAL MONITORING

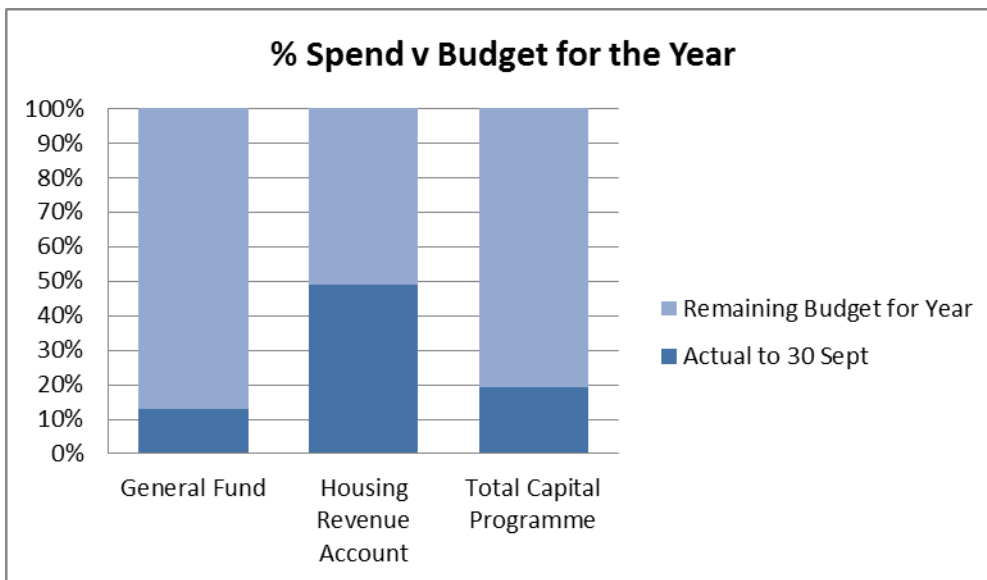
14. The following table provides summary information for the period to 30 September 2016, for the schemes within each portfolio.

	Revised Budget 2016/17 £	Budget to 30 Sep 16 £	Actual to 30 Sep 16 £	Variation £
Public Protection	0	0	0	0
Streetscene	643,600	0	1,418	1,418
Leisure & Community	5,310,000	3,388,900	3,355,120	-33,780
- Buildings	4,813,900	3,176,900	3,028,958	-147,942
- Outdoor Recreation	100,000	50,000	31,703	-18,297
- Play and Parks	314,000	162,000	294,459	132,459
- Grants to Community Groups	30,000	0	0	0
- Other Community Schemes	52,100	0	0	0
Health & Housing	956,400	523,700	281,708	-241,992
- Enabling	369,800	184,900	18,884	-166,016
- Home Improvement Schemes	586,600	338,800	262,824	-75,976
Planning & Development	425,200	0	261,000	261,000
- Car Parks	69,700	0	261,000	261,000
- Coastal Protection	355,500	0	0	0
Policy & Resources	33,832,500	1,723,300	1,449,032	-274,268
- Daedalus	18,791,000	150,000	111,089	-38,911
- Commercial Property Acquisition	13,555,000	1,000,000	1,050,846	50,846
- Civic Offices	550,200	100,000	78,036	-21,964
- Vehicles and Plant	576,100	288,000	127,145	-160,855
- ICT	319,200	156,000	55,136	-100,864
- Depot	23,400	11,700	7,550	-4,150
- Other	17,600	17,600	19,230	1,630
Total General Fund	41,167,700	5,635,900	5,348,278	-287,622
Housing Revenue Account				
- New Build	5,592,700	2,796,400	2,582,725	-213,675
- Capitalised Repairs/Renewals	2,650,000	1,325,000	1,763,724	438,724
- Stock Repurchases	650,000	0	0	0
- Other HRA Schemes	94,500	47,300	50,651	3,351
Total Housing Revenue Account	8,987,200	4,168,700	4,397,100	228,400
Total Capital Programme	50,154,900	9,804,600	9,745,378	-59,222

15. The graphs below show the actual expenditure to 30 September 2016 as a percentage of the programme for the equivalent period and for the whole year.
16. 99% of the capital programme has been spent compared to the profiled budget for the first half of the year.



