

FAREHAM

BOROUGH COUNCIL

AGENDA FOR THE EXECUTIVE

Date: Monday, 9 July 2018

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, Health and Public Protection (Deputy Executive Leader)

Councillor F Birkett, Housing

Councillor Miss S M Bell, Leisure and Community

Councillor K D Evans, Planning and Development

Councillor S D Martin, Streetscene

1. Apologies for Absence

2. Minutes (Pages 5 - 8)

To confirm as a correct record the minutes of the meeting of Executive held on 04 June 2018.

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. Leisure and Community

Key Decision

(1) Ferneham Hall (Pages 9 - 40)

A report by the Director of Finance and Resources.

Non-Key Decision

(2) Citizen of Honour Award Scheme - Special Group Achievement Category (Pages 41 - 44)

A report by the Head of Leisure and Corporate Services.

9. Planning and Development

Key Decision

(1) Proposed Revisions to The Council's Policy on the Publicity of Planning applications (Pages 45 - 62)

A report by the Director of Planning and Regulation.

10. Policy and Resources

Key Decision

(1) Fareham Civic Quarter Regeneration Proposals (Pages 63 - 70)

A report by the Director of Planning and Regulation.

Non-Key Decision

(2) General Fund and Housing Revenue Account Outturn 2017/18 (Pages 71 - 86)

A report by the Director of Finance and Resources.

(3) Capital and Treasury Management Outturn 2017/18 (Pages 87 - 106)

A report by the Director of Finance and Resources.

(4) Sale of Land to HCC at Daedalus for Stubbington Bypass (Pages 107 - 114)

A report by the Director of Finance and Resources.



P GRIMWOOD
Chief Executive Officer
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29 June 2018

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FAREHAM

BOROUGH COUNCIL

Minutes of the Executive

(to be confirmed at the next meeting)

Date: Monday, 4 June 2018

Venue: Collingwood Room - Civic Offices

Present:

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

Also in attendance:

Mrs K K Trott, for items 9(1), 10(1) and 11(1)



1. APOLOGIES FOR ABSENCE

There were no apologies given for this meeting.

2. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 14 May 2018 be confirmed and signed as a correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

The Executive Leader announced that he will be holding a conference on rough sleeping which will bring together various collaborative agencies and organisations that work together to tackle homelessness and rough sleeping across the Borough. The event will raise awareness of the help and support services available and will present advice and guidance to those wanting to help and support individuals experiencing increasingly complex and diverse issues.

4. DECLARATIONS OF INTEREST

Councillor Mrs K K Trott declared a personal interest when she addressed the Executive on Item 9(1) as she is the Council's appointed deputy representative to the Wallington Village Community Association and is also a member of the Association.

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 references from other Committees or Panels presented at this meeting.

8. LEISURE AND COMMUNITY

(1) Provision of Overflow Parking for Burrridge Village Hall

RESOLVED that the Executive approves:

- (a) a budget allocation of £12,000 from the Whiteley Capital Receipts to fund the installation of the overflow parking spaces; and
- (b) the drafting of an agreement with Burrridge Community Association to formalise expectations of management by the Village Hall of access to this overflow parking.

9. STREETSCENE

(1) Streetscene Depot Building Improvements

At the invitation of the Executive Leader, Councillor Mrs K K Trott addressed the Executive on this item.

Mrs K K Trott declared a personal interest in this item as she is the Council's appointed deputy representative to the Wallington Village Community Association and is also a member of the Association.

RESOLVED that the Executive agrees a budget of £220,000 to refurbish and remodel the Streetscene office and staff accommodation at the Council's Broadcut Depot, Wallington.

10. HEALTH AND PUBLIC PROTECTION

(1) Night time closure of Fareham Shopping Centre multi-storey car park and Osborn Road multi-storey car park

At the invitation of the Executive Leader, Councillor Mrs K K Trott addressed the Executive on this item.

RESOLVED that the Executive:

- (a) approves the overnight closure of Osborn Road multi-storey car park;
- (b) approves the overnight closure of Fareham shopping centre multi-storey car park;
- (c) delegates authority to the Director of Planning and Regulation, following consultation with the Executive Member for Health and Public Protection, to undertake consultation on and implement any necessary minor amendments to the Traffic Regulation Order; and
- (d) delegates authority to the Director of Planning and Regulation following consultation with the Executive Member for Health and Public Protection to award a contract(s) up to the overall budget approved for this project.

11. POLICY AND RESOURCES

(1) Disposal of Property at Holly Hill Mansion - Asset Disposal

At the invitation of the Executive Leader, Councillor Mrs K K Trott addressed the Executive on this item.

RESOLVED that the Executive:

- (a) confirms that Holly Hill Mansion is surplus to the Council's requirements; and
- (b) delegates authority to the Director of Finance and Resources, following consultation with the Executive Leader, to accept the most commercially advantageous bid for the disposal of the asset.

(The meeting started at 6.00 pm
and ended at 6.27 pm).

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 9 July 2018

| | |
|----------------------------|--|
| Portfolio: | Leisure and Community |
| Subject: | Ferneham Hall |
| Report of: | Director of Finance and Resources |
| Corporate Priority: | Leisure Opportunities for Health and Fun |

Purpose:

To set out proposals for the future development and operation of Ferneham Hall.

Executive summary:

Over the last few years the Council has invested significant capital sums into sports and recreation to ensure that it provides relevant, modern and good quality leisure facilities. Given the scale of this investment, it is now fair and proportionate for the Council to focus its attention on the area of entertainment. It is time to review how Ferneham Hall can be refreshed.

On 18 May 2015, the Executive considered a report entitled “Fareham Cultural Facilities Transformation”. In summary, the report focused on two issues. The first included plans for the refurbishment and future management of Westbury Manor Museum. The second included the need to undertake a feasibility study considering future options for Ferneham Hall. The report noted that, whilst the Council is wholly committed to providing a modern community focused entertainment facility in Fareham Town Centre, there was a need to reduce the annual operating cost of such a facility.

The results of the feasibility study, carried out by consultants were made available in November 2015, and Council Officers began the process of analysing the information. The publication of the results, however, was put on hold in early 2016, due to the work that the Council was undertaking in preparing a vision for Fareham Town Centre.

Following a period of public consultation, “Planning the Future of Fareham Town Centre” was published in 2017. It stated that “Ferneham Hall is the Borough’s main venue for theatre, arts and community events but is also becoming dated. The Council’s budget for subsidising the theatre is under pressure and we must look at

how we can achieve best value for tax payers. Plans for the Civic Quarter could include creating a new cultural and arts facility to replace Ferneham Hall”.

This vision worked on the assumption that Ferneham Hall would be demolished and moved to a new location within the Civic Quarter, possibly combined with a new multi-storey car park. It was anticipated that this would release space for residential development on the current Ferneham Hall site. It has become increasingly clear, however, that the option to remodel Ferneham Hall in its current location could be delivered in a much shorter timescale, at a lower cost, with residential development and the re-provision of public parking provided at a later stage. This would, however, require a period of closure for Ferneham Hall.

Following the publication of the plans for the Town Centre, attention focused on the results of the Ferneham Hall feasibility study. The study indicated that it was possible to significantly reduce the operational costs of the facility and proposed a new design based on two performance spaces:

- one of approximately 400 seats and
- one smaller space of approximately 100 seats that would host presentations of live performances and film screenings.

The plans also included a dedicated dance studio and meeting rooms. The feasibility study estimated that the capital costs of such a refurbishment project would be between £8.9million and £9.6million. The costs of building a new facility in a different location were estimated to be between £9.6million and £14.5million.

Officers have assessed the results of the feasibility study and concluded that the financial projections for the five-year operating model appear to be realistic; the proposal for a smaller auditorium is in keeping with other modern cultural facilities; the scale and nature of the future programme requires a skill base which is better suited to management using a Leisure Trust operating model; the inclusion of a dance studio, whilst desirable, is not essential; the capital costs of refurbishment and construction are high and if the project is to proceed then officers would need to work closely with architects to re-engineer the design to reduce costs.

If approved, it is proposed that the project is delivered in three phases:

1. The first phase would include the remodelling of Ferneham Hall, demolishing the Octagon Lounge and opening up the foyer area.
2. The second phase would focus on the smaller secondary theatre.
3. The third phase would be the dance studio.

Fareham Borough Council would fund the first phase; and consider the most suitable funding structure for the latter two phases once an operator had been selected, recognising that they may attract external funding for the additional facilities. This would remove uncertainty from the project as the second phase would only proceed if the Trust was successful in providing capital investment.

The feasibility study was commissioned in partnership with the Hampshire Cultural Trust and recent discussions with that organisation remain positive. However, during the process of the review it has become clear that other Leisure Trust

operators are interested in the scheme. As such, it is proposed that a procurement exercise is undertaken to select the Council's preferred operator, to support during construction then provide management of the new Ferneham Hall facility. This would, of course, not preclude the Hampshire Cultural Trust from putting forward a proposal.

A draft vision has been prepared to provide clarity to Leisure Trust operators, Architects and Consultants as to the Council's ambitions for Ferneham Hall.

Detailed figures on costs would be provided to a future meeting of the Executive before any works commence, but at this stage approval is requested for phase one of the project to be funded from Community Infrastructure Levy (CIL) contributions.

If the project is approved, it is suggested that the current venue closes towards the end of 2019. The timescales involved in closure would mean that Ferneham Hall employees would be "at risk" and the Council would work with its preferred operator on possible solutions. When the new venue opened, it would be under the management of a Leisure Trust operator. The future operating model would be based on the premise that Fareham Borough Council owns the facility and employs the Leisure Trust to manage the facility, with annual surpluses or deficits received/met by the Council.

It is suggested that a member working group be established to oversee the design and construction of the project, chaired by the Executive Member for Leisure and Community.

Recommendations:

It is recommended that the Executive agrees that:

- (a) Ferneham Hall remains in its current location within the Civic Quarter;
- (b) the vision for Ferneham Hall, attached as Appendix A, is approved;
- (c) the business plan created by AEA Consulting is refreshed and updated, excluding details of the Ashcroft Arts Centre, to ensure that all of the relevant data is available to make an informed decision going forward;
- (d) a procurement process be undertaken to identify a Leisure Trust operator as a partner, prepared to support the development of the new facility, including securing external sources of funding where appropriate, then managing the new facility in the future;
- (e) Ferneham Hall is closed in late 2019 to enable construction works to be undertaken;
- (f) the construction works are undertaken in three phases. The first phase would include the remodelling of Ferneham Hall, demolishing the Octagon Lounge and opening up the foyer area. The second phase would focus on the secondary theatre. The third phase would be the dance studio;

- (g) In principle, the costs of phase one of the project be funded from the Community Infrastructure Levy and external funding where possible, with full project cost to be reported to the Executive later this year. Funding of the latter phases of work would be subject to a further report, once an operator has been selected;
- (h) delegated authority be given to the Director of Finance and Resources, following consultation with the Executive Member for Leisure and Community, to utilise an initial sum of £100,000 to enable expenditure on fees covering aspects such as surveys, building redesign, further market research; the preparation of a planning application and project management;
- (i) a member working group be established to oversee the design and construction of the project, chaired by the Executive Member for Leisure and Community, to include four other members. The final design and costs will require the approval of the Executive prior to seeking planning permission; and
- (j) options for naming the new venue be presented to a future meeting of the Executive.

Reason:

Ferneham Hall is becoming dated and tired, and its operating costs are escalating. A new approach is needed, and the proposal to remodel the venue offers an exciting opportunity for the future.

Cost of proposals:

The capital cost of the project still needs to be determined but it is expected that phase one will be funded from the Community Infrastructure Levy. An initial amount of £100,000 from this sum would be delegated to the Director of Finance and Resources, following consultation with the Executive member for Leisure and Community, to enable necessary expenditure on fees covering aspects such as surveys, building redesign, further market research; the preparation of a planning application and project management.

Appendices:

Appendix A: A Vision: Fareham's New Entertainment Venue

Background papers: AEA Consulting – Ferneham Hall Feasibility Study (Vision, Programming, Operating Model)

Strom Architects, Mace and W.F. Brown Associates – A Collaborative Feasibility Study for the Redevelopment of Ferneham Hall

Reference papers:

- Executive Report - Fareham Cultural Facilities Transformation (18 May 2015)
- Executive Report - Fareham Town Centre: Final Regeneration Vision for Publication (10 July 2017)
- Executive Report - Corporate Strategy 2017-2023 (4 December 2017)

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

| | |
|---------------------|-----------------------------------|
| Date: | 9 July 2018 |
| Subject: | Ferneham Hall |
| Briefing by: | Director of Finance and Resources |
| Portfolio: | Leisure and Community |

INTRODUCTION

1. The purpose of this report is to set out proposals for the future development and operation of Ferneham Hall.

CONTEXT

2. Fareham Borough Council currently provides a diverse range of leisure opportunities for both residents and visitors. These include swimming pools and sports facilities at Fareham Leisure Centre and Holly Hill Leisure Centre; community centres; sports pitches and pavilions; bowling greens; tennis courts; equipped play areas; a museum at Westbury Manor; woodlands; parks; allotments; activities and events; and an arts and entertainment venue at Ferneham Hall.
3. It is important to note that these services (except for allotment provision) are discretionary. The Council has no statutory duty to provide leisure facilities but it chooses to do so because it helps to make the Borough an attractive place to live and work.
4. Indeed, one of the Council's corporate priorities is: -

"Leisure Opportunities for Health and Fun so that residents and visitors of all ages can socialise with other members of our communities; participate in arts and entertainment activities; and improve their fitness and health".
5. Over the last few years the Council has invested significant capital sums into sports and recreation venues to ensure that it provides relevant, modern and good quality facilities. This includes, for example, the refurbishment of Fareham Leisure Centre, the construction of a new Leisure Centre at Holly Hill, and the renovation of many sports pavilions such as Wicor and Bath Lane.

6. In addition, a new community centre has been built at Portchester and the majority of equipped play areas have been upgraded. In 2017, Westbury Manor Museum was refurbished. All of these schemes have required extensive capital investment by the Council.
7. Given the scale of the investment in other leisure facilities over recent years, it is now fair and proportionate for the Council to focus its attention on the area of entertainment. It is important to be consistent and, following the example of the recent works to sports and recreation facilities, it is time to review how Ferneham Hall can be refreshed to provide relevant, modern and good quality facilities for the future.
8. This is reflected in the Council's Corporate Vision and Strategy 2017-2023, which includes a project to "develop long term plans aimed at bringing the Ashcroft Arts Centre and Ferneham Hall together into a new and exciting single arts and entertainment venue".

BACKGROUND

9. On 18 May 2015, the Executive considered a report entitled "Fareham Cultural Facilities Transformation". In summary, the report focused on two issues. The first included plans for the refurbishment and future management of Westbury Manor Museum, working in partnership with the Hampshire Cultural Trust. As members will be aware, this work was successfully undertaken during 2016 and 2017.
10. The second area for consideration was the need to undertake a feasibility study in which Ferneham Hall could be re-designed to support the delivery of an exciting high-quality performance programme that responded to modern agendas and met the demands of the future.
11. It was agreed that future arrangements for the use of the Ashcroft Arts Centre would also be considered as part of the feasibility work.
12. The report recognised that Ferneham Hall is the largest entertainment venue in the town centre. The facility offers a range of music, comedy and theatre shows and is also available for hire for theatrical productions, exhibitions, meetings, parties and weddings. The venue sells 60,000 tickets per annum and includes a 708-seater auditorium (including 500 capacity tier seating) and two function rooms (The Meon and The Octagon).
13. It also recognised that the current programme reflected more traditional theatre style entertainment that generally had a narrow audience appeal. As such, income and attendances had remained static and therefore it was considered that a more dynamic and innovative approach to programming was required to reinvigorate the venue.
14. At the time of writing the report, Ferneham Hall was generally in a good state of repair, with investment in the roof, air-conditioning and boilers within the previous 5 years. However, the report recognised that both the interior and exterior were both tired and dated and in need of modernisation. Since then, there have been no major works to Ferneham Hall and the general condition of the building, furnishing and equipment has gradually deteriorated.

15. Following consideration of the report, the Executive agreed to commission a feasibility study in conjunction with the Hampshire Cultural Trust. This included analysis of the market, options for development and a future business case by AEA Consulting, and detailed architectural plans by Strom Architects, Mace and W.F. Brown Associates.
16. The main priorities that needed to be considered for a future community focused entertainment facility were as follows. (It was recognised that these would need to be provided irrespective of any merger with the Ashcroft Arts Centre): -
 - improvements to the exterior appearance of the building, including a welcoming entrance;
 - alterations to the foyer and box office area to provide a sense of arrival;
 - demolition of the Octagon lounge;
 - improved audience facilities, such as toilets and catering areas, in terms of comfort, appearance and overall experience;
 - improved access within the venue to meet DDA requirements;
 - improved comfort of the main auditorium to better suit audience numbers;
 - improved seating to improve audience comfort;
 - improved cast/crew areas, including the stage, to support high quality performances;
 - improved office space.