17. Only 19% has been spent compared to the budget for the year. The budgets will be reviewed and re-phased where applicable as part of the forthcoming budget setting process.



RISK ASSESSMENT

18. Whilst it would be too early to draw very firm conclusions regarding the final revenue and capital budget position for 2016/17 after six months, it is equally important that the Executive is made aware of the trends in both expenditure and income where they differ from those anticipated when the original budgets were prepared.
19. It is also worth noting that expenditure tends to increase during the latter months of the year as work programmes proceed so any under spends in the first half of the financial year are unlikely to continue throughout the whole of the financial year.
20. A potential risk to the capital programme relates to scheme slippages. Delayed schemes could result in increased contract costs for which funding may not be available and could also impact on the Council achieving its corporate objectives.

21. The Council's expenditure and income are monitored by officers throughout the year. Known spending pressures have been reflected in the Finance Strategy for 2017/18 that was presented to the Executive at its meeting in October. The budget that will reflect the revised position will be reported to the Executive in January 2017.

CONCLUSION

22. It is important that there is a timely reporting system in place to focus the Executive on key variances. To reflect this, revenue and capital monitoring reports include detailed information about the more significant areas of the Council's expenditure and income.
23. No particular actions are considered necessary at the present time. Officers will, however, continue to monitor the actual revenue and capital expenditure very closely and any variance that will impact on the Council's overall financial position will be reported to the Executive as soon as possible, in advance of the normal monitoring arrangements.

Reference Papers:

- (a) 8 February 2016 Executive Report - Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2016/17.
- (b) 11 July 2016 Executive Report – General Fund & Housing Revenue Account Outturn 2015/16.

Enquiries:

For further information on this report please contact Neil Wood. (Ext 4506)

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 7 November 2016

Portfolio:	Policy and Resources
Subject:	Treasury Management Monitoring Report 2016/17
Report of:	Director of Finance and Resources
Strategy/Policy:	Finance Strategy
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:
This report summarises the Council's investment activity up to 30 September 2016 and provides details of the Council's money market transactions.

Under the Code of Conduct that governs the operation of the money markets, it is not possible to make public details of specific transactions. For this reason, Appendix B is included in the confidential part of the agenda.

Executive summary:
This report gives the Executive the opportunity to review the treasury management activity up to 30 September 2016 along with the Treasury and Prudential Indicators.

Council borrowing at 30 September was £42m and the overall investment position is set out in the following table:

Investments	Externally Managed £m	Internally Managed £m	Call Accounts £m	Money Market Funds £m	Total £m
At 1 April 2016	10.0	20.0	4.4	0	34.4
New	0	12.0	58.0	16.5	86.5
Repaid	5.0	18.0	55.4	11.5	89.9
At 30 Sept 2016	5.0	14.0	7.0	5.0	31.0

During the first half of the year the Council operated within the Treasury and Prudential Indicators.

Recommendation:

That the Executive notes the Treasury Management Monitoring Report for 2016/17.

Reason:

To inform the Executive of the Council's investment, borrowing and repayment activity up to 30 September 2016.

Cost of proposals:

Not applicable.

Appendices:

A: Economic Commentary and Outlook by Arlingclose

B: Investment Activity (Confidential Appendix)

C: Treasury and Prudential Indicators

Background papers:**Reference papers:**

8 February 2016 Executive Report - Treasury Management Strategy and Prudential Indicators 2016/17

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	7 November 2016
Subject:	Treasury Management Monitoring Report 2016/17
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management at least twice yearly (mid-year and at year end). This report therefore ensures the Council is implementing best practice in accordance with the Code.
2. The Council's Treasury Management Strategy for 2016/17 was approved by full Council on 19 February 2016.
3. The Council has borrowed and invested large sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.
4. In April 2016, the Council changed Treasury Advisor from Capita Asset Services to Arlingclose. An economic commentary and outlook by Arlingclose can be found in Appendix A.

BORROWING ACTIVITY

5. At 30 September 2016 the Council held £42 million of loans, (a decrease of £2.8 million on 31 March 2016).
6. The Council expects to borrow externally up to £5 million in 2016/17 to part fund the capital programme.
7. The Council's main objective when borrowing continues to be striking an appropriately low risk balance between securing low interest rates and achieving cost certainty over the period for which the funds are required.
8. Affordability and the 'cost of carry' remained important influences on the Council's

borrowing strategy alongside the consideration that, any borrowing undertaken ahead of need, would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained, and are likely to remain for a significant period, lower than long-term interest rates, the Council determines it is more cost effective in the short term to use internal resources (internal borrowing) and short-term loans instead.