REDUCING THE OPERATING COSTS

17. It is important to note that, whilst the Council is wholly committed to providing a modern community focused entertainment facility in Fareham Town Centre, there is a need to reduce the annual operating cost of such a facility.
18. The Council's revenue budgets are under considerable pressure following major reductions in Government funding over recent years and there is a need for all Council services to be cost effective in the future.
19. The annual operating costs of Ferneham Hall were £279,500 for 2014/15, £396,200 for 2015/16, £423,400 for 2016/17 and £418,200 for 2017/18. Historically, these figures were as high as £800,000, but efficiencies were identified to reduce this figure over time.
20. A more detailed breakdown of Ferneham Hall's income and expenditure are set out in the table below: -

| | Actuals 2014/15 | Actuals 2015/16 | Actuals 2016/17 | Actuals 2017/18 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Expenditure | £ | £ | £ | £ |
| EMPLOYEES | 388,758 | 456,740 | 480,159 | 531,881 |
| PREMISES RELATED EXPENDITURE | 176,018 | 125,201 | 172,314 | 165,216 |
| TRANSPORT RELATED EXPENDITURE | 320 | 371 | 574 | 153 |
| SUPPLIES & SERVICES | 463,888 | 550,853 | 572,132 | 571,159 |
| BAR/CATERING SUPPLIES & SERVICES | 58,786 | 52,103 | 69,851 | 63,640 |
| INTERNAL RECHARGES | 127,396 | 132,883 | 137,218 | 146,938 |
| CAPITAL EXPENDITURE | - | - | - | - |
| Total Expenditure | 1,215,167 | 1,318,152 | 1,432,247 | 1,478,987 |
| Income | | | | |
| OTHER GRANTS & REIMBURSEMENTS | 0 | 0 | - 200 | 0 |
| SALES | - 510,103 | - 535,221 | - 565,296 | - 603,089 |
| SALES - CATERING | - 192,224 | - 185,370 | - 202,995 | - 198,910 |
| FEES AND CHARGES | - 233,333 | - 201,369 | - 240,326 | - 258,766 |
| Total Income | - 935,660 | - 921,960 | - 1,008,818 | - 1,060,765 |
| NET (SURPLUS)/DEFICIT | 279,507 | 396,192 | 423,429 | 418,222 |

21. The deficit needs to be reduced significantly in the future and a key part of the feasibility study was the need to plan a new facility which could be more commercial in its outlook and reduce the level of annual subsidy provided by the Council.
22. Adopting a leisure trust model for operations should enable the facility to secure business rate relief, and further deficit reductions could be achieved through a combination of increased income and by reducing costs. The aspiration is to seek to achieve a self-sustaining financial position in the medium term.

TOWN CENTRE REGENERATION

23. Following Executive approval, a feasibility study was commissioned on the future opportunities for Ferneham Hall. As well as developing a better understanding of the arts and entertainment market, the feasibility study focused on the preferred option of bringing together Ferneham Hall and the Ashcroft Arts Centre on to one site.
24. The results of the feasibility study were made available by consultants in November 2015 and Council Officers began the process of analysing the information provided. The publication of the results, however, were put on hold in early 2016, due to the work that the Council was undertaking in preparing a vision for Fareham Town Centre. ("Planning the future of Fareham Town Centre" 2017).
25. It was considered inappropriate to proceed with any improvements to Ferneham Hall until the Council was clear about its plans for the future development of Fareham Town Centre. In particular, the Council was aware of the important relationship between Ferneham Hall and the adjacent Osborne Road Multi-Storey Car Park. There is a recognition that the latter will need to be demolished and public parking re-provided in the near future and it was important to fully explore the options of how the different schemes affected one another.

26. Following a detailed consultation process during 2016, the Fareham Town Centre vision was published in 2017 concluding that: -

“Fernehams Hall is the Borough’s main venue for theatre, arts and community events but is also becoming dated. The Council’s budget for subsidising the theatre is under pressure and we must look at how we can achieve best value for tax payers.

Plans for the Civic Quarter could include redeveloping Osborn Road Multi Storey Car Park to provide up to 600 modern-sized car parking spaces; creating a new cultural and arts facility to replace Fernehams Hall; some potential commercial development; preserving the Civic Gardens; at least around 100 new homes with parking; and improve the pedestrian linkages to the West Street and the wider town centre.

We are working with land owners and partners within the ‘Civic Quarter’ to carefully plan future developments. We will ensure Fernehams Hall will remain open whilst a new facility is being built. Any alterations to the car parking would be done in a way to minimise disruption”.

27. This vision worked on the assumption that Fernehams Hall would be demolished and moved to a new location within the Civic Quarter, possibly combined with a new multi-storey car park. It was anticipated that this would release space for residential development on the current Fernehams Hall site. It has become increasingly clear, however, that the option to remodel Fernehams Hall in its current location could be delivered in a much shorter timescale, at a lower cost, with residential development and re-provision of public parking delivered at a later stage.
28. The disadvantage to such an approach is that Fernehams Hall would need to be closed to allow the works to be undertaken. This needs to be measured against the benefits of early delivery of an improved cultural and community facility. On balance, it is recommended that temporary closure would be the preferred route.

FEASIBILITY STUDY – MAIN FINDINGS

29. The feasibility study and architectural plans are confidential because they include financial details on another party (i.e. the Ashcroft Arts Centre) but are available to elected members on request from the Head of Leisure and Corporate Services.
30. In summary, the conclusions were that: -
- Based on detailed financial projections, a “New Fernehams Hall” is financially sustainable after 40% savings to the current Fareham Borough Council contribution.
 - There is appropriate demand in the market for two performance spaces; one of approximately 400 seats and one smaller space of approximately 100 seats that would host presentations of live performances and film screenings. The plans include a dedicated dance studio and meeting rooms.
 - There is a business case for secondary revenue generators that include a mid-tier café offer, and a dedicated venue hire and catering programme, including for conferences.

- There is not a clear case for incorporating a large retail offer, although plans include a small retail “kiosk” that could be expanded if successful.
 - Additional arts-oriented elements (artist studios, a dedicated gallery space, etc.) would help to animate the area and make the proposed venue more attractive, but there is neither space in the projected facility for these nor a clear financial rationale.
31. AEA recommended that the vision and objectives for a new, remodelled, Ferneham Hall would be as follows: -
- The new venue should deliver a high-quality programme that welcomes more people from both the local and wider communities and does so more often; and inspire the development of local creative talent.
 - The remodelled building should create a vibrant, reimagined space in the Civic Quarter of Fareham, contributing to the Council’s development plans for Town Centre growth, and overall creative ‘place-making’.
 - The new facility should benefit from a reworking of the operating models for the two cultural facilities (i.e. Ferneham Hall and the Ashcroft Arts Centre) which are currently heavily dependent on operational subsidy to encourage more financially sustainable operations.
32. The audience research undertaken as part of the feasibility study identified that:
- The audiences for Ferneham Hall are local, with the majority coming from within Fareham, followed by Southampton and Gosport.
 - There is a good future market for a modern venue in the centre of Fareham, offering a programme of activity which is mainly mainstream and traditional. This would include live performances of plays, drama, gigs, dance, musicals and comedy. The research also indicated that there is a market for “art” film screenings, live broadcasts of opera, ballet etc, plus an arts education programme.
 - There is a need for a dance studio.
 - Over time, and depending on audience development efforts, the new Ferneham Hall could become a platform for co-produced ventures.
33. The consultants undertaking the feasibility study recommended that the remodelled facility could include: -

| | |
|--|--|
| Main Theatre <ul style="list-style-type: none"> • 288 bleacher-style, retractable seats that fold up against the rear wall. • 96 loose seats – i.e. entirely removable (i.e. so that they can host dance performances etc). • Proscenium stage, wings. | Meeting Rooms <ul style="list-style-type: none"> • Room One: 30 capacity. • Room Two: 20 capacity. |
| Secondary Theatre (“Black Box”) <ul style="list-style-type: none"> • 105 bleacher-style, retractable seats (i.e. so that concerts with standing room only be accommodated). | Bar/Café <ul style="list-style-type: none"> • A mid-tier restaurant offering local produce with 50 seated capacity. • Theatre bar with spill-out to be used during the shows. |
| Dance Studio <ul style="list-style-type: none"> • 40 capacity; semi-sprung wooden flooring; mirrored wall(s). | Foyer/Lobby <ul style="list-style-type: none"> • A generous, 151 m2 welcoming space; to be used for pop-up events/retail/receptions. |
| Workshop Room(s) <ul style="list-style-type: none"> • 25 capacity; dry/wet spaces; educational purpose. | Support Spaces <ul style="list-style-type: none"> • Admin offices, storage rooms, kitchen, backstage and loading, green rooms, AV/projection rooms, toilets. |

34. The feasibility study also included detailed financial projections for a five-year operating model for the venue, based on the assumption that Fareham Borough Council would own the facility and pay an annual subsidy of £151,400. The model assumes that a Leisure Trust would operate the facility.
35. Finally, the feasibility study estimated that the capital costs of such a project would be between £8.9million and £9.6million. A complete new build at a different location is estimated to cost between £9.8million to £14.5million. At the time, Hampshire Cultural Trust believed that it could raise a proportion of the capital from sponsorship and grants but it is recognised that Fareham Borough Council would need to make a significant capital contribution.

ASSESSMENT OF FINDINGS

36. Officers have analysed the results of the feasibility study and would make the following observations: -

- i. The financial projections for the five-year operating model appear to be realistic and there is scope for the Council's annual contribution to be no more than £100,000 rather than £151,400. The Council's overall aspiration would be for the venue to break even.
- ii. The main auditorium in Ferneham Hall currently has 708 seats and it is proposed to reduce this to approximately 400 seats. The proposal for a smaller auditorium is in keeping with other modern cultural facilities and it should be noted that the majority of Ferneham Hall shows have been operating at an average of 53% capacity (of the 708 seats available).
- iii. The scale and nature of the future programme requires a skill base which is better suited to management by a Leisure Trust operator. As well as having the appropriate skills and experience, a Leisure Trust also has more flexibility and freedom to seek external funding, and would not be liable for the payment of Business Rates. This model has been successfully demonstrated at Fareham Leisure Centre and Holly Hill Leisure Centre, which are both under Trust management. It is therefore recommended that the operating model is based on the premise that Fareham Borough Council owns the facility, a Leisure Trust manages the facility and the Council pays an annual revenue contribution to the Trust.
- iv. Whilst the proposals include meeting and workshop rooms, there is a need to review this provision and redesign the meeting spaces to enhance community daytime activity at the venue. The recognition of the new venue as a busy community centre, as well as an arts and entertainment facility, should be included within the vision and objectives.
- v. The inclusion of a dance studio, whilst desirable, is not essential. This should be viewed as an optional extra to be provided at a later phase of building works based on a fund-raising campaign.
- vi. The capital costs of refurbishment and construction are high. If the project is to proceed then officers would need to work closely with architects to re-engineer the design to take out costs. For example, significant sums are currently proposed to dramatically change the external appearance of the building, which might not be required to the same scale.
- vii. The dependence on other agencies to raise funds through grants and sponsorship adds a significant level of risk to the project. It is therefore proposed that the project is delivered in three phases:
 - The first phase would include the remodelling of Ferneham Hall, demolishing the Octagon Lounge and opening up the foyer area.
 - The second phase would focus on the secondary theatre.
 - The third phase would be the dance studio.

It is proposed that Fareham Borough Council would fund the first phase; and consider the most suitable funding structure for the latter two phases once an operator had been selected, recognising that they may attract external funding for the additional facilities. This would remove uncertainty from the project as the second phase would only proceed if the Trust was successful in providing capital investment.

- viii. Finally, in the interest of fuel efficiency, officers would be seeking assurances that the final design would allow individual parts of the building to be lit, heated and/or ventilated independently, without the requirement for the remainder of the building to be lit, heated/ventilated at the same time.

HAMPSHIRE CULTURAL TRUST

- 37. The feasibility study was commissioned in partnership with the Hampshire Cultural Trust and included the option to merge Ferneham Hall and the Ashcroft Arts Centre into one venue.
- 38. Recent discussions with representatives from the Hampshire Cultural Trust were positive. They indicated that they were supportive of the project moving forward but would like to see the information in the feasibility study and business plan refreshed before they could commit to any level of involvement in the scheme. They also indicated that any financial investment on their part would be dependent on successfully attracting either sponsorship or grant funding.
- 39. During the process of review, it has become clear that other Leisure Trust operators are interested in the scheme. As such, it is considered important that the Council fully tests the market and understands the appetite for investment by other operators. This would not prevent the Hampshire Cultural Trust from putting forward a proposal to work in partnership, but would be more transparent and would ensure that the Council was achieving best value. A more open procurement process would also provide greater certainty over the level of financial investment being offered by other agencies.
- 40. For this reason, it is proposed to refresh the information in the feasibility study, excluding any details of the Ashcroft Arts Centre, to allow interested parties to put forward proposals based on Ferneham Hall alone.

PROCUREMENT OF A PARTNER

- 41. It is therefore proposed that, if this project is approved, the feasibility study and business plan undertaken by AEA is refreshed and updated to ensure that all of the relevant data is available to make informed decisions going forward.
- 42. It is also proposed that a procurement exercise is undertaken to select the Council's preferred operator, to support during construction then provide management of the new Ferneham Hall facility once it is completed.

VISION

- 43. In order to provide a clear framework for such a procurement process, officers have drafted a vision for Ferneham Hall which is attached as Appendix A. The purpose of the vision is to provide clarity to Leisure Trust operators, Architects and Consultants as to the Council's ambitions for Ferneham Hall.

44. The vision states that “we want to provide a busy community arts and entertainment centre which includes daytime and evening activity, seven days a week”. This recognition that the new venue will act as the main community centre in Fareham Town Centre is central to the plans to make it commercially viable.
45. The Executive is requested to approve the vision as a basis for future plans for the venue.

FINANCIAL IMPLICATIONS

46. As stated above, one of the key objectives of this project is to reduce the annual costs of operating Ferneham Hall. At present the Council is spending approximately £420,000 per annum on the venue.
47. The table below provides a breakdown of costs. It is important to note that the costs include a figure of approximately £147,000 for internal recharges. If a Leisure Trust operator were to manage the new facility in the future, it would not be responsible for any internal recharges. Effectively, these would need to be redistributed to other Council services. A review would be undertaken as to whether any of these costs could be reduced in the future.

| | Actuals 2014/15 | Actuals 2015/16 | Actuals 2016/17 | Actuals 2017/18 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Expenditure | £ | £ | £ | £ |
| EMPLOYEES | 388,758 | 456,740 | 480,159 | 531,881 |
| PREMISES RELATED EXPENDITURE | 176,018 | 125,201 | 172,314 | 165,216 |
| TRANSPORT RELATED EXPENDITURE | 320 | 371 | 574 | 153 |
| SUPPLIES & SERVICES | 463,888 | 550,853 | 572,132 | 571,159 |
| BAR/CATERING SUPPLIES & SERVICES | 58,786 | 52,103 | 69,851 | 63,640 |
| INTERNAL RECHARGES | 127,396 | 132,883 | 137,218 | 146,938 |
| CAPITAL EXPENDITURE | - | - | - | - |
| Total Expenditure | 1,215,167 | 1,318,152 | 1,432,247 | 1,478,987 |
| Income | | | | |
| OTHER GRANTS & REIMBURSEMENTS | 0 | 0 | 200 | 0 |
| SALES | - 510,103 | - 535,221 | - 565,296 | - 603,089 |
| SALES - CATERING | - 192,224 | - 185,370 | - 202,995 | - 198,910 |
| FEES AND CHARGES | - 233,333 | - 201,369 | - 240,326 | - 258,766 |
| Total Income | - 935,660 | - 921,960 | - 1,008,818 | - 1,060,765 |
| NET (SURPLUS)/DEFICIT | 279,507 | 396,192 | 423,429 | 418,222 |

48. Therefore, under the new financial model, the Council could see annual savings of up to £271,000 (following a deduction of internal recharges). It is likely that an annual subsidy of say £100,000 would be required, particularly in the early years, but the Council's overall ambition would be for the venue to ultimately break even.

49. The capital cost of the project was originally estimated to be between £8.9million and £9.6million based on 2016 construction rates. A new estimate would need to be provided following a redesign of the plans but it is assumed that the costs of a smaller scheme (i.e. phase one) would be lower.
50. Detailed figures would be provided to a future meeting of the Executive before any works commence, but at this stage approval is requested for phase one of the project to be funded in principle from Community Infrastructure Levy (CIL) contributions and external funding where this can be secured.
51. The Community Infrastructure Levy is a planning charge on new development. The ability for a local planning authority to charge the levy came into effect from April 2010, and the Council adopted CIL in March 2013. The levy can be spent by the Council to improve the infrastructure of the Borough and this includes schemes such new or improved community facilities; open space; sports pitches, transport infrastructure and the public realm in Fareham Town Centre.
52. As an example, funding for Holly Hill Leisure Centre was part funded by CIL contributions and a new, remodelled, community focused entertainment facility is considered to be an appropriate use of the funding in the future.
53. If the project is approved, officers will also explore the opportunities available for grant funding.

CLOSURE AND FERNEHAM HALL EMPLOYEES

54. If the Executive agrees the proposals to remodel Ferneham Hall, it is likely that the venue would close towards the end of 2019. This would allow sufficient time to refresh the business plan, procure a development partner, commission detailed designs, seek planning permission and oversee a procurement process for the remodelling of the venue. It is not possible, at this stage to specify a closure date but it is recognised that a decision on a closing date needs to be as early as possible in the process to enable decisions to be taken on shows and hirings.
55. It is anticipated that the works to remodel Ferneham Hall would take between one and two years to complete.
56. The timescales involved in closure would mean that Ferneham Hall employees could be “at risk” of redundancy, but Leisure Trust operators would be asked to identify their preferred approach during this transitional period. This could include redeploying Ferneham Hall employees into other venues that the Leisure Trust currently operates to cover the period of closure. It could also involve the Council redeploying employees into other Council vacancies, where suitable opportunities exist.
57. The implications for the service, and for Ferneham Hall employees, will be clarified once a Leisure Trust operator has been selected.

NAME OF NEW VENUE

58. The remodelling of Ferneham Hall, coupled with a new approach to programming, provides the opportunity to create a new name for the venue. It is suggested that this is managed in consultation with the local community in a similar way to the naming of the new community at Welborne. That is, officers will research possible names with local

connections, and those favoured by members will be presented to the local community to identify the preferred choice.

CIVIC EVENTS

59. Ferneham Hall is traditionally used as a location for annual civic events. This includes, for example the Council's Annual General Meeting (Mayor Making); Elections; and the Mayor's Charity Ball.
60. It is important to maintain this tradition, so any future management agreement with a Leisure Trust will need to recognise the need for the new venue to host such events, albeit that they may be held in a different way. An appropriate scale of fees would need to be negotiated, recognising that the Council is the owner of the facility but that the Leisure Trust should be allowed to operate in a commercial way.

CONSULTATION

61. If the project is approved, it is suggested that a member working group be established to oversee the design and construction of the project, chaired by the Executive Member for Leisure and Community, to include four other members.
62. The Leisure and Community Panel would receive reports at each key stage of the project allowing effective scrutiny of the process.
63. The final design and costs would require the approval of the Executive.
64. It would be important for the Working Group to ensure that Ferneham Hall customers and, in particular, regular hirers are consulted as part of the overall design process. For example, the amateur theatre groups would be able to make a valuable contribution to the discussion on the mix of facilities within the venue. It would also be important to help them to find suitable, alternative, temporary performance space whilst a new facility is being built.

PROPOSED WAY FORWARD

65. At this stage, if the project is to move forward, the Executive needs to agree the following recommendations. That: -
 - Ferneham Hall remains in its current location within the Civic Quarter;
 - The vision for Ferneham Hall, attached as Appendix A, is approved;
 - The business plan created by AEA Consultancy is refreshed and updated, excluding details of the Ashcroft Arts Centre, to ensure that all of the relevant data is available to make an informed decision going forward;
 - A procurement process is undertaken to identify a Leisure Trust operator as a development partner prepared to manage the new facility in the future, as well as contributing towards the capital costs of constructing a new/refurbished community focused entertainment venue;

- Ferneham Hall is closed in late 2019 to enable construction works to be undertaken;
- The construction works are undertaken in three phases. The first phase would include the remodelling of Ferneham Hall, demolishing the Octagon Lounge and opening up the foyer area. The second phase would focus on the secondary theatre. The third phase would be the dance studio;
- Fareham Borough Council would fund the first phase; a Leisure Trust would fund the second phase; and the third phase would be subject to a joint fund-raising campaign at a later stage;
- The costs of phase one of the project be funded from the Community Infrastructure Levy;
- Delegated authority be given to the Director of Finance and Resources, following consultation with the Executive Member for Leisure and Community, to utilise an initial sum of £100,000 to enable expenditure on fees covering aspects such as surveys, building redesign, further market research; the preparation of a planning application and project management;
- The future operating model is based on the premise that Fareham Borough Council owns the facility, a Leisure Trust manages the facility and the Council pays an annual revenue contribution to the Trust;
- A member working group be established to oversee the design and construction of the project, chaired by the Executive Member for Leisure and Community, to include four other members. The final design and costs will require the approval of the Executive prior to seeking planning permission;
- Options for naming the new venue be presented to a future meeting of the Executive.

CONCLUSION

66. Over recent years, the Council has invested a significant level of capital in either improving or building new leisure facilities. It has done so, because it recognises that a range of good quality, modern, leisure facilities make an important contribution to the quality of life in the Borough. Fareham is a prosperous, safe and attractive place to live and work.
67. Millions of pounds have been invested in sport and recreation facilities and it is now an appropriate time to invest in community focused entertainment facilities. Ferneham Hall is becoming tired and dated, and its operating costs are escalating. A new approach is needed, and the proposal to remodel the venue, offers an exciting opportunity for the future.
68. If approved, works will be undertaken over the next few months on the detailed design and costs of a new Ferneham Hall, the procurement of an operating partner and then reported to the Executive for a final decision on project implementation.

Enquiries:

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

A VISION: FAREHAM'S NEW ENTERTAINMENT VENUE

PURPOSE

The purpose of this document is to set out the Council's 'Vision' for a new arts and entertainment facility in Fareham town centre to replace Ferneham Hall



HISTORICAL BACKGROUND



In the early 1980's, Fareham Borough Council decided to build an entertainment venue in Fareham Town Centre. It was agreed that the new venue would benefit from being located next to Fareham Shopping Centre, the multi-storey Car Park and the Library, creating a busy 'entertainment hub' in the centre of town.

The then new venue was designed to attract a range of music, comedy and theatre shows touring Britain at that time, as well as being available for hire for amateur theatrical productions, exhibitions, conferences, meetings, dinner dances, parties and weddings.



In April 1982 Ferneham Hall was officially opened by the Duchess of Kent.

The Hall boasted a 700-seater auditorium, with retractable tiered seating to allow maximum flexibility, and two additional function rooms (The Meon and The Octagon). The new venue also included a bar area, a box office and large entrance foyer, as well as cloakrooms, toilets and all the normal backstage facilities.

In its early years, it was a popular venue, attracting well known entertainers such as Ken Dodd and Cilla Black. It has always been popular with local amateur theatre companies and still attracts large audiences for the popular annual pantomime. However, the aim of also attracting the wedding, conference and exhibition market has been less successful over the years.

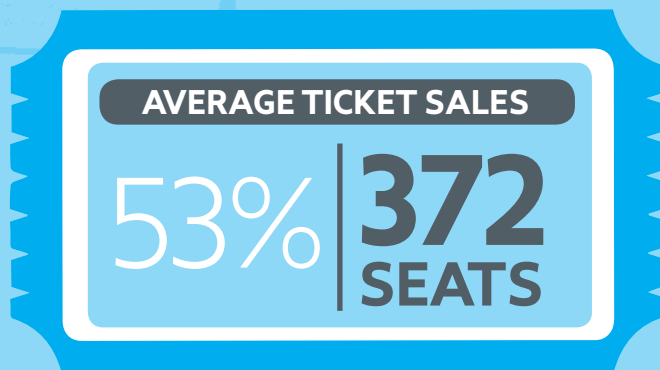
FERNEHAM H

After nearly 40 years of service to the local community, the fabric of Ferneham Hall is looking tired, dated and in need of modernisation. The Council has maintained the building to a good standard, with investment in the roof and boilers during the last 5 years.

It is clear, however, that the layout and design of the building is no longer fit for purpose. Customer expectations have changed significantly since 1982, and they are attracted to large, air-conditioned buildings, with lots of space and natural light, offering comfortable seats with unrestricted views in the auditoria. There is also the expectation of a café culture where people can relax, meet, eat and drink in an attractive location at any time of the day.

A great deal has been learnt about venue “accessibility” over the last 40 years and Ferneham Hall struggles to meet current customer expectations. For example, there are no lifts to the upper floors, the auditoria are not designed to accommodate wheelchairs easily, and access to the stage is limited because of the need for steps.

It has become clear over the years that the main stage is neither wide enough or deep enough, which prevents many touring shows from performing at Ferneham Hall. Interestingly, it is now considered that the main auditorium is too large at 708 seats for the majority of shows available.



Audience numbers of 400 to 500 are more standard within the industry and this is backed up by the fact that the shows staged at Ferneham Hall are only reaching an average of 53% of capacity, or 372 seats.

THE OCTAGON ROOM is hired for events and meetings but is not suitable to hold smaller shows aimed at an audience of around 100 people. There is a market for such shows, including live film screenings of national ballet, opera, and National Theatre live productions, but the Octagon is unable to accommodate them comfortably.

HALL TODAY



THE MEON ROOM only really acts as additional foyer space. Its location is not ideal, it has no windows or natural light, and has not proved to be a popular meeting space for hirers.

The entrance foyer is quite dark, dated and unwelcoming, and the box office/reception area is hidden away behind a small old-fashioned glass screen. Today's customers expect a sense of arrival when they walk into a venue, with easy access to reception staff, and large bright areas to circulate. The bar area in Ferneham Hall can get crowded very quickly, and circulation space is limited because of the location of the Meon Room.

Of concern, is the low level of customer activity during daytime hours. Most shows and events take place in the evening and, as a result, Ferneham Hall is rarely used during the day. As such, the space within the building is significantly underutilised.

“

A great deal has been learnt about venue 'accessibility' over the last 40 years and Ferneham Hall struggles to meet current customer expectations.

The Council has ambitions to build a community centre in Fareham Town Centre, and the remodelling of Ferneham Hall offers a real opportunity to combine a new arts and entertainment venue with a busy community facility.

SHOWS & EVENTS

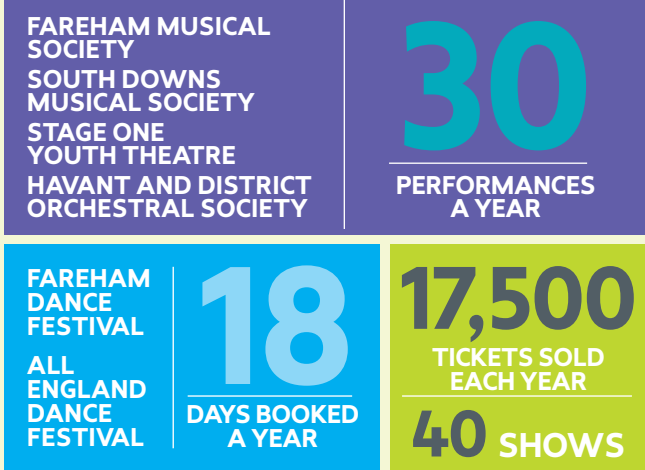


Ferneham Hall continues to be a popular venue to hire for local amateur theatrical productions. Local groups such as the Fareham Musical Society, South Downs Musical Society, Stage One Youth Theatre and Havant and District Orchestral Society have made regular bookings over the last three years resulting in approximately 30 performances a year. In addition, the main auditorium is regularly booked for 18 days a year by the Fareham Dance Festival and All England Dance Festival. A new arts and entertainment facility would need to accommodate these groups and attract more.



The annual pantomime is a popular feature at Ferneham Hall and numbers have remained consistent over the last three years, which included performances of Dick Whittington, Sleeping Beauty and Aladdin. Average audience numbers were around **430** per performance, with approximately **17,500** tickets sold each year over the duration of **40** shows.

Customer reaction to touring shows and productions is mixed. It is difficult to attract well known acts as they tend to target their shows at much larger venues in the neighbouring cities. Some of the better touring productions would like to visit Fareham, but consider the size of the stage at Ferneham Hall to be a barrier, and the backstage area of the main auditoria is inadequate. The shows that are booked by Ferneham Hall management vary in popularity and there is always a risk to be recognised when calculating potential ticket sales. The current programme reflects more traditional theatre style entertainment, tribute bands, comedians and old school classics, such as 1980's artists, that generally has a narrow audience appeal. As such, income and attendance has remained static and therefore it is considered a more dynamic and innovative approach to programming is required in the future to reinvigorate the venue.



Hire of the main auditorium as a hall (without seating) is less popular. Over the last year the tiered seating has only been retracted for **16** events, **3** of which were for civic occasions such as the Election Count, Mayor Making and the Fareham In Bloom Awards. This raises the question as to whether a new venue should opt for the flexibility of retractable seating or the improved comfort of (and less labour intensive) permanent seating.



COSTS

It is important to note that, whilst the Council is wholly committed to providing a modern arts and entertainment venue in Fareham Town Centre, there is a need to reduce the annual operating cost of such a facility.

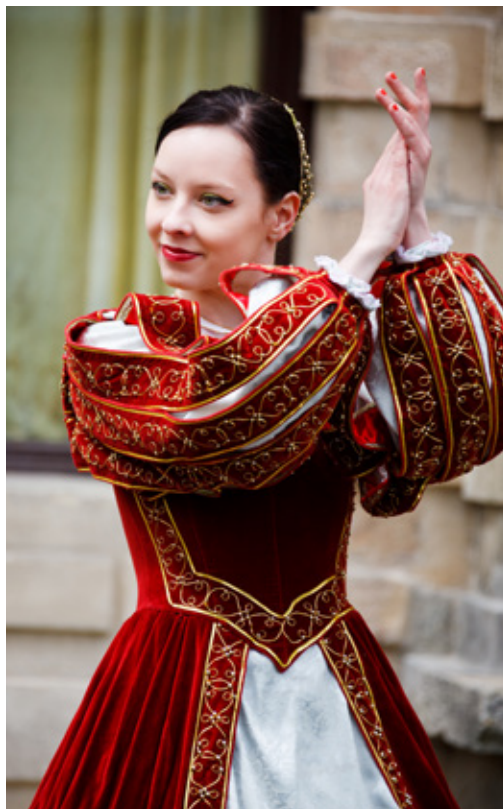
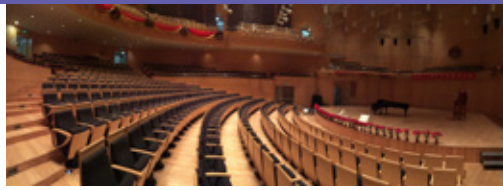
The Council's revenue budgets are under considerable pressure following major reductions in Government funding over recent years and there is a need for all Council services to be cost effective in the future. The annual operating costs of Ferneham Hall were **£396,200** for **2015/16**, **£423,400** for **2016/17** and **£418,200** for **2017/18**.

| ANNUAL OPERATING COSTS | |
|------------------------|-----------------|
| 2015/16 – | £396,200 |
| 2016/17 – | £423,400 |
| 2017/18 – | £418,200 |

The deficit needs to be reduced significantly in the future and a key part of this vision is the need to plan a new facility which could be more commercial in its outlook and reduce the level of annual subsidy provided by the Council. It is believed that this could be achieved through a combination of increased income and by reducing costs.



A VISION FOR THE FUTURE





We want to provide a busy community arts and entertainment centre which includes daytime and evening activity, seven days a week. We believe that this can be achieved through the provision of smaller, flexible, meeting spaces, improved catering areas and possibly a dance studio and secondary, smaller performance space.

The stage and seating in the main auditorium need to be the right size and design to attract a good range of touring productions as well as being available for hire to local amateur groups. We would like to see a more dynamic and innovative approach to programming to attract a wider range of customers to the venue. The annual pantomime is popular and we would like to see this retained and developed as part of the overall programme.

We want the interior and exterior of the building to be attractive, modern and welcoming, and complementary to the other new buildings within the Civic Quarter.

The new venue will be more commercial in its outlook and we expect the annual operating costs to be low, with the ultimate aim of breaking even.



DESIGN PRIORITIES



These are the main design priorities that need to be considered for a future arts and entertainment facility

Improvements to the exterior appearance of the building, including a welcoming entrance

Alterations to the foyer and box office area to provide a sense of arrival

Improved audience facilities, such as toilets and catering areas, in terms of comfort, appearance and overall experience

Demolition of the Octagon lounge

Improved access within the venue, including a lift



In the interest of fuel efficiency, individual parts of the building to be lit, heated and/or ventilated independently

Improved cast/crew areas, including the stage and backstage, to support high quality performances

The addition of community rooms for hire and/or to hold workshops, to enable the venue to operate as a busy community centre

Improved office space

Reduce the size, and improve the comfort of the main auditorium to better suit audience numbers (400-500 seats)

A smaller, more intimate secondary performance space (100 seats) including screen and projector room

Options for retractable seating versus permanent seating

A dance studio with a sprung floor



FIND OUT MORE

Find out more about our vision at
www.fareham.gov.uk

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 09 July 2018

| | |
|------------------------------|--|
| Portfolio: | Leisure and Community |
| Subject: | Citizen of Honour Award Scheme – Special Group Achievement Category |
| Report of: | Head of Leisure and Corporate Services |
| Corporate Priorities: | Strong, Safe, Inclusive and Healthy Communities |

Purpose:

This report seeks approval to introduce a Special Group Achievement Category to the Citizen of Honour award scheme that will recognise outstanding contributions to improving the lives of residents made by community groups and charitable organisations. It then proposes that One Community become the first recipient of the award.

Executive summary:

The Citizen of Honour award scheme was introduced in 1996 to recognise notable voluntary and unpaid service provided to the community by Borough residents.

It was first modified in 2001 to include young citizens who had acted bravely, undertook regular selfless acts or were adapting to a disability.

The special achievement category was then introduced in 2009 to recognise residents who had made a notable and significant achievement in their field.

It is proposed that a new category, called the Special Group Achievement award be introduced. This would be an occasional award presented to community groups, voluntary organisations and charities that have made outstanding contributions to people living in the Borough.

It is suggested that One Community be made the first recipient of the new award, in recognition of its outstanding contribution to local community and voluntary groups and organisations in the Borough.

Recommendation/Recommended Option:

It is recommended that the Executive approves:

- (a) the creation of the Special Group Achievement Award to recognise community groups, voluntary organisations and charities that have made outstanding contributions to the lives of residents;
- (b) the proposed arrangements for deciding and granting the Special Group Achievement Award, as set out in the report from paragraph 5; and
- (c) that the first Special Group Achievement Award be presented to One Community.

Reason:

To recognise the contribution made to the lives of residents by outstanding community groups, voluntary organisations and charities operating in the Borough.

Cost of proposals:

The cost of this proposal is to be met from existing resources for civic events.

Appendices: None

Background papers: None

Reference papers: None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

| | |
|---------------------|---|
| Date: | 09 July 2018 |
| Subject: | Citizen of Honour Award Scheme – Special Group Achievement Category |
| Briefing by: | Head of Leisure and Corporate Services |
| Portfolio: | Leisure and Community |

INTRODUCTION

1. This report seeks approval to extend the Special Achievement Category of the Citizen of Honour award scheme to include groups and charitable organisations. It then proposes that One Community become the first recipient of the award.

BACKGROUND

2. The Citizen of Honour award scheme was introduced in 1996 to recognise some of the notable voluntary and unpaid service provided to the community by borough residents.
3. In 2001 the scheme was modified to recognise young citizens who had carried out an outstanding act of bravery or who undertook a regular selfless act for others, or who were overcoming and learning to adapt to a registered disability.
4. The scheme was extended in 2009 with the creation of a Special Achievement category. This occasional award recognises residents who have made a notable and significant achievement in their particular field. For example, Dee Caffari was presented with the award in recognition of being the first female sailor to sail in both directions around the world.