9. The benefits of internal borrowing are monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The Council's treasury advisors assist with this 'cost of carry' and breakeven analysis.
10. Borrowing activity to 30 September 2016 was:

	Balance on 31 March 2016 £'000	Balance on 30 Sept 2016 £'000	Average Rate
Long Term Borrowing	40,000	40,000	3.50%
Temporary Borrowing	3,000	0	0.50%
Hampshire County Council	200	200	0.00%
Portchester Crematorium	1,333	1,541	0.25%
Charity of Winifred Nellie Cocks	286	287	0.50%
Total Borrowing	44,819	42,028	

The Council holds investments from Portchester Crematorium Joint Committee and the Charity of Miss Winifred Nellie Cocks which are treated as temporary loans.

INVESTMENT ACTIVITY

11. The Council holds large invested funds, representing income received in advance of expenditure plus balances and reserves held.
12. The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.
13. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2016/17.
14. Details on investment activity to 30 September 2016 are in Appendix B and summarised in the table below:

Investments	Externally Managed £m	Internally Managed £m	Call Accounts £m	Money Market Funds £m	Total £m
At 1 April 2016	10.0	20.0	4.4	0	34.4
New	0	12.0	58.0	16.5	86.5
Repaid	5.0	18.0	55.4	11.5	89.9
At 30 Sept 2016	5.0	14.0	7.0	5.0	31.0

15. The £3.4 million decrease in investments during the first half of the year was mainly due to the timing of precept payments, receipts of grants and progress on the Capital Programme.

COUNTERPARTY UPDATE

16. Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union.
17. Fitch downgraded the UK's sovereign rating by one notch to AA from AA+, and Standard & Poor's downgraded its corresponding rating by two notches to AA from AAA. Fitch, S&P and Moody's have a negative outlook on the UK.
18. Moody's affirmed the ratings of nine UK banks and building societies but revised the outlook to negative for those that it perceived to be exposed to a more challenging operating environment arising from the 'leave' outcome.
19. There was no immediate change to Arlingclose's credit advice on UK banks and building societies as a result of the referendum result. Our advisor believes there is a risk that the uncertainty over the UK's future trading prospects will bring forward the timing of the next UK recession.

BUDGETED INCOME AND OUTTURN

20. The UK Bank Rate had been maintained at 0.5% since March 2009 until August 2016, when it was cut to 0.25%. It is now forecast to fall further towards zero but not go negative. Short-term money market rates have remained at relatively low levels.
21. The Council's budgeted investment income for the year is estimated at £569,900.
22. The Bank Rate is expected to be cut further towards zero in the coming months, which will in turn lower the rates short-dated money market investments with banks and building societies. As all of the Council's surplus cash continues to be invested in short-dated money market instruments, it will most likely result in a fall in investment income over the year.

COMPLIANCE WITH TREASURY AND PRUDENTIAL INDICATORS

23. The Council confirms compliance with its Treasury and Prudential Indicators for 2016/17, which was set on 21 February 2016 as part of the Council's Treasury Management Strategy Statement.
24. Performance for the first half of the year is shown in Appendix C. During the

financial year to date the Council has operated within the treasury limits and prudential indicators.

MEMBER TRAINING

25. Member training on Treasury Management, to be delivered by Arlingclose, has been arranged for 28 November prior to the Audit and Governance Committee meeting.

RISK ASSESSMENT

26. In the current economic climate, there are risks that financial institutions holding Council investments could default and be unable to fulfil their commitments to repay the sums invested with them.
27. To help mitigate this risk, the Council maintains a list of approved institutions based on a grading system operated by the Council's treasury management advisers. Maximum limits are also set for investments with individual institutions.