SPECIAL GROUP ACHIEVEMENT AWARD PROPOSAL

5. It is proposed that the scheme is extended further to allow occasional awards to be made to community groups, voluntary organisations and charities that have made outstanding contributions to people living in the Borough.
6. It would be for the Executive to determine how and when the awards are made. It is suggested the following arrangements would be appropriate in respect of this award:

Nominations

7. Nominations to be:-

- submitted by Members of the Council only.
- put forward at any time of the year, as appropriate to the achievement to be recognised.
- submitted to the Executive together with such information as is available to support the making of the award.

Criteria

8. Recipients to be community groups or voluntary organisations that are either based in Fareham or conduct a significant amount of their work here.
9. Recipients to have made an outstanding contribution to the lives of residents in the Borough.

The Award

10. To be a Special Group Achievement engraved shield and certificate.
11. To be awarded by the Mayor.

One Community

12. One Community has been operating in Fareham since 2015, when it was awarded a contract by the Council to provide support to community and voluntary sector organisations. It provides advice on governance, offers funding support, volunteer placement, volunteer support and training to any community or voluntary group or organisation in Fareham.
13. Now in its 40th year, One Community has recently been awarded the prestigious Queen's Award for Voluntary Service. If the new Special Group Achievement category is approved it is proposed that One Community be presented with the award by the Council. This is in recognition of the outstanding contribution it has made in support of local community and voluntary groups and organisations in the Borough.

CONCLUSION

14. The proposed Special Group Achievement category of the Citizen of Honour award will allow occasional awards to be made to community groups, voluntary organisations and charities that have made outstanding contributions to people living in the Borough.
15. One Community is proposed as the first recipient of the award, in recognition of its outstanding contribution to local community and voluntary groups and organisations in the Borough.

Enquiries: For further information on this report please contact Lindsey Ansell, Head of Corporate Services and Leisure. (Ext 4567)

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 09 July 2018

| | |
|------------------------------|---|
| Portfolio: | Planning and Development |
| Subject: | Proposed Revisions to the Council's Policy on the Publicity of Planning Applications |
| Report of: | Director of Planning and Regulation |
| Corporate Priorities: | Protect and Enhance the Environment Strong, Safe, Inclusive and Health Communities A Dynamic, Prudent and Progressive Council |

Purpose:

This report proposes various changes to the Council's current policy on publicising applications received for planning permission and other types of consent.

Executive summary:

Officers from the Council's Development Management service have been reviewing whether the current neighbour notification policy dating from 2003 results in an appropriate level of public notification on planning applications and other types of planning submissions.

The review follows the recent changes made to how planning applications are dealt with by Development Management following the work with Vanguard Consulting.

Under the current neighbour notification policy, the main methods of publicising planning applications include letters sent directly to adjacent properties, the display of site notices and press notices placed in a local newspaper.

Officers consider that the current neighbour notification policy should be replaced and rebranded as the 'Community Notification Scheme (CNS)'.

The new CNS would provide Officers with greater flexibility to decide who to notify about planning and similar applications.

The proposed approach would lead to more residents and other interested parties being notified about major applications than required under the Council's currently approved policy. There would be a reduction in the requirement to notify on some minor applications (particularly applications for advertisements, works to listed buildings and limited works to protected trees).

The proposed changes would help to increase awareness of larger applications such as those for major residential development. The changes would also increase the speed with which Officers can decide minor proposals which are typically non-controversial and receive very little, if any, response from residents or other interested parties.

Recommendation:

It is recommended that the Executive:

- (a) approves the Community Notification Scheme as set out within Appendix B to this report;
- (b) agrees that this Scheme comes into effect from Monday 23rd July 2018; and
- (c) agrees that any representations received without a valid full name and postal address being provided, will not be taken into account when determining planning or similar applications.

Reason:

In the interests of increasing the effectiveness and efficiency of notification of planning and other similar applications.

Cost of proposals:

None

APPENDICES:

Appendix A: CURRENT NEIGHBOUR NOTIFICATION POLICY

Appendix B: PROPOSED COMMUNITY NOTIFICATION SCHEME (CNS)

Appendices C1, C2, D, E1 & E2: EXAMPLES OF CURRENT AND PROPOSED SCHEMES IN PRACTICE

Background papers: None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

| | |
|---------------------|--|
| Date: | 09 July 2018 |
| Subject: | Proposed Revisions to the Council's Policy on the Publicity of Planning Applications |
| Briefing by: | Director of Planning and Regulation |
| Portfolio: | Planning and Development |

INTRODUCTION

1. Officers have been reviewing whether the neighbour notification policy dating from 2003 results in an appropriate level of public notification on planning applications.
2. The review follows the recent changes made to how planning applications are dealt with by the Development Management service following the work with Vanguard Consulting.
3. A summary of the current neighbour notification policy can be found below in Appendix A at the end of this report. Under the current policy the main methods of publicising planning applications include consultation letters sent directly to adjacent properties, the display of site notices and press notices placed in a local newspaper.
4. Officers consider that the current neighbour notification policy should be replaced and rebranded as the 'Community Notification Scheme (CNS)'. A proposed CNS can be found at Appendix B. This report discusses the main changes to the policy.

GENERAL PUBLICITY CARRIED OUT FOR ALL APPLICATIONS

5. Applications of all types are included on a weekly list published every Monday. The list contains details of all applications received during the previous week and is published online on the Council's website. A link to the list is also circulated by email to Members and other interested parties every Monday morning.
6. Full details of all applications received are published online on the Council's website. All applications are published online regardless of whether the application is subject to a formal period during which third party comments can be submitted or not. Where this is the case comments on an application can be submitted through the website provided the application has not already been determined.

PUBLICISING MAJOR PLANNING APPLICATIONS

7. Under the current neighbour notification policy, when publicising major planning applications Officers are obliged to display site notices, place a notice in the local newspaper and send letters directly to neighbouring properties which abut application sites (and other land within the control of the applicant). There is no requirement to write to other neighbours living nearby if their property is not adjacent to the application site.
8. One particularly important element of the Vanguard method of working is the emphasis on keeping local residents informed throughout the planning application process. At the outset it is acknowledged that, for major planning applications, it may often be appropriate to write to a far wider number of residents and other interested parties than just those whose properties abut the application site. This is in recognition that planning applications of a more significant scale can often impact on the wider community in a range of different ways. In light of the Vanguard way of working, Officers have already had regard to this and have begun to send notification letters to residents other than those immediately adjacent to the site over and above the requirements of the current notification policy. In the revised notification scheme it is proposed that Officers continue to consider on a case by case basis whether additional publicity is required in this manner and allow Officers to use their discretion to determine to whom notification letters should be sent.
9. An example of these proposed changes in practice can be found at Appendix C1 and C2. This example uses the site of the proposed development of up to 120 dwellings on land to the north of Cranleigh Road (planning reference P/15/0260/OA).
10. Appendix C1 shows those adjacent properties that would be notified if the current notification policy was strictly followed. Appendix C2 meanwhile shows a more appropriate coverage of the local area within which households could be notified of this major application if Officers used their discretion under the revised proposed notification scheme. It should be noted that in this particular case this wider reaching distribution of letters was carried out by Officers notwithstanding the current notification policy requirements.

PUBLICISING MINOR PLANNING APPLICATIONS

11. Through the revised notification scheme it is proposed that householder applications would be publicised in a similar manner as at present. There would be some minor changes to the requirement to write to adjacent neighbouring properties, such as for example notifying properties on the opposite side of a road only when a proposed development would affect the front of the application property and not the rear.
12. To illustrate this Appendix D shows a site in Newtown Road, Warsash. It identifies those adjacent properties that, under the current notification policy, Officers would be obliged to notify directly by letter. Under the proposed notification scheme any proposals for development to the rear of the house, such as a rear extension or garden outbuilding, would not trigger the requirement to notify those houses located on the opposite side of the road.

PUBLICISING APPLICATIONS FOR CONSENT TO DISPLAY ADVERTISEMENTS

13. The current neighbour notification policy is generally consistent with the requirements placed on local authorities when publicising planning applications as set out in the Town & Country Planning (Development Procedure Order) 2015 (as amended). However, the policy goes further by committing the Council to carry out additional publicity over and above that required by legislation with regards other types of submissions.
14. For example, there is no statutory obligation for the local planning authorities to send letters, display site notices or place press notices in relation to applications for consent to display advertisements. This Council's current neighbour notification policy however states that those types of proposals will be publicised in the same way as other applications for planning permission and so currently that is what occurs.
15. In comparison to major planning applications the level of publicity required by the current policy for applications for advertisement consent is considered to be excessive in many cases. These applications typically do not generate much interest in terms of the numbers of comments received in relation to them. They could be dealt with quicker and more efficiently, without delaying matters for local residents or businesses, if the level of publicity required to be carried out was reduced. It is therefore proposed that no publicity is carried out in relation to applications for advertisement consent except in specific circumstances. These include where the advertisement is to be displayed in a conservation area or in a residential neighbourhood, in which case publicity would be carried out at the discretion of the Officer handling the application.
16. An example of these proposed changes is shown at Appendix E1 and E2. The site is a warehouse within Fareham Industrial Estate where consent was sought to display two non-illuminated signs. Appendix E1 shows that, under the current notification policy, letters were sent to four adjacent industrial premises on the estate. No representations were received in response to this notification. Appendix E2 illustrates that, under the proposed notification scheme, no letters would be sent out in this particular set of circumstances.

PUBLICISING APPLICATIONS FOR LISTED BUILDING CONSENT

17. As for applications for advertisement consent, applications for listed building consent are currently publicised at a level in excess of what is required by the 2015 Order and also what is considered necessary by Officers. For listed building consent applications therefore, whilst site notices and press notices would still be displayed, it is proposed that letters would only be sent to neighbours at the case officer's discretion. For applications proposing works affecting only the interior of a Grade II (unstarred) listed building no publicity would be required under the new notification scheme.

PUBLICISING APPLICATIONS FOR CERTIFICATES OF LAWFULNESS FOR EXISTING USES OR DEVELOPMENT

18. Applications for a Certificate of Lawfulness for an Existing Use or Development are used to establish whether existing uses of land or building works are lawful. Many applications are submitted on the basis that, due to the passage of time, the use or works are now lawful.

19. Currently no publicity is required by statute or the Council's neighbour notification policy for applications seeking a certificate of lawfulness for existing uses or development. However, government guidance suggests that it is reasonable for a local planning authority to seek evidence from third parties such as neighbours if they believe they may possess relevant information about the content of a specific application. With that in mind it is proposed that for such applications letters will be sent to neighbours and/or a site notice will be displayed at the Officer's discretion. For example, neighbours may be able to confirm or counter an applicant's claims that a use has already been carried out for a certain period of time or that building works were completed by a particular date.
20. Applications for a Certificate of Lawfulness for a Proposed Use or Development are used to establish whether uses or works yet to be carried out would be lawful and therefore would not require planning permission from the Council. Such applications deal with whether the development is lawful having regards to the facts of the case, and views expressed by third parties on the planning merits cannot be taken into account when being determined.
21. Under the new notification scheme there would still be no requirement for publicity to be carried out for applications relating to lawful development certificates for proposed development.

PUBLICISING APPLICATIONS FOR CONSENT FOR WORKS TO PROTECTED TREES

22. The Council currently writes to adjacent neighbours and displays site notices to publicise applications for consent to carry out works to trees covered by tree preservation orders (TPOs) or trees within conservation areas. There is no statutory requirement for the local authority to carry out any publicity for these types of applications.
23. Officers typically receive very few comments in response to this publicity for tree works applications. Most of the comments received relate to proposals to fell trees or for works to significantly reduce mature trees.
24. The new proposed notification scheme would lift the requirement to write to neighbours and display site notices for every application. Instead it proposes that Officers only be required to do so when a proposal involves the felling of a tree covered by a TPO or within a conservation area. Applications for lesser works such as the removal of tree limbs, branches or reduction works would not be publicised unless Officers considered the works may generate sufficient interest from local residents to warrant it being subject to a period of public consultation, for example by the nature of the scale of the works or the prominent or sensitive location of the trees involved. Applications for works not involving the felling of trees would therefore only be subject to publicity at the discretion of Officers.
25. The proposed changes would reduce the amount of time and resource spent on notifying residents on proposals which are not likely to generate any response. It would also mean that, where no publicity is carried out and there is no period for comment to delay the progress of the application, decisions on applications could be issued much quicker than at present. At the same time, the ability for residents to have their say on those proposals for more significant works to trees, such as felling and in some cases reduction of trees, would still remain thereby ensuring that those comments can be taken into account when determining such applications.

LENGTH OF PUBLICITY PERIOD

26. The 2015 Order requires the publicity period for applications to last no less than 21 days. If representations are received after the 21-day period has ended, following adoption of Vanguard approach Officers are accepting and taking into account those comments in the same way as they would do any others and if possible to do so, in other words if the application has not already been determined. The site notices, press notices and letters used to publicise applications encourage anyone wishing to do so to comment by a certain date (normally 21 days from the date of the notice being displayed or letter being sent) to ensure their comments are taken into account. On occasion Officers can set this date further in the future to provide a longer period of consultation, for example 28 days or even more. A longer period for comment is often given for example when that period spans the Christmas holiday season or school summer holidays however this is at the discretion of Officers to determine when appropriate to do so. There are no suggested changes to this current practice within the new notification scheme.
27. Under the current notification policy, amendments to undetermined applications which are significant should be re-advertised for an additional period of 14 days. The proposed scheme does not stipulate how long a period of re-consultation should be or to whom further notification would be sent. It would be at the discretion of Officers as to how long to give for any further comments to be made before a decision could be made or who to write to based on the content of the amendments and the nature of any comments received in the initial round of consultation.

COMMENTS RECEIVED IN RESPONSE TO PUBLICITY

28. Anyone can comment on an application which is subject to public consultation. Whilst there is no obligation to do so, in the interests of transparency the Council publishes all comments received online on its website.
29. The new notification scheme proposes that, in future, any comments received without the sender's full name and postal address will not be taken into account. This is to ensure that comments received are genuinely made by interested parties and that multiple representations by the same party are noted. Doing so will enable the decision makers to determine what weight to give to those comments and the issues raised.
30. When comments are received without a full name and postal address being provided, for example comments submitted online or by email, Officers will contact the sender to request those details and explain that without them their representation will not be considered by this Council. Letter templates, site notices and press notices will also be amended to make respondents aware of this requirement.
31. As referred to above, current practice is to take into account any comments made about an application which are received after the publicity period has ended if the application has not already been decided. This way of working is proposed to continue under the new notification scheme.

RISK ASSESSMENT

32. There are no significant risk considerations in relation to this report

CONCLUSION

33. The current neighbour notification policy used by the Council, whilst consistent in terms of the minimum statutory requirements, is considered inadequate in relation to the level of publicity required for major planning applications and unnecessarily excessive in regard to more minor types of applications.
34. To address this imbalance it is proposed to introduce a new notification scheme which allows Officers more flexibility to notify neighbouring properties where considered appropriate to do so. As a result it is expected that there will be increased awareness by residents of proposals for major development and how they can participate in the planning process. At the same time a reduction in the requirement to notify for minor applications (including applications for advertisements, works to listed buildings and protected trees) would likely increase the speed and efficiency in determining those proposals which are typically non-controversial and receive very little if any response from members of the public.
35. The proposed scheme clarifies how long the Council will allow for comments to be made on applications and how it will re-advertise planning applications at Officers' discretion if amendments are made by the applicant. It also sets out how representations received from persons who do not divulge their full name and address will not be taken into account.

Enquiries:

For further information on this report please contact Lee Smith, Head of Development Management (Ext. 4427).

APPENDIX A

CURRENT NEIGHBOUR NOTIFICATION POLICY

| Type of Proposed Development | Current Council Practice |
|--|--|
| Planning application accompanied by an environmental statement, or Departure from development plan, or Affecting public right of way | Advertise in local newspaper and Site Notice and Letters to neighbours |
| Major development | Advertise in local newspaper and Site Notice and letters to neighbours |
| Minor development/Other development (including Householder) | Letters to neighbours and/or site notice |
| Amendments to undetermined applications | Same as original (14 day) if significant |
| Applications for Listed Building consent or Development affecting the character or appearance of a conservation area | Advertise in local newspaper and Site Notice and/or Letters to neighbours |
| Advertisement Consent applications | Site Notice and/or Letters to neighbours |
| Tree Preservation Order applications | Site Notice and/or Letters to neighbours |
| Applications for prior approval of details of certain development permitted by the General Development Procedure Order: a) demolition of houses; b) agriculture/forestry; c) telecommunications in conservation areas; d) telecom works. | a); b); c): site notice posted by developer; d) site notices (14 days) and/or Letters to neighbours |

Footnotes:

Site Notices are only to be used (other than where a statutory requirement) where neighbours cannot be identified, where the nature of development requires wider publicity or at the discretion of the planning officer.

Letters will only be sent to Neighbours where the property abuts the red and blue lines of ownership.

Definition of Neighbours in relation to notification across a footpath, greenway or road: -

Where a footpath, greenway or road falls within a distance of 4 metres measured from the boundary of the land or the boundary of the unit for which the development is proposed, the width of such footpath, greenway or road shall be disregarded in calculating the specified distance unless :-

- the road is more than 20 metres in width;
- the proposal involves development solely to the rear of the property and there is no road to the rear.

APPENDIX B

PROPOSED COMMUNITY NOTIFICATION SCHEME (CNS)

| Type of Proposed Development | Proposed Council Practice |
|--|---|
| <ul style="list-style-type: none"> Planning application accompanied by an environmental statement, or Departure from development plan, or Affecting public right of way | <ul style="list-style-type: none"> Advertise in local newspaper; and Site Notice; and Letters to adjoining neighbours and further afield at the case officer's discretion |
| <ul style="list-style-type: none"> Major Planning application | <ul style="list-style-type: none"> Advertise in local newspaper; and Site Notice; and Letters to adjoining neighbours and further afield at the case officer's discretion |
| <ul style="list-style-type: none"> Minor Planning Applications Householder applications | <ul style="list-style-type: none"> Site Notice; and/or Letters to adjoining neighbours and in some instances neighbours on opposite side of road* |
| <ul style="list-style-type: none"> Re-Submissions within one year of a decision | <ul style="list-style-type: none"> As required by this document according to the type/nature of the application; and Letters to all addresses of persons who commented on the previous application |
| <ul style="list-style-type: none"> Amendments to undetermined applications | <p>Only if the changes are significant in the view of the case officer:</p> <ul style="list-style-type: none"> Re-publicise by letter/email only at the case officer's discretion |
| <ul style="list-style-type: none"> Applications for Listed Building Consent (except applications for works affecting only the interior of a Grade II (unstarred) listed building) | <ul style="list-style-type: none"> Advertise in local newspaper; and Site Notice Letters to neighbours at the case officer's discretion |
| <ul style="list-style-type: none"> Applications for works affecting only the interior of a Grade II (unstarred) listed building) | <ul style="list-style-type: none"> No publicity to be undertaken |
| <ul style="list-style-type: none"> Applications affecting the character and appearance of a Conservation Area or the setting of a listed building | <ul style="list-style-type: none"> Advertise in local newspaper; and Site Notice Letters to neighbours depending on the nature of the application as above |
| <ul style="list-style-type: none"> Details pursuant to listed building consent conditions (except | <ul style="list-style-type: none"> Advertise in local newspaper; and Site Notice |

| | |
|---|--|
| applications for works affecting only the interior of a Grade II (unstarred) listed building) | |
| <ul style="list-style-type: none"> Advertisement Consent | <ul style="list-style-type: none"> No publicity unless: In a Conservation Area: <ul style="list-style-type: none"> Site Notice; and Letters to neighbours to be sent at case officer's discretion In an area with identifiable residential neighbours: <ul style="list-style-type: none"> Letters to neighbours at case officer's discretion |
| <ul style="list-style-type: none"> Applications to carry out works to trees covered by tree preservation orders (TPOs) or within a conservation area | <ul style="list-style-type: none"> No publicity unless: Proposal involves felling of tree(s); or Other works at case officer's discretion: <ul style="list-style-type: none"> Letters to neighbours and/or Site Notice |
| <ul style="list-style-type: none"> Proposed Lawful Development Certificates | <ul style="list-style-type: none"> No publicity to be undertaken |
| <ul style="list-style-type: none"> Existing Lawful Development Certificates | <ul style="list-style-type: none"> Letters to neighbours and /or Site Notice at case officer's discretion |
| Applications for Prior Approval for developments permitted by the General Permitted Development Order 2015: | |
| <ul style="list-style-type: none"> The Enlargement, Improvement or other alteration to a dwellinghouse (Part 1, Class A) | <ul style="list-style-type: none"> Letters to adjoining neighbours |
| <ul style="list-style-type: none"> Changes of Use (Part 3, Class C,J,M,N,O,P,Q,R,S,&T) | <ul style="list-style-type: none"> Site Notice or letters to adjoining neighbours at case officer's discretion |
| <ul style="list-style-type: none"> Agricultural & Forestry (Part 6, Class A,B & E) | <ul style="list-style-type: none"> Site Notice; and letters at case officer's discretion |
| <ul style="list-style-type: none"> Heritage & Demolition (Part 11, Class B) | <ul style="list-style-type: none"> Site Notice; and letters at case officer's discretion |
| <ul style="list-style-type: none"> Communications (Part 16, Class A) | <ul style="list-style-type: none"> Site Notice; and letters at case officer's discretion |

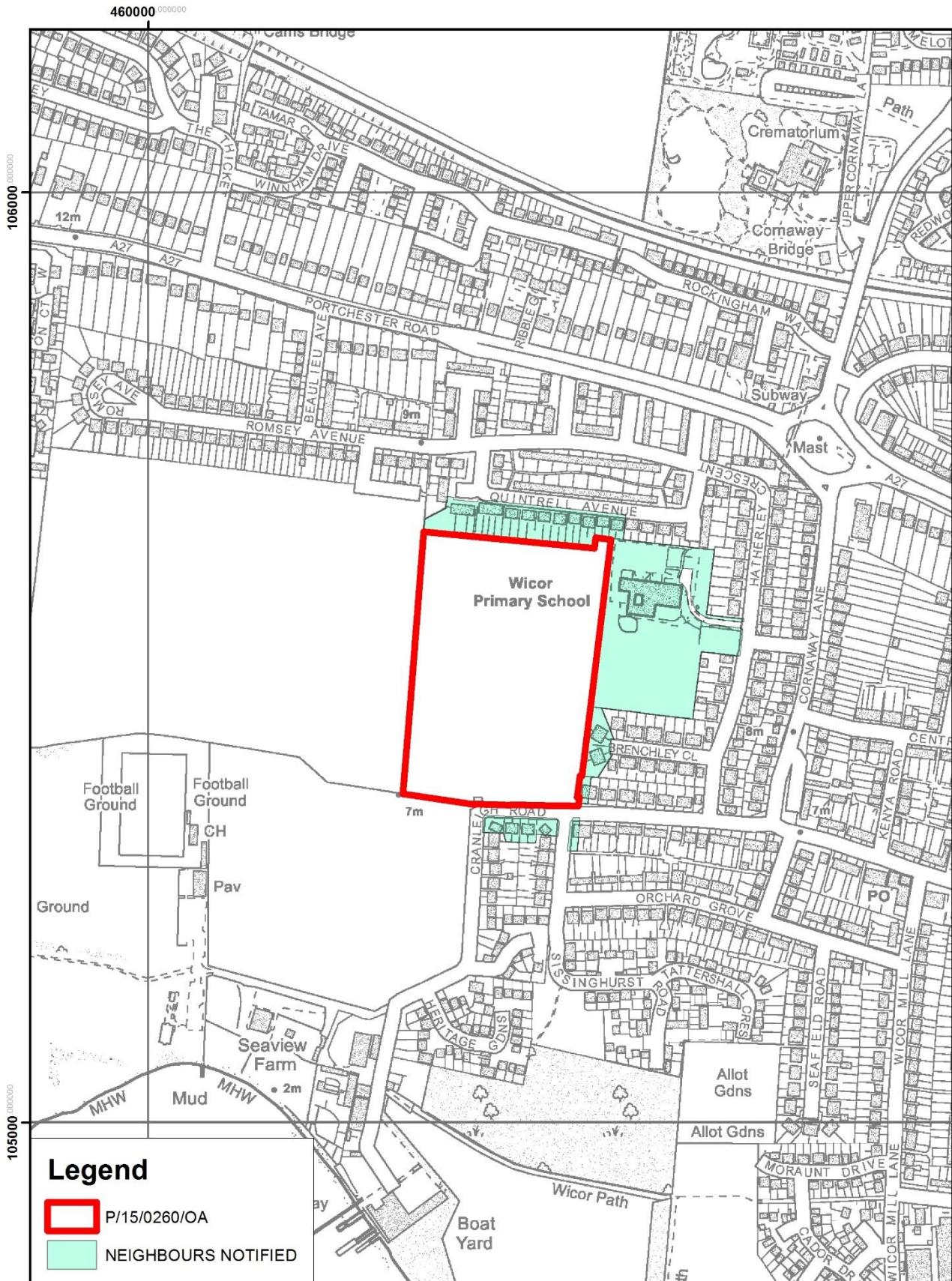
Footnotes:

Site Notices are to be used (other than where a statutory requirement) where neighbours cannot be identified, where the nature of development requires wider publicity or at the discretion of the planning officer.

* For minor and household applications: where the proposal involves no change to the front or side elevations of a building or no development within the frontage of a building (for example, rear extensions or outbuildings in rear gardens only) there will be no requirement to send letters to properties lying across the opposite side of a street to the front of the application property.

Wording in bold denotes a statutory requirement under the Town & Country Planning (Development Management Procedure) Order 2015, Listed Buildings and Conservation Areas Act 1990 or Listed Building and Conservation Areas Regulations 1990.

APPENDIX C1

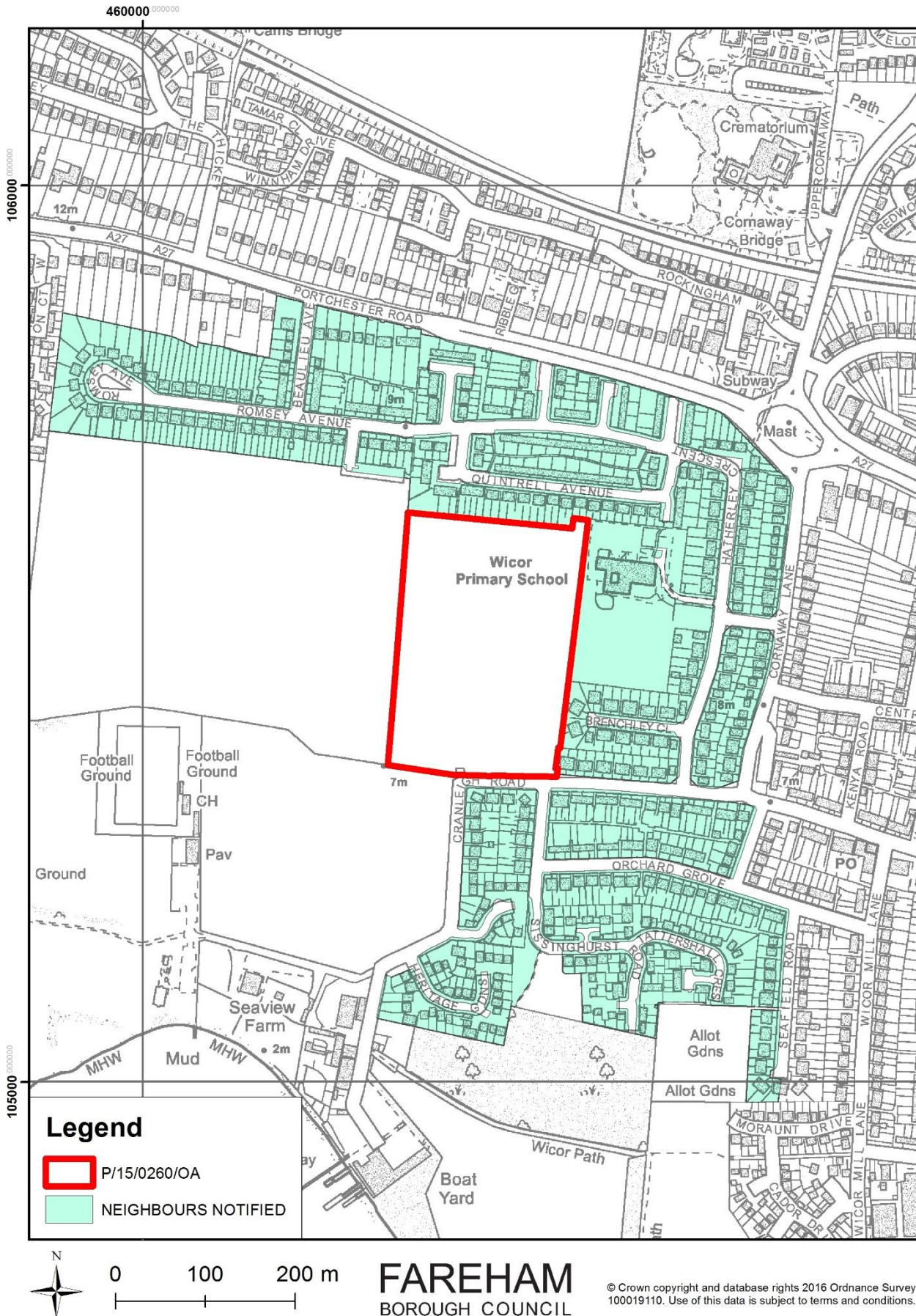


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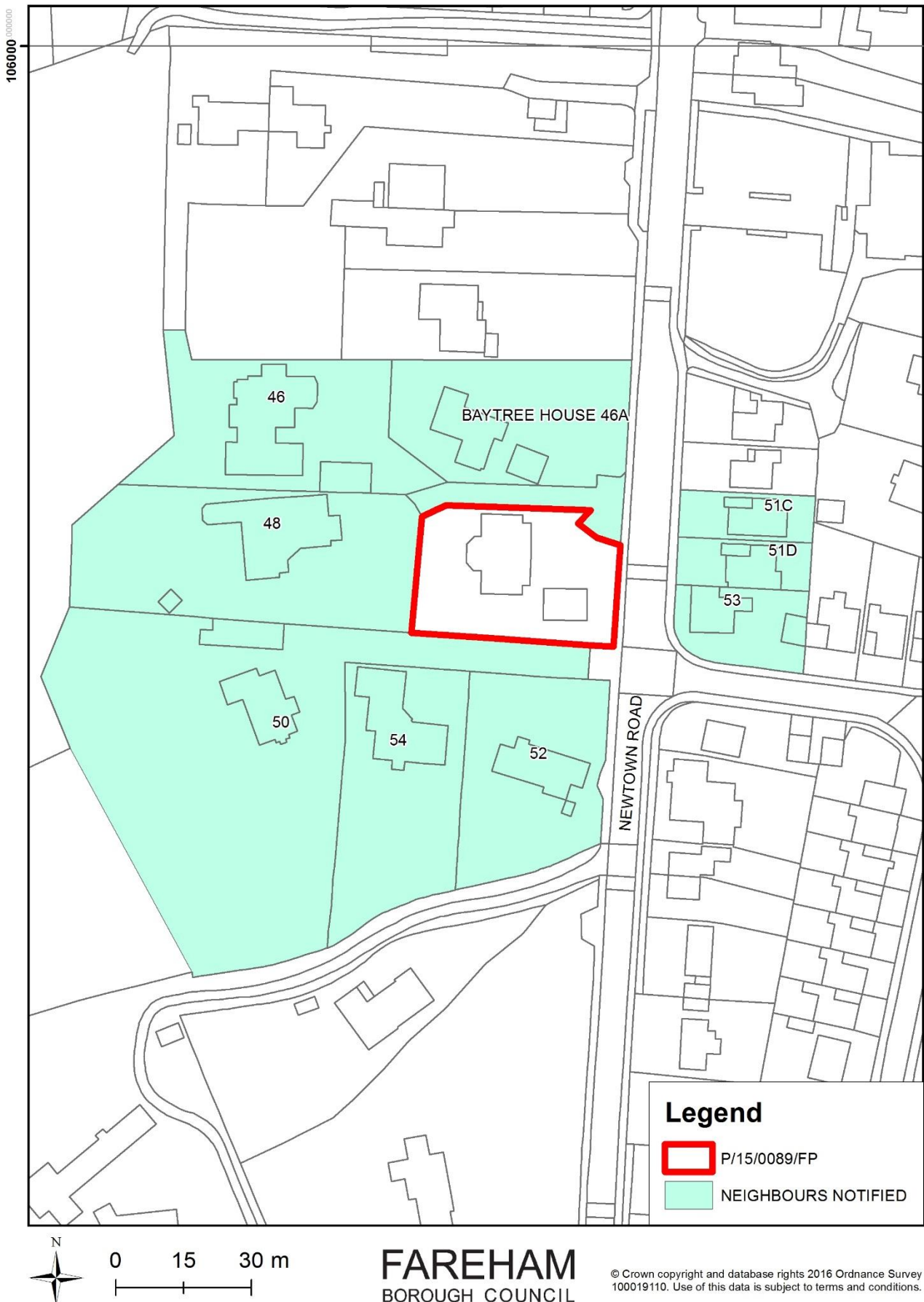
FAREHAM
BOROUGH COUNCIL

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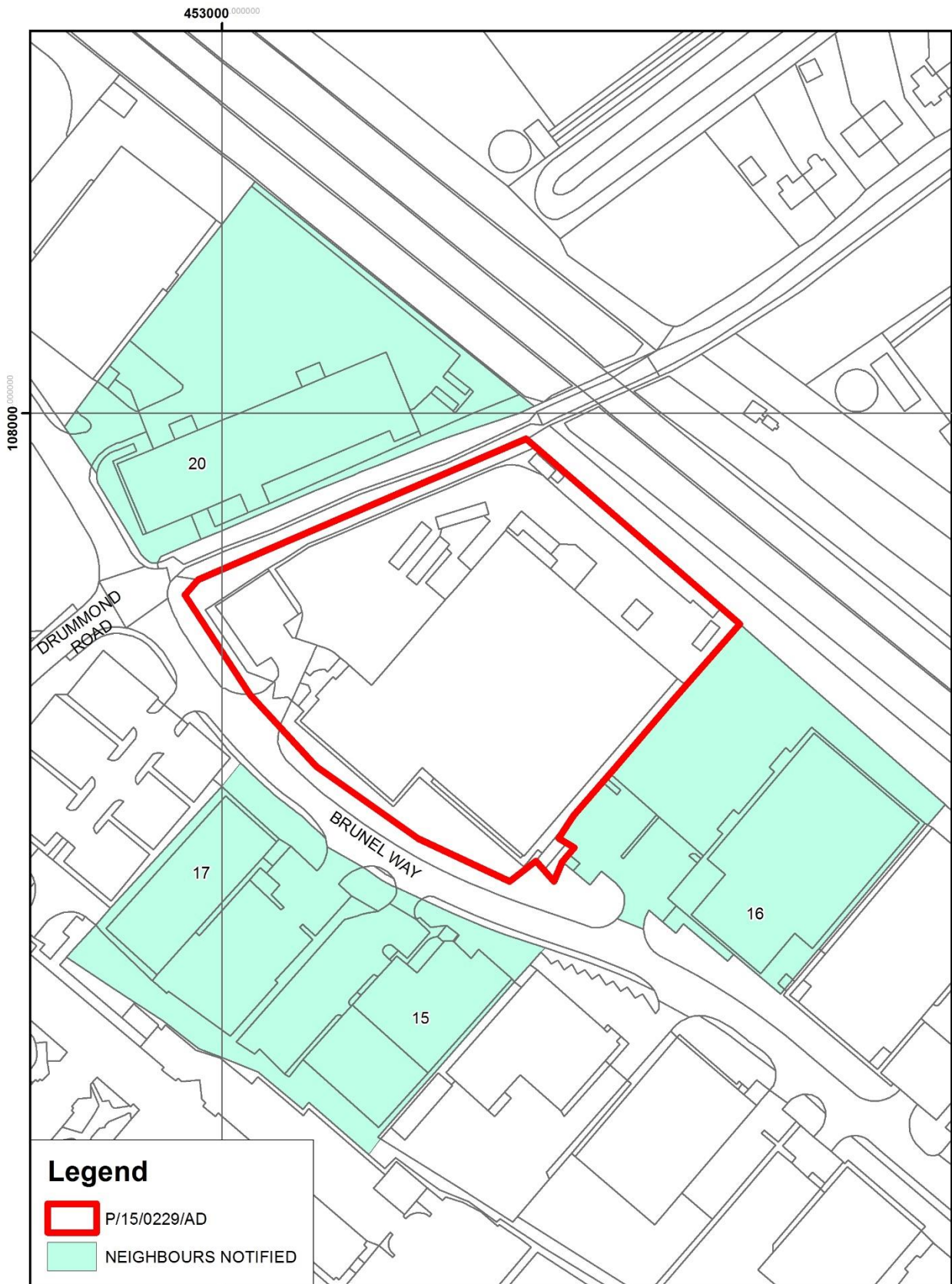
APPENDIX C2