Enquiries:

For further information on this report please contact Caroline Hancock. (Ext 4589)

ECONOMIC COMMENTARY AND OUTLOOK BY TREASURY ADVISORS ARLINGCLOSE

The preliminary estimate of Q2 2016 GDP showed reasonably strong growth as the economy grew 0.7% quarter-on-quarter, as compared to 0.4% in Q1 and year/year growth running at a healthy pace of 2.2%. However the UK economic outlook changed significantly on 23rd June 2016. The surprise result of the referendum on EU membership prompted forecasters to rip up previous projections and dust off worst-case scenarios. Growth forecasts had already been downgraded as 2016 progressed, as the very existence of the referendum dampened business investment, but the crystallisation of the risks and the subsequent political turmoil prompted a sharp decline in household, business and investor sentiment.

The repercussions of this plunge in sentiment on economic growth were judged by the Bank of England to be severe, prompting the Monetary Policy Committee to initiate substantial monetary policy easing at its August meeting to mitigate the worst of the downside risks. This included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (QE) and cheap funding for banks (Term Funding Scheme) to maintain the supply of credit to the economy. The minutes of the August meeting also suggested that many members of the Committee supported a further cut in Bank Rate to near-zero levels (the Bank, however, does not appear keen to follow peers into negative rate territory) and more QE should the economic outlook worsen.

In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows. Since the onset of the financial crisis over eight years ago, Arlingclose's rate outlook has progressed from 'lower for longer' to 'even lower for even longer' to, now, 'even lower for the indeterminable future'.

The new members of the UK government, particularly the Prime Minister and Chancellor, are likely to follow the example set by the Bank of England. After six years of fiscal consolidation, the Autumn Statement on 23rd November is likely to witness fiscal initiatives to support economic activity and confidence, most likely infrastructure investment. Tax cuts or something similar cannot be ruled out.

Whilst the economic growth consequences of 'Brexit' remain speculative, there is uniformity in expectations that uncertainty over the UK's future trade relations with the EU and the rest of the world will weigh on economic activity and business investment, dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. These effects will dampen economic growth through the second half of 2016 and in 2017.

Meanwhile, inflation is expected to pick up due to a rise in import prices, dampening real wage growth and real investment returns. The August Quarterly Inflation Report from the Bank of England forecasts a rise in CPI to 0.9% by the end of calendar 2016 and thereafter a rise closer to the Bank's 2% target over the coming year, as previous rises in commodity prices and the sharp depreciation in sterling begin to drive up imported material costs for companies.

The rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes, concentrating instead on the negative effects of Brexit on economic activity and, ultimately, inflation.

Market reaction: Following the referendum result gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. The yield on the 10-year gilt fell from 1.37% on 23rd June to a low of 0.52% in August, a quarter of what it was at the start of 2016. The 10-year gilt yield has since risen to 0.69% at the end of September. The yield on 2 and 3 year gilts briefly dipped into negative territory intra-day on 10th August to -0.1% as prices were driven higher by the Bank of England's bond repurchase programme. However both yields have since recovered to 0.07% and 0.08% respectively. The fall in gilt yields was reflected in the fall in PWLB borrowing rates.

On the other hand, after an initial sharp drop, equity markets appeared to have shrugged off the result of the referendum and bounced back despite warnings from the IMF on the impact on growth from Brexit as investors counted on QE-generated liquidity to drive risk assets.

The most noticeable fall in money market rates was for very short-dated periods (overnight to 1 month) where rates fell to between 0.1% and 0.2%.

OUTLOOK FOR THE REMAINDER OF 2016/17

The economic outlook for the UK has immeasurably altered following the popular vote to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU, particularly with regard to Single Market access.

The short to medium-term outlook has been more downbeat due to the uncertainty generated by the result and the forthcoming negotiations. Economic and political uncertainty will likely dampen or delay investment intentions, prompting lower activity levels and potentially a rise in unemployment. The downward trend in growth apparent on the run up to the referendum may continue through the second half of 2016, although some economic data has held up better than was initially expected, perhaps suggesting a less severe slowdown than feared.

Arlingclose has changed its central case for the path of Bank Rate over the next three years. Arlingclose believes any currency-driven inflationary pressure will be looked through by Bank of England policymakers. Arlingclose's central case is for Bank Rate to remain at 0.25%, but there is a 40% possibility of a drop to close to zero, with a small chance of a reduction below zero. Gilt yields are forecast to be broadly flat from current levels, albeit experiencing short-term volatility.

Global interest rate expectations have been pared back considerably. There remains a possibility that the Federal Reserve will wait until after November's presidential election, and probably hike interest rates in December 2016 but only if economic conditions warrant.

In addition, Arlingclose believes that the Government and the Bank of England have both the tools and the willingness to use them to prevent market-wide problems leading to bank insolvencies. The cautious approach to credit advice means that the banks currently on the Council's counterparty list have sufficient equity buffers to deal with any localised problems in the short term.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

PRUDENTIAL INDICATORS 2016/17

1. The objectives of the CIPFA Prudential Code are to ensure that capital investment plans are **affordable**, **prudent** and **sustainable**, and that treasury decisions are taken in accordance with good professional practice.
2. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.
3. **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 proportion of net principal borrowed are:

Upper limits on interest rate exposures	2016/17	Actual
	%	%
- Upper limit on variable interest rate exposures	25	8
- Upper limit on fixed interest rate exposures	100	92

4. **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 are:

Maturity structure of borrowing	Upper Limit	Actual
	%	%
- Loans maturing within 1 year	25	5
- Loans maturing within 1 - 2 years	25	0
- Loans maturing within 2 - 5 years	25	0
- Loans maturing within 5 - 10 years	50	0
- Loans maturing in over 10 years	100	95

5. **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end are:

£M	2016/17 Estimate	Actual
Principal sums invested > 364 days	17	0

6. **Estimates of Capital Expenditure:** The Council's capital expenditure plans are the key driver of treasury management activity as follows:

Capital Expenditure and Financing	2016/17 Revised Estimate £'000	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Public Protection	0	0	0	0
Streetscene	644	1	175	0
Leisure & Community	5,290	3,355	552	0
Health & Housing	956	282	480	480
Planning & Development	2,225	261	17	0
Policy & Resources	32,033	1,422	1260	540
Total General Fund	41,148	5,321	2,484	1,020
HRA	8,987	4,310	2,475	2,715
Total Expenditure	50,135	9,631	4,959	3,735

7. **Estimates of Capital Financing Requirement:** The Capital Financing Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure financed by borrowing will increase the CFR.
8. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing in line with the asset's life. The CFR projections are:

£'000	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
General Fund	8,942	9,172	9,402
HRA	52,649	52,419	52,189
Total CFR	61,591	61,591	61,591

9. **Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

£'000	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Debt at 1 April	43,082	48,722	48,722
Expected change in debt	5,640	0	0
Gross Debt at 31 March	48,722	48,722	48,722
Capital Financing Requirement (CFR)	61,591	61,591	61,591
Under/(Over) Borrowing	12,869	12,869	12,869
CFR for last, current and next 2 years	240,524	246,364	246,364

10. Total debt is expected to remain below the CFR during the forecast period.

11. The actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt, below.

£'000	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Operational Boundary			
Borrowing	53,000	58,000	58,000
Other long term liabilities	5,000	5,000	5,000
Total	58,000	58,000	58,000
Authorised Limit			
Borrowing	77,000	79,000	81,000
Other long term liabilities	7,000	7,000	7,000
Total	84,000	86,000	88,000

12. **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.
13. The Council confirms that during 2016/17, the Operational Boundary was not breached.
14. **Authorised Limit for External Debt:** The Council 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.
15. Total debt at 30/9/2016 was £42 million. The Council confirms that during the first half of 2016/17 the Authorised Limit was not breached at any time.
16. **Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.
17. The positive percentage for the Housing Revenue Account (HRA) reflects the net borrowing costs for the HRA settlement.

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
General Fund	-6%	-7%	-7%
HRA	15%	15%	15%
Total	6%	6%	6%

18. **Incremental Impact of Capital Investment Decisions:** This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Council tax band D	£2.35	£0.29	£0.00
Weekly housing rent levels	£0.23	£0.02	£0.02

HOUSING REVENUE ACCOUNT (HRA) RATIOS

19. As a result of the HRA Reforms in 2012, the Council moved from a subsidy system to self-financing and was required to take on £49.3 million of debt. The table below shows additional local indicators relating to the HRA in respect of this debt.

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
HRA debt £'000	49,268	49,268	49,268
HRA revenues £'000	11,180	11,271	11,107
Number of HRA dwellings	2,465	2,454	2,443
Ratio of debt to revenues %	4.41:1	4.37:1	4.44:1
Debt per dwelling £	£19,987	£20,077	£20,167

20. **Adoption of the CIPFA Treasury Management Code:** The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition*.