APPENDIX D



APPENDIX E1

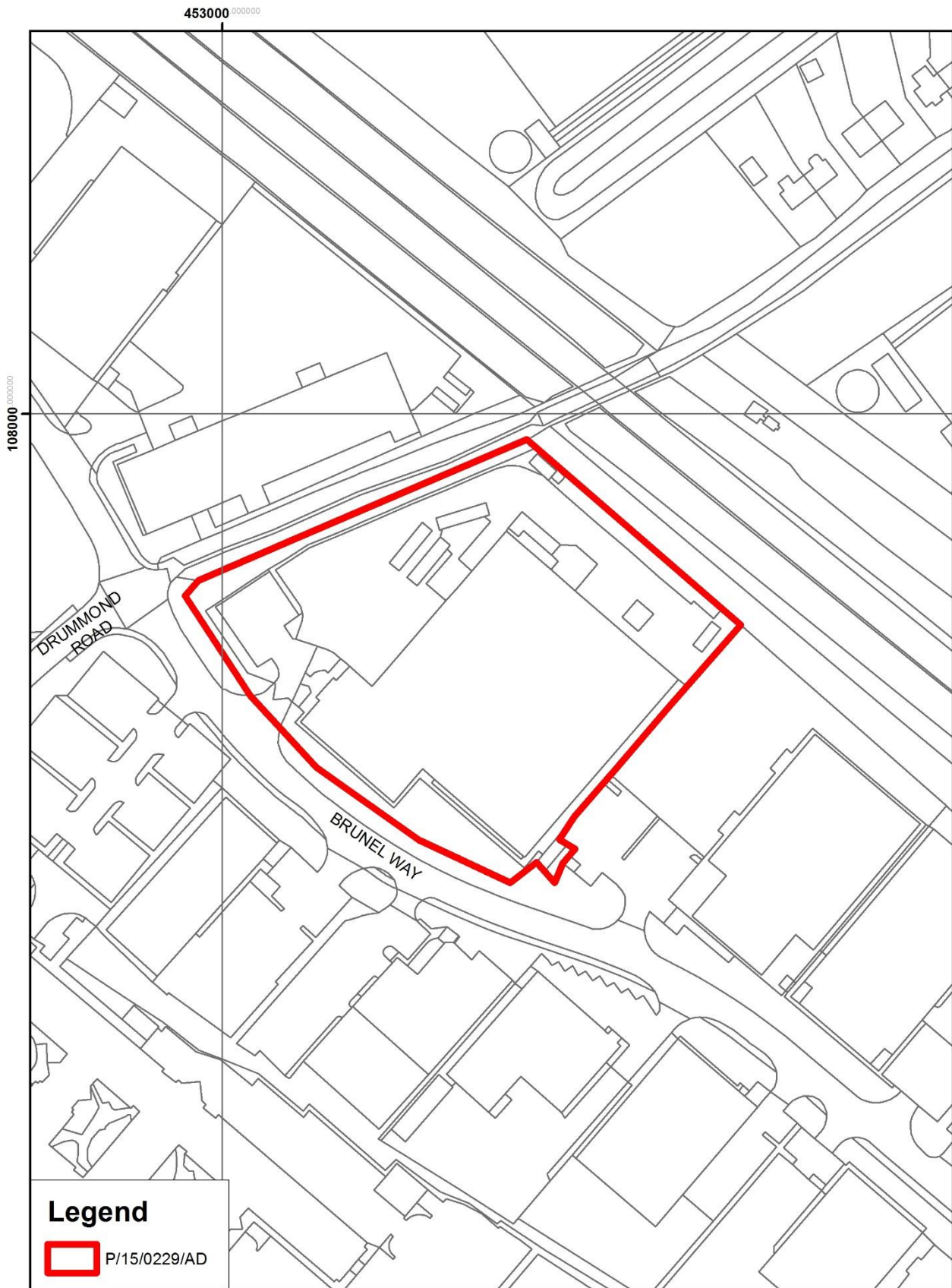


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APPENDIX E2



FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 09 July 2018

| | |
|------------------------------|---|
| Portfolio: | Policy and Resources |
| Subject: | Fareham Civic Quarter Regeneration Proposals |
| Report of: | Director of Planning and Regulation |
| Corporate Priorities: | Maintain and extend prosperity |

Purpose:

The purpose of this report is to firstly provide an overview of the Council's progression on regeneration proposals within the Fareham Town Centre Civic Quarter and secondly to seek approval for a budget for the next stages of work to be undertaken.

Executive Summary:

This report provides background to the regeneration proposals within the Fareham Civic Quarter, and then provides an overview of their progression since publication of the Corporate Strategy and Fareham Town Centre Regeneration Vision. This report explains the proposed next steps to progress these regeneration proposals, and seeks approval for necessary resources and a budget to support this project.

Recommendation:

It is recommended that the Executive approves a budget of £275,000 to facilitate procurement of a dedicated resource to masterplan and programme manage delivery of the phases comprising the Fareham Civic Quarter Regeneration project and to undertake surveys and technical reviews for the progression of more detailed designs and programming for the Fareham Civic Quarter Regeneration project.

Reason:

The regeneration of the Fareham Civic Quarter is a key Council priority identified in both the Corporate Strategy 2017-2023 and the Fareham Town Centre Regeneration Vision (July 2017).

Cost of proposals:

This report seeks approval for a budget of £275,000 to facilitate procurement of a dedicated resource to masterplan and programme manage delivery of the phases comprising the Fareham Civic Quarter Regeneration project, and to undertake surveys and technical reviews required for the progression of more detailed designs and programming for the Fareham Civic Quarter Regeneration project.

Appendices:

None

Background papers:

None

Reference papers:

'Fareham: a prosperous and attractive place to be' Corporate Strategy 2017-2023

'Planning the Future of Fareham Town Centre' Fareham Town Centre Regeneration Vision (July 2017)

Report to the Executive: 12 October 2015 – Works to the Civic Offices

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

| | |
|---------------------|--|
| Date: | 09 July 2018 |
| Subject: | Fareham Civic Quarter Regeneration Proposals |
| Briefing by: | Director of Planning and Regulation |
| Portfolio: | Policy and Resources |

INTRODUCTION

1. This report follows on from the work of the Fareham Town Centre Regeneration Vision Member Working Group which resulted in the adoption of the Fareham Town Centre Regeneration Vision by the Executive in July 2017. This report provides background to the emerging regeneration proposals for the Fareham Civic Quarter, and provides an overview of their progression since publication of the Corporate Strategy 2017-2023 and Fareham Town Centre Regeneration Vision; the regeneration of the Civic Quarter is a key Council priority identified in both documents. This report explains the proposed next steps to progress delivery of these regeneration proposals, and seeks approval for necessary resources and a budget to support this project.

BACKGROUND

‘Fareham: a prosperous and attractive place to be’ Corporate Strategy 2017-2023

2. As explained in the current Corporate Strategy 2017-2023, in order to maintain and extend prosperity in the Borough, one of the Council’s aims is to commence the regeneration of Fareham Town Centre, which will include the provision of new homes, improvements to retail, leisure and entertainment facilities and changes to parking provision.

‘Planning the Future of Fareham Town Centre’ Fareham Town Centre Regeneration Vision (July 2017)

3. In February 2016, a Member Working Group was established and tasked with developing a high-level corporate vision document that focused on opportunities to improve and enhance Fareham Town Centre. In early 2017, a draft vision for Fareham Town Centre was produced and consulted upon from late February to March. Then at the July Executive in 2017, in light of this consultation, a finalised Fareham Town Centre regeneration vision was produced for approval and subsequent publication.

4. Within this regeneration vision, entitled 'Planning the Future of Fareham Town Centre', one of the five areas which were particularly focus on was the 'Civic Quarter'. The 'Civic Quarter' is an area that is largely focused on Ferneham Hall, Osborn Road Multi Storey Car Park and the surrounding surface car parks. As the July 2017 Executive Report highlighted, the area around the Council's ownership has redevelopment potential and whilst the Council will proceed to look at options to develop land within our control, we are keen to work with other landowners and partners in the area should they have proposals which help regenerate the Civic Quarter and the wider Town Centre.
5. As the regeneration vision document explained the redevelopment of the Civic Quarter could include:
 - Replacement of Osborn Road Multi Storey Car Park due to its condition and obsolescence enabling provision of adequate public parking in the right places for those who work in and visit the town centre;
 - Creating a new cultural and arts facility to replace Ferneham Hall;
 - Some potential commercial development;
 - Preserving the Civic Gardens;
 - At least around 100 new homes with parking;
 - Improve the pedestrian linkages to the West Street and the wider town centre.

OVERVIEW OF THE PROGRESSION OF FAREHAM CIVIC QUARTER REGENERATION PROPOSALS

6. Subsequent work progressing the regeneration of Council owned assets within the Civic Quarter has focused some key elements. The first is Ferneham Hall, which is becoming out-dated. The Council needs to consider ways to achieve better value for taxpayers through reducing the Council's subsidy currently needed to run Ferneham Hall through the provision of a new Cultural and Arts Facility. The second is Osborn Road Multi-Storey Car Park. This is not considered an attractive parking facility, with this view evident in many of the responses the Council received during the consultation on the regeneration vision. In addition, the lifespan of the current car park means it will need significant investment or replacement in the short to mid-term.
7. When the new modern Cultural and Arts Facility is delivered, and the Osborn Road Multi-storey car park demolished, there is the opportunity for a residential-led development within the Civic Quarter. It is considered important that the re-provision of new public parking in the Civic Quarter will need to be planned in the context of public parking available across Fareham town centre, both for the interim period of development construction and for the long-term.
8. Officers have undertaken initial feasibility work to assess how these key elements could be delivered, an overview of which is provided in the next section below.

Remodelling of Ferneham Hall 'in-situ' into a New Modern Cultural and Arts Facility

9. In respect to Ferneham Hall, initial feasibility work has been undertaken to assess several options to redevelop or remodel a new modern Cultural and Arts Facility 'in-situ' or relocated within the Civic Quarter.
10. The feasibility work concluded that the remodelling of Ferneham Hall into a new modern Cultural and Arts Facility 'in-situ' would be preferable, particularly in respect to reducing estimated costs and enabling delivery over a shorter time-scale. However, this would mean that the existing Ferneham Hall would need to be closed over a relatively short time period whilst the remodelling works are undertaken.
11. The details of the proposed new modern Cultural and Arts Facility such as its specification, costings and likely timeframes for delivery as a first phase are set out in a separate Executive Report on this agenda. It is important to highlight that when consulting on the regeneration vision for Fareham Town Centre there was strong support for a new modern Cultural and Arts Facility.

Demolition of Osborn Road Multi-Storey Car Park and re-provision of new public parking

12. As previously explained Osborn Road Multi-Storey Car Park is a rather outdated facility and will need to be demolished in the short to mid-term. Demolition of the car park will need to be planned in tandem with the re-provision of an appropriate level of new public parking with the Fareham Civic Quarter and potentially elsewhere in the Town Centre. Feedback from the consultation on the regeneration vision supported the provision of adequate public parking in the right places for those who work in and visit the town centre.
13. It should be noted that when the regeneration vision was produced in July 2017 it used parking data from the previous year (2016). One of the important strands of these regeneration proposals is to make sure suitable levels of parking are provided for changing needs.
14. Proposals for Osborn Road Multi-Storey Car Park and re-provision of new public parking will be reported to a future Executive meeting. It should be noted that in June 2018 the Executive approved some minimal low-cost measures to improve the perceived safety of the Osborn Road Multi-Storey Car Park in the short-term prior to demolition.

Opportunity for Residential-Led Development

15. The remodelling of Ferneham Hall (Cultural and Arts Facility), coupled with the demolition of Osborn Road Multi-Storey Car Park will result in an opportunity for a residential-led development, in conjunction with the appropriate re-provision of public parking within the Fareham Civic Quarter, to be delivered in accordance with the Regeneration Vision and also the Draft Local Plan. This will help ensure best value and aid the regeneration of the Fareham Civic Quarter, and in turn help support the town centre as a whole.
16. Proposals outlining how an opportunity for residential-led development can be progressed will be reported to a future Executive meeting.

Retain & Enhance the Civic Gardens and Relationship with the Civic Offices

17. It is important to highlight that as expressed during the consultation, which informed the final regeneration vision, how well liked the Civic Gardens are and that therefore they should be retained as part of any redevelopment proposals. Given this, the refurbishment and remodelling of Ferneham Hall and redevelopment of Osborn Road Multi-Storey Car Park offer opportunities to enhance the Civic Gardens. For example, whilst the Civic Gardens are a pleasant place to walk through, they do not currently exhibit those qualities that encourage people to dwell there for long periods, other than use of several benches.
18. Built in the mid-1970s, the Civic Offices form a tall imposing building within the Fareham Civic Quarter. As highlighted in an earlier report to the Executive, the Civic Offices are in need of investment and refurbishing, for example, but not limited to, replacement windows and plant. It is important such a building does not detract from new refurbishment and remodelling of Ferneham Hall, as they form an important backdrop to the Fareham Civic Quarter.
19. Forthcoming Executive reports will detail proposals which seek to ensure that the Civic Gardens are retained and enhanced as part of the Council's wider regeneration proposals to provide an attractive public realm within the Fareham Civic Quarter, which positively addresses the relationship with the Civic Offices.

Proposed Next Steps: Resourcing and Budget

20. To take the next stages of the regeneration proposals forward within the Civic Quarter, this report proposes that several resources be put in place to ensure successful implementation. It is important that the various elements of the regeneration proposals are carefully co-ordinated from design through to delivery. In particular, there is a need to ensure that disruption to the local community and Town Centre is minimised, whilst successfully providing a new modern Cultural and Arts Facility, new public parking provision, retained civic offices, enhanced civic gardens and residential led development. This requires a dedicated resource to masterplan and programme manage delivery of the phases, with the initial priority being to undertake technical reviews and site surveys. These will enable both the progression of more detailed architectural designs and the development of a detailed programme for the regeneration proposals. This resource will also ensure that the architectural/design teams and the operators procured for these various regeneration projects deliver their objectives, in terms of the quality and outcomes expected.
21. The series of technical reviews and site surveys to be commissioned will be necessary to ensure the design/architectural teams procured are able to devise detailed scheme designs for all of the elements of the Civic Quarter outlined in this report, starting with the remodelled Cultural and Arts Facility as a first phase. This in turn will reduce as much as possible contingency and unknown costs. The procurement of architectural/design resource will build on much of the initial feasibility and design work already undertaken on Ferneham Hall.
22. A programme of parking surveys across Fareham town centre is also proposed, to be undertaken prior to and during the phased delivery of the Civic Quarter Regeneration project. This survey work is considered important in order that the proposals for consecutive phases of the project ensure that parking provision is maintained at a suitable level, both for the interim period of development construction and for the long-term, to support the town centre as a whole.

23. This report seeks approval for a budget of £275,000 to facilitate the initial procurement of the dedicated resource and undertake surveys and technical reviews for the progression of more detailed designs and programming for the Fareham Civic Quarter Regeneration Project. Further budget provision for this dedicated resource to manage will be contained within the proposals for each phase of the Fareham Civic Quarter as these come forward to the Executive in greater detail. The initial programme envisages further technical and site surveys being undertaken over the summer/ autumn of 2018 with a planning application for the first phase, namely the remodelled Cultural and Arts Facility being submitted autumn/ winter 2018.

Enquiries:

For further information on this report please contact Claire Burnett, Head of Planning Strategy and Regeneration (Ext 4330).

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 09 July 2018

| | |
|------------------------------|---|
| Portfolio: | Policy and Resources |
| Subject: | General Fund and Housing Revenue Outturn 2017/18 |
| Report of: | Director of Finance and Resources |
| Corporate Priorities: | A dynamic, prudent and progressive Council |

Purpose:

This report provides the Executive with details of the actual revenue expenditure for 2017/18 for the General Fund and Housing Revenue and Repairs Account and seeks approval for the completion, in 2018/19, of the 2017/18 expenditure programmes set out in the briefing paper contained in the report.

Executive summary:

The General Fund actual revenue expenditure for 2017/18 totals £8,104,773 which represents an overall underspend of £511,927 when compared to the revised budget.

However, it has not been possible to complete a number of expenditure programmes in 2017/18 and approval is sought to complete these programmes totalling £335,900 during 2018/19. When the use of the saving in 2017/18 to complete these programmes is taken into account, along with financing adjustments of £286, the net reported underspend for the year is £176,313.

The final figures for the Housing Revenue and Repairs Account (HRA) in 2017/18 show that, overall, the value of the HRA revenue reserve has reduced by £546,000 against a revised budget surplus of £904,000. This is mainly due to a higher than anticipated depreciation charge. A new Debt Repayment Fund reserve has been set up in this financial year and overall HRA Reserves have increased by £2.185 million.

Recommendation:

It is recommended that the Executive:

- (a) approves the carry forward of £335,900 to fund the completion of the General Fund expenditure programmes in 2017/18, as contained in this report;

- (b) approves that an overspend of £478,000 from the HRA Capital account is rolled forward to correct budget phasing to support the future programme in 2018/19; and
- (c) notes the contents of the report.

Reason:

To enable the completion of the General Fund expenditure programme for 2017/18 and to ensure that the balances on the Housing Revenue and Repairs Accounts at 31 March 2018 will be available in future years and that 2018/19 budgets are sufficient to meet the level of work programmed.

Cost of proposals:

There are no additional costs relating to the recommendations.

Appendices:

A: Detailed General Fund Service Expenditure 2017/18

B: Detailed Housing Revenue and Repairs Account 2017/18

Background papers: None

Reference papers:

Report to the Executive 5 February 2018 Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2018-19.

Report to the Executive 5 February 2018 Housing Revenue Account Budgets and Capital Plans 2018-19.

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

| | |
|---------------------|--|
| Date: | 09 July 2018 |
| Subject: | General Fund and Housing Revenue Account Outturn 2017/18 |
| Briefing by: | Director of Finance and Resources |
| Portfolio: | Policy and Resources |

INTRODUCTION

1. This report brings together the outturn position for the General Fund along with the Housing Revenue and Repairs Accounts for the financial year 2017/18. The report compares the actual spend against the revised budgets that were approved by the Executive in February 2018.

EMPLOYEE EXPENDITURE 2017/18

2. The total 'cost of employment' budgets set for the General Fund and Housing Revenue Account for 2017/18 was £16,132,700. The actual expenditure for 2017/18 was £16,414,669 giving an overspend for the year of £305,869 or 1.9% compared to the final budget.
3. There was an underspend from salaries and associated costs of £879,763 which has arisen from vacancies that have occurred during the year. These have been primarily offset by an increase in agency payments (£630,911), severance payments (£530,780) and recruitment costs (£23,941) that have been made during the year.

THE GENERAL FUND

4. The General Fund actual revenue expenditure for 2017/18 totals £8,235,429 and this represents an overall underspend of £816,371 when compared to the revised budget approved by the Executive in February. Accounting adjustments and non-service budgets will bring this underspend down to £511,927.
5. Later paragraphs of this report also set out details of a number of expenditure programmes that were not completed in 2017/18 and approval is sought for these programmes to be completed in the current year. If these proposals are approved along with the financing adjustment, this will mean that the final position for the financial year will show an underspend of £176,313 which will be added to the general fund reserve.

6. The following table summarises the position:-

| ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2018 | | | | |
|--|---------------------------------|---|---------------------------------|------------------------|
| | Actual 2016/17 £ | Revised Budget 2017/18 £ | Actual 2017/18 £ | Variation £ |
| Committees | | | | |
| Planning | 500,184 | 728,100 | 652,512 | -75,588 |
| Licensing & Regulatory Affairs | 524,458 | 456,000 | 379,050 | -76,950 |
| Executive - Portfolio | | | | |
| - Leisure and Community | 1,366,492 | 1,463,400 | 1,382,354 | -81,046 |
| - Housing | 261,396 | 81,200 | 251,126 | 169,926 |
| - Planning and Development | -353,788 | 394,600 | -445,685 | -840,285 |
| - Policy and Resources | 196,851 | -307,450 | -121,747 | 185,703 |
| - Health and Public Protection | 1,925,182 | 2,055,250 | 1,964,466 | -90,784 |
| - Streetscene | 4,208,336 | 4,180,700 | 4,173,353 | -7,347 |
| Total Service Budgets | 8,034,111 | 9,051,800 | 8,235,429 | -816,371 |
| Less Accounting Adjustments | 3,008,789 | 2,974,700 | 4,747,526 | 1,772,826 |
| Other Budgets | -3,155,483 | -3,409,800 | -4,878,182 | -1,468,382 |
| Net Budget | 8,482,417 | 8,616,700 | 8,104,773 | -511,927 |
| Financing | -9,417,450 | -8,616,700 | -8,616,986 | -286 |
| Net Total | -935,033 | 0 | -512,213 | -512,213 |
| Adjust for: | | | | |
| Carry Forwards | 272,200 | 0 | 0 | 335,900 |
| Final Position | -662,833 | | | -176,313 |

7. The detailed position on each service is set out in Appendix A. The main reasons for the variations for key council services are set out in the following paragraphs of this report.

THE KEY COUNCIL SERVICES

8. 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 | Actual 2016/17 £ | Budget 2017/18 £ | Actual 2017/18 £ | Variation £ | |
|---------------------------------|------------------------|------------------------|------------------------|----------------|---|
| Income Budgets | | | | | |
| Housing Benefit Payments | -305,813 | -77,600 | -262,802 | -185,202 | 😊 |
| Trade Waste | -96,866 | -77,900 | -93,095 | -15,195 | 😊 |
| Local Land Charges | -131,276 | -121,200 | -121,422 | -222 | 😊 |
| Parking Services | -962,035 | -952,550 | -931,203 | 21,347 | 😞 |
| Interest On Balances | -550,619 | -474,900 | -417,911 | 56,989 | 😞 |
| Commercial Estates | -2,920,881 | -480,000 | -449,889 | 30,111 | 😞 |
| Investment Properties | 0 | -3,361,400 | -3,000,706 | 360,694 | 😞 |
| Expenditure Budgets | | | | | |
| Local Plan | 1,305,630 | 1,917,200 | 1,267,181 | -650,019 | 😊 |
| Processing Applications | 150,930 | 183,200 | 127,692 | -55,508 | 😊 |
| Local Tax Collection | 806,372 | 836,600 | 803,206 | -35,394 | 😊 |
| Waste & Recycling Total | 1,831,564 | 1,782,400 | 1,761,445 | -20,955 | 😊 |
| Street Cleansing | 867,752 | 882,900 | 871,561 | -11,339 | 😊 |
| Homelessness | 276,487 | 185,800 | 178,846 | -6,954 | 😊 |
| Ferneham Hall | 420,851 | 369,500 | 371,828 | 2,328 | 😐 |
| Community Parks and Open Spaces | 1,021,478 | 988,200 | 1,088,005 | 99,805 | 😞 |

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

- (a) **Housing benefits payments** are showing as £185,000 under the budget for the year. The amount paid out in benefits was less than anticipated by £743,000 which was offset by reduced income from grant received with a small amount due for prior year adjustments. There was also additional income from money owed due to overpaid benefits and there was a reduction in the bad debts provision for doubtful debts.
- (b) **Trade Waste** is showing an increase in the income budget for the year of £15,000 which is a result of taking on more customers during the year which has offset the increase in tipping charges, although this increase is expected to continue. There has also been increased spend on vehicle repairs and an increase in employee costs.

- (c) **Local Land Charges** is showing a very small underspend for the year. Income was just under £28,000 under budget which has been offset by reduced spend in legal fees as the demand for the service has reduced due to changes in the way individuals access the service.
- (d) **Parking Services** is showing a variation of over £21,000 against the budget for the financial year. There was reduced income from users of the Council's car parks during the year of almost £38,000 against budget which was a slight increase against the previous financial year. Expenditure on all areas has also been slightly under budget with no area showing a significant variation.
- (e) **Interest on balances** is showing as just under £57,000 under budget as a result of continuing low interest rates and limited investment opportunities along with funds being spent on capital projects and therefore not available for investment.
- (f) **Commercial Estates** are showing an overspend of £30,000 which is mainly due to an increase in NNDR costs. There has been a slight increase in rents but this has been offset by slightly higher maintenance costs on buildings.
- (g) **Investment Properties** is showing an overspend for the service of £360,000 which is mainly due to a lower overall rent received from the shopping centre due to rent reductions from vacant properties and rent re-gearing. There has also been a reduction in rent due from Market Quay again due to lower rental levels being achieved by the owners of the development.
- (h) The **Local Plan** has seen less use of consultants in respect of the formulation of the local plan which will continue into 2018/19. There has been less spend on consultants on the Welborne project as the current phase of work has been completed. Much of the cost is funded from balances which is regularly reported to the executive. The remaining element of this funding will be returned to the reserve. Some external funding has also been received to support the spend.
- (i) **Processing of (planning) applications** is showing a reduction against the budget mainly as a result of fee increases during the year and additional applications being received towards the end of the financial year. Other areas have shown an overspend in the use of consultants who have been working on specialist areas on major applications but this has been offset by vacant posts.
- (j) **Local tax collection** is showing an underspend for the year of £35,000 which is mainly due to less demand on the hardship fund along with variations in employees costs due to vacancies.
- (k) The **Waste and Recycling Service** is showing an underspend for the year which is mainly as a result of increased income from the recycling service due to an increase in the price of recyclables. This increase has been offset by an overspend on employee budgets due to increased use and cost of agency staff used to cover vacancies and other absences along with an increase to the cost of repairing vehicles.
- (l) **Street Cleansing** is showing a small underspend for the year of £11,000 which is mainly due to increased income due to the service from vehicle sales. There has been a small additional spend on employee costs due where temporary staff have been employed to cover additional work and an increase to the cost of repairing

vehicles all of which have been offset by less spend on equipment.

- (m) The **Homelessness** service is showing an underspend mainly as a result of increased income through leased properties although some of this has been offset by the payment of additional rent for property. There has also been additional income from costs recovered from users of the service. Some of this increased income has been offset by additional spend on bed and breakfast along with additional spend on benefits although this is covered by grant payments. There has also been an increase in the supplies & services budget due to an increase in the bad debt provision.
- (n) **Ferneham Hall** is showing an overspend for the year of £2,000 and has seen an increased spend on promoter costs which have been partially offset by additional promotions income. There has been an increase in the cost of equipment purchases against budget and has also been an increase in employee costs due to additional use of casuals.
- (o) **Community Parks and Open Spaces** is showing an overspend mainly due to an increase in the number and cost of tree works that have been undertaken during the year. This has been offset by a small increase in income.

THE COUNCIL'S FUNDAMENTAL PARTNERSHIPS

10. The table below shows the end of financial year performance relating to the Council's element of each of the fundamental partnerships:-

| Service | Actual 2016/17 £ | Budget 2017/18 £ | Actual 2017/18 £ | Variation £ | |
|---|------------------------|------------------------|------------------------|----------------|---|
| Building Control Partnership | 151,831 | 217,300 | 160,842 | -56,458 | 😊 |
| Community Safety Partnership | 172,267 | 226,500 | 202,215 | -24,285 | 😊 |
| Fareham & Gosport CCTV Partnership | 126,772 | 153,100 | 135,652 | -17,448 | 😊 |
| Project Integra | 11,875 | 10,000 | 4,117 | -5,883 | 😊 |
| Portchester Crematorium Joint Committee | -130,000 | -145,000 | -145,000 | 0 | 😊 |
| Environmental Health Partnership | 1,362,862 | 1,551,500 | 1,541,406 | -10,094 | 😊 |

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

OTHER BUDGETS

12. These budgets are used where spend or income cannot be shown against a specific service. Most are accounting entries that ensure that items such as depreciation or other capital charges do not have an impact on the council tax or where a service provided is funded from reserves.

PROVISION FOR EXPENDITURE FUNDED FROM 2017/18 UNDERSPENDINGS

13. A proportion of the underspend in 2017/18 has accrued because it was not possible to complete certain expenditure programmes last year.
14. In order to minimise the financial burden of this work on the budget for the current year, it is proposed that an equivalent sum from the 2017/18 underspend is brought forward into 2018/19 to allow for their completion, as listed in the table below:

| Description of Goods/Service | Cost £ | Justification |
|------------------------------|----------------|---|
| Community Grants | 85,000 | Slippage of approved Community Grants that have not been paid over/other conditions to be met in 2017/18 |
| Local Plan | 77,000 | Projects started in 2017/18 but will be completed in 2018/19 |
| Westbury Manor | 64,500 | Contribution due to HCC but contract not yet agreed. This will be due in 2018/19 (or when contract has been agreed) |
| Local Plan (Regeneration) | 50,000 | One Public Estate Grant required for Regeneration in 2018/19 |
| Planning Applications | 30,000 | Delay in transferring images from microfiche to computer imagery |
| CCTV | 13,000 | Replacement work for obsolete CCTV cameras not completed in 2017/18 |
| Solent Airport Daedalus | 9,000 | Communications Strategy - branding, graphic design, advertising boards slipped into 2018/19 |
| Recycling | 7,400 | To pay for extension of contract for waste saver champion - Residual of £30k funding received from Sainsburys. |
| | 335,900 | |

15. Taking into account the carry forward proposals above this will result in a final underspend for the year of £176,313.
16. The Council faces a number of financial challenges over the next few years, and given the scale of these, it is proposed that the any unallocated underspend in 2017/18 is added to the General Fund balance pending the overall update of the Council's Finance Strategy later in the year.

HOUSING REVENUE AND REPAIRS ACCOUNT

Revenue

17. On 5 February 2018, the Executive approved the revised budgets for the Housing Revenue and Repairs Account (HRA). At this time the estimated surplus for the HRA was £2.044 million.

18. A reduced surplus of £696,473 has been achieved for 2017/18 as shown in the table below and detailed in Appendix B. This was partly due to a higher than anticipated depreciation charge (showing as part of the capital improvements below).

| | Base Budget 2017/18 £'000 | Revised Budget 2017/18 £'000 | Actual 2017/18 £'000 |
|---|--|---|-------------------------------------|
| Income | -12,578 | -12,594 | -12,278 |
| Management and Finance | 4,382 | 4,504 | 4,538 |
| Revenue Repairs | 4,449 | 3,571 | 4,005 |
| Capital Improvements | 3,636 | 2,475 | 3,039 |
| Surplus(-)/Deficit | -111 | -2,044 | -696 |
| | | | |
| Transfer to Debt Repayment Fund | 0 | 1,140 | 1,140 |
| Transfer to Leaseholder Reserve | 0 | 0 | 103 |
| | | | |
| Transfer of Balance to(-)/from Revenue Reserve | -111 | -904 | 546 |

19. At revised budget setting a policy decision was made to make a transfer to the Debt Repayment Fund, to set aside reserves to repay the £49.3 million housing debt which the Council took on as a result of the HRA Reforms in 2012. This transaction has been completed for 2017/18, thus increasing the Debt Repayment Reserve by £1.14 million.
20. However, this has used all the surplus for the year plus £546,412 from the HRA Revenue Reserve.

Capital

21. The table below summarises the capital spend in the year against the revised budget which shows higher than anticipated HRA Capital Improvements. Expenditure classified as stock repurchase has been strong in this financial year and has included buying back two properties and the purchase of land at Station Road. The £18,000 budget for Mobility Scooter Storage is proposed to be carried forward; the £25,000 Conversion of Gardens to Car Hardstandings is a rolling capital item and is not required to be carried forward

| CAPITAL PROGRAMME | Budget £'000 | Actual £'000 | Carry over to 2018/19 £'000 |
|--|-------------------------|-------------------------|--|
| HRA Improvements | 2,200 | 2,377 | (177) |
| Stock Repurchase | 340 | 659 | (319) |
| Mobility Scooter Storage | 18 | 0 | 18 |
| Conversion of Gardens to Car Hardstandings | 25 | 0 | 0 |
| | | | |
| CAPITAL PROGRAMME - TOTAL | 2,583 | 3,036 | (478) |

This spend has been funded as follows:

| | £000 |
|--|--------------|
| Use of 1:4:1 receipts to fund 30% of new property purchases | 198 |
| Use of Major Repairs Reserve to fund capital expenditure on HRA assets | 1,600 |
| Capital spend not increasing the asset value funded by the HRA Reserve | 1,238 |
| | |
| Total funding | 3,036 |

HRA Reserves

22. A summary of reserves held by the HRA at the end of the year is set out below. HRA reserves have increased overall by £2.185 million.

| Reserve | Purpose of Reserve | 2016/17 Closing Balance £'000 | 2017/18 Transfers In £'000 | 2017/18 Transfers Out £'000 | 2017/18 Closing Balance £'000 |
|----------------------------------|---|--|---|--|--|
| HRA Revenue Reserve | To fund unexpected operating costs | 2,370 | 0 | -546 | 1,824 |
| Exceptional Expenditure Reserve | To fund any exceptional demands upon expenditure | 1,500 | 0 | 0 | 1,500 |
| Major Repairs Reserve | To fund capital expenditure on HRA assets | 6 | 2,578 ¹ | -1,600 | 984 |
| Capital Housing Development Fund | To fund new developments | 3,520 | 0 | 0 | 3,520 |
| Debt Repayment Fund | To repay debt | 0 | 1,140 | 0 | 1,140 |
| Leaseholder Reserve | To fund major repairs on blocks containing leasehold properties | 160 | 103 | 0 | 263 |
| 1:4:1 Receipts | To fund 30% of costs of new acquisitions | 835 | 707 | -197 | 1,345 |
| Total Reserves | | 8,391 | 4,528 | -2,343 | 10,576 |

¹The transfer in of £2,578,000 is the in-year depreciation charge

RISK ASSESSMENT

23. An assessment of the risks and opportunities associated with this decision has been carried out and it is considered that there are no significant risks associated with this report.

CONCLUSION

24. This report outlines the financial position during 2017/18 for the General Fund and the Housing Revenue and Repairs Account.
25. The General Fund is showing an underspend of £512,213 against the revised budget. Taking into account the proposed spending items to be funded from this underspend and the changes to financing the revenue budget, the contribution to the General Fund balance reduces to £176,313.

26. The combined balance on all Housing Revenue Account reserves is £10,576,000.
27. Members are asked to note the contents of the report and approve the carry forward balance and budgets in order that the agreed work can be completed in the current financial year.

Enquiries:

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

DETAILED GENERAL FUND SERVICE REVENUE EXPENDITURE TO 31 MARCH 2018

| | Actual 2016/17 £ | Budget 2017/18 £ | Actual 2017/18 £ | Variation 2017/18 £ |
|---|------------------------|------------------------|------------------------|---------------------------|
| Planning Committee | | | | |
| Processing Applications | 150,930 | 183,200 | 127,692 | -55,508 |
| Planning Advice | 234,268 | 233,100 | 217,276 | -15,824 |
| Enforcement of Planning control | 75,879 | 109,300 | 112,811 | 3,511 |
| Appeals | 39,108 | 202,500 | 194,733 | -7,767 |
| | 500,184 | 728,100 | 652,512 | -75,588 |
| Accounting Adjustments in service | 22,936 | 0 | 84,667 | 84,667 |
| | 523,120 | 728,100 | 737,179 | 9,079 |
| Licensing & Regulatory Affairs Committee | | | | |
| Hackney Carriage & Private Hire Vehicles | 1,584 | -2,400 | 2,074 | 4,474 |
| Licensing | -12,494 | -35,100 | -41,003 | -5,903 |
| Health and Safety | 171,944 | 147,600 | 136,713 | -10,887 |
| Election Services | 363,424 | 345,900 | 281,266 | -64,634 |
| | 524,458 | 456,000 | 379,050 | -76,950 |
| Accounting Adjustments in service | 5,117 | 0 | 17,467 | 17,467 |
| | 529,575 | 456,000 | 396,517 | -59,483 |
| Leisure and Community | | | | |
| Community Grants | 249,735 | 418,800 | 318,392 | -100,408 |
| Community Development | 149,145 | 190,300 | 191,877 | 1,577 |
| Outdoor Sport and Recreation | 330,707 | 316,000 | 319,151 | 3,151 |
| Countryside Management | 147,485 | 154,600 | 225,844 | 71,244 |
| Ferneham Hall | 420,851 | 369,500 | 371,828 | 2,328 |
| Fareham Leisure Centre | -121,583 | -105,100 | -99,860 | 5,240 |
| Holly Hill Leisure Centre | 5,813 | -86,200 | -62,792 | 23,408 |
| Community Centres | 112,203 | 141,100 | 114,552 | -26,548 |
| Westbury Manor Museum | 72,136 | 64,400 | 3,362 | -61,038 |
| | 1,366,492 | 1,463,400 | 1,382,354 | -81,046 |
| Accounting Adjustments in service | 614,951 | 1,244,400 | 3,011,024 | 1,766,624 |
| | 1,981,443 | 2,707,800 | 4,393,378 | 1,685,578 |

| | Actual 2016/17 £ | Budget 2017/18 £ | Actual 2017/18 £ | Variation 2017/18 £ |
|--------------------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------------------|
| Health and Housing | | | | |
| Housing Grants and Home Improvements | -479,344 | -602,200 | -468,948 | 133,252 |
| Housing Options | 82,194 | 54,300 | 46,534 | -7,766 |
| Homelessness | 276,487 | 185,800 | 178,846 | -6,954 |
| Housing Advice | 322,556 | 368,200 | 342,077 | -26,123 |
| Housing Strategy | 47,584 | 43,000 | 125,670 | 82,670 |
| Home Energy Conservation | 12,474 | 12,100 | 6,830 | -5,270 |
| Registered Providers | -556 | 20,000 | 20,116 | 116 |
| | <hr/> 261,396 | <hr/> 81,200 | <hr/> 251,126 | <hr/> 169,926 |
| Accounting Adjustments in service | 691,623 | 767,100 | 629,320 | -137,780 |
| | <hr/> 953,019 | <hr/> 848,300 | <hr/> 880,446 | <hr/> 32,146 |

| | | | | |
|---------------------------------------|----------------|---------------|----------------|----------------|
| Planning and Development | | | | |
| Parking Strategy | -2,009,505 | -2,056,200 | -2,021,367 | 34,833 |
| Flooding and Coastal Management | 60,932 | 129,000 | 12,015 | -116,985 |
| Public Transport | 44,409 | 46,800 | 44,970 | -1,830 |
| Transportation Liaison | -16,025 | 24,700 | -4,033 | -28,733 |
| Building Control | 110,302 | 217,300 | 133,549 | -83,751 |
| Environmental Improvement Schemes | 4,727 | 6,100 | 4,927 | -1,173 |
| Tree Management | 72,628 | 41,400 | 50,758 | 9,358 |
| Sustainability | 40,842 | 37,300 | 33,749 | -3,551 |
| Conservation & Listed Building Policy | 32,273 | 31,000 | 32,566 | 1,566 |
| Local Plan | 1,305,630 | 1,917,200 | 1,267,181 | -650,019 |
| | <hr/> -353,788 | <hr/> 394,600 | <hr/> -445,685 | <hr/> -840,285 |
| Accounting Adjustments in service | 52,151 | 26,100 | 185,033 | 158,933 |
| | <hr/> -301,637 | <hr/> 420,700 | <hr/> -260,652 | <hr/> -681,352 |

| | Actual 2016/17 £ | Budget 2017/18 £ | Actual 2017/18 £ | Variation 2017/18 £ |
|--|---------------------------------|---------------------------------|---------------------------------|------------------------------------|
| Policy and Resources | | | | |
| Housing Benefit Payments | -305,813 | -77,600 | -262,802 | -185,202 |
| Housing Benefit Administration | 352,672 | 435,800 | 363,954 | -71,846 |
| Democratic Representation and Management | 1,181,597 | 1,091,300 | 1,067,721 | -23,579 |
| Commercial Estates | -2,920,882 | -480,000 | -449,889 | 30,111 |
| Investment Properties | 0 | -3,361,400 | -3,000,706 | 360,694 |
| Solent Airfield Daedalus | 0 | 124,200 | 279,329 | 155,129 |
| Henry Cort | 8,672 | 20,300 | 9,241 | -11,059 |
| Neighbourhood Working | 102,792 | 105,700 | 105,957 | 257 |
| Public Relations and Consultation | 335,135 | 342,100 | 294,639 | -47,461 |
| Unapportionable Central Overheads | -8,340 | -33,400 | 130,879 | 164,279 |
| Corporate Management | 693,259 | 726,450 | 560,725 | -165,725 |
| Economic Development | 82,661 | 81,700 | 97,422 | 15,722 |
| Local Land Charges | -131,276 | -121,200 | -121,422 | -222 |
| Local Tax Collection | 806,372 | 838,600 | 803,206 | -35,394 |
| | 196,851 | -307,450 | -121,747 | 185,703 |
| Accounting Adjustments in service | 966,753 | 267,000 | -207,264 | -474,264 |
| | 1,163,604 | -40,450 | -329,011 | -288,561 |
| Public Protection | | | | |
| Pest Control | 63,297 | 44,600 | 38,940 | -5,660 |
| Dog Control | 26,158 | 24,300 | 24,733 | 433 |
| Food Safety | 158,395 | 139,300 | 128,238 | -11,062 |
| Air Quality and Pollution | 223,280 | 196,700 | 187,471 | -9,229 |
| Community Safety | 211,019 | 336,000 | 273,423 | -62,577 |
| Emergency Planning | 59,473 | 55,600 | 55,473 | -127 |
| Clean Borough Enforcement | 97,885 | 99,100 | 105,986 | 6,886 |
| On-Street Parking | 4,552 | 300 | -48,970 | -49,270 |
| Off-Street Parking | 1,042,918 | 1,103,350 | 1,139,134 | 35,784 |
| Traffic Management | 38,203 | 56,000 | 60,038 | 4,038 |
| | 1,925,182 | 2,055,250 | 1,964,466 | -90,784 |
| Accounting Adjustments in service | -103,935 | 180,600 | 212,694 | 32,094 |
| | 1,821,247 | 2,235,850 | 2,177,160 | -58,690 |

| | Actual 2016/17 £ | Budget 2017/18 £ | Actual 2017/18 £ | Variation 2017/18 £ |
|--------------------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------------------|
| Streetscene | | | | |
| Cemeteries & Closed Churchyards | 261,448 | 256,100 | 234,996 | -21,104 |
| Community Parks and Open Spaces | 1,021,478 | 988,200 | 1,088,005 | 99,805 |
| Allotments | 25,821 | 23,000 | 19,049 | -3,951 |
| Street Cleansing | 867,752 | 882,900 | 871,561 | -11,339 |
| Public Conveniences | 231,976 | 220,400 | 223,695 | 3,295 |
| Household Waste Collection | 856,588 | 834,500 | 893,320 | 58,820 |
| Trade Refuse | -96,866 | -77,900 | -93,095 | -15,195 |
| Recycling | 595,399 | 612,700 | 532,670 | -80,030 |
| Garden Waste Collection | 379,578 | 335,200 | 335,455 | 255 |
| Street Furniture | 65,164 | 105,600 | 67,696 | -37,904 |
| | <hr/> 4,208,337 | <hr/> 4,180,700 | <hr/> 4,173,353 | <hr/> -7,347 |
| Accounting Adjustments in service | 759,192 | 489,500 | 814,585 | 325,085 |
| | <hr/> 4,967,529 | <hr/> 4,670,200 | <hr/> 4,987,938 | <hr/> 317,738 |
| TOTAL - Before adjustments | <hr/> 8,629,111 | <hr/> 9,051,800 | <hr/> 8,235,429 | <hr/> -816,371 |
| Total Adjustments | 3,008,789 | 2,974,700 | 4,747,526 | 1,772,826 |
| TOTAL - After adjustments | <hr/> 11,637,900 | <hr/> 12,026,500 | <hr/> 12,982,955 | <hr/> 956,455 |
| Other Budgets | -3,155,483 | -3,409,800 | -4,878,182 | -1,468,382 |
| TOTAL including Other Budgets | <hr/> 8,482,417 | <hr/> 8,616,700 | <hr/> 8,104,773 | <hr/> -511,927 |

APPENDIX B

DETAILED HOUSING REVENUE AND REPAIRS ACCOUNT TO 31 MARCH 2018

| | Base Budget 2017/18 £'000 | Revised Budget 2017/18 £'000 | Actual 2017/18 £'000 |
|--|--|---|-------------------------------------|
| Income | | | |
| Rents - Dwellings | -11,250 | -11,250 | -10,989 |
| Rents – Garages | -317 | -317 | -308 |
| Rents – Other | -18 | -18 | -21 |
| Service Charges (Wardens, Extra Assistance, Heating) | -647 | -647 | -591 |
| Cleaning | -179 | -179 | -175 |
| Grounds Maintenance | -88 | -88 | -95 |
| Other Fees and Charges | -32 | -48 | -52 |
| Leaseholder Service Charges and Insurance | -47 | -47 | -47 |
| | -12,578 | -12,594 | -12,278 |
| Management and Finance | | | |
| General Administrative Expenses | 1,487 | 1,487 | 1,738 |
| Sheltered Housing Service | 514 | 576 | 457 |
| Grounds Maintenance | 213 | 211 | 240 |
| Communal Cleaning | 185 | 185 | 207 |
| Communal Heating Services | 76 | 76 | 88 |
| Communal Lighting | 25 | 25 | 42 |
| Rents, Rates and Other Taxes | 57 | -7 | 45 |
| Corporate and Democratic Core | 41 | 43 | 57 |
| Corporate Management | 85 | 81 | 65 |
| Unapportioned Overhead | 0 | 0 | 138 |
| Bad Debts Provision | 13 | 13 | -13 |
| Bad Debts Written off | 50 | 50 | -1 |
| Debt Management Expenses | 39 | 35 | 36 |
| Interest Payable | 1,857 | 1,795 | 1,795 |
| Interest Earned on Internal Balances | -118 | -66 | -53 |
| Pension Fund Adjustments | 0 | 0 | -303 |
| | | | |
| Revenue Repairs | 4,307 | 3,571 | 4,005 |
| | | | |
| Capital Improvements | | | |
| Depreciation | 1,417 | 1,569 | 2,578 |
| Revenue Contribution to Capital | 2,220 | 906 | 461 |
| | | | |
| Surplus(-)/Deficit for Year | -111 | -2,044 | -696 |

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 09 July 2018

| | |
|------------------------------|--|
| Portfolio: | Policy and Resources |
| Subject: | Capital and Treasury Management Outturn 2017/18 |
| Report of: | Director of Finance and Resources |
| Corporate Priorities: | A dynamic, prudent and progressive Council |

Purpose:

This report provides the Executive with details of the capital and treasury management outturn for 2017/18 to comply with the reporting requirements of the Code of Practice for Treasury Management. The report also seeks approval for the proposed methods of financing the General Fund capital programme.

Executive summary:

Actual capital expenditure on General Fund schemes in 2017/18 was £23,295,118 compared with the revised capital programme of £24,405,900. The overall variance was £1,110,782 and a detailed analysis of the variations is given in Appendix A to this report.

Total savings of £79,516 were achieved, additional expenditure of £133,275 was incurred and a total of £1,164,541 will be carried forward into 2018/19. Details of the various methods used to finance this expenditure are set out in this report.

Full details of Treasury Management investment and borrowing activity in 2017/18 are also set out in this report. Treasury activity in 2017/18 is summarised below:

| | 31 March 2017 Actual £'000 | 2017/18 Movement £'000 | 31 March 2018 Actual £'000 |
|----------------------|---|---------------------------------------|---|
| Total borrowing | 41,835 | 10,182 | 52,017 |
| Total investments | (15,000) | 3,000 | (12,000) |
| Net borrowing | 26,835 | 13,182 | 40,017 |

Net interest received in 2017/18 was £417,911 and net interest paid was £1,742,168.

During 2017/18, the Council complied with its legislative and regulatory requirements of the Prudential Code.

Recommendation:

It is recommended that the Executive:

- (a) approves that the General Fund capital programme for 2017/18 be approved and financed as set out in this report;
- (b) agrees that the additional expenditure incurred, amounting to £133,275 be financed retrospectively from surplus capital resources; and
- (c) notes the treasury management activity for 2017/18.

Reason:

To provide the Executive with details of the capital and treasury management outturn in 2017/18 and to comply with the reporting requirements of the Code of Practice for Treasury Management.

Cost of proposals:

The necessary resources are available to finance the General Fund capital programme for 2017/18 including the additional expenditure of £133,275.

Appendices:

A: Capital Expenditure and Financing 2017/18
B: Economic Commentary by Treasury Advisors, Arlingclose
C: Prudential and Treasury Indicators 2017/18

Background papers: None

Reference papers: Treasury Management Strategy and Prudential Indicators 2017/18, Council, 27 February 2017

Westbury Manor Museum Re-Modelling Proposal, Executive, 6 June 2016

CIPFA Code of Practice for Treasury Management

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

| | |
|---------------------|---|
| Date: | 09 July 2018 |
| Subject: | Capital and Treasury Management Outturn 2017/18 |
| Briefing by: | Director of Finance and Resources |
| Portfolio: | Policy and Resources |

INTRODUCTION

1. This report provides the Executive with details of the capital and treasury management outturn for 2017/18 to comply with the reporting requirements of the Code of Practice for Treasury Management.

CAPITAL OUTTURN REPORT 2017/18

2. The capital programme for 2017/18, approved in February this year for the General Fund was £24,405,900. The actual capital expenditure, detailed in Appendix A, was £23,295,118 giving an overall variation of £1,110,782. A summary, including savings and additional expenditure, is summarised in the table below.

| | Revised Budget £ | Actual £ | Savings £ | Additional Expenditure £ | Carry forward £ |
|------------------------|---------------------------------|---------------------|----------------------|---|--------------------------------|
| Streetscene | 129,700 | 76,097 | 0 | 7,826 | 61,429 |
| Planning & Development | 938,000 | 906,342 | 25,917 | 5,816 | 11,557 |
| Leisure & Community | 1,115,200 | 1,019,386 | 25,010 | 33,169 | 103,973 |
| Housing | 903,700 | 644,748 | 0 | 49,221 | 308,173 |
| Policy & Resources | 21,319,300 | 20,648,545 | 28,589 | 37,243 | 679,409 |
| Total | 24,405,900 | 23,295,118 | 79,516 | 133,275 | 1,164,541 |

SAVINGS AND ADDITIONAL EXPENDITURE

3. Savings of £79,516 were recognised as follows:
 - £28,589 for Daedalus Development relating to the new hangars schemes.
 - £25,917 for River Wallington Gabion Replacement Works. This scheme had a large contingency due to the higher risks associated with working in water which was not needed.

- £25,010 for Play and Parks Schemes. Newtown, Sarisbury Green and Howerts Close Play Areas all came in under budget. Howerts Close was under budget as the play area was dismantled and closed rather than refurbished. Following a consultation it was agreed that the neighbouring Warsash Play Area would be refurbished and enlarged in 2018/19 instead.

4. Additional expenditure of £133,275 was needed mainly for the following schemes:

- £49,221 for Housing Feasibility Studies relating to design and architects' costs, topographical and utility surveys, arboricultural advice and ecological studies at proposed housing development sites.
- £35,494 for the Acquisition of Welborne Properties due to an increase in the market value of properties in Fareham since the budget for the scheme was set.

5. In addition, £150,606 of expenditure was incurred ahead of budget and will be carried forward to reduce next year's capital budget.

CARRY FORWARDS TO 2018/19

6. There are a number of schemes still in progress and a total budget of £1,164,541 will be carried forward to 2018/19.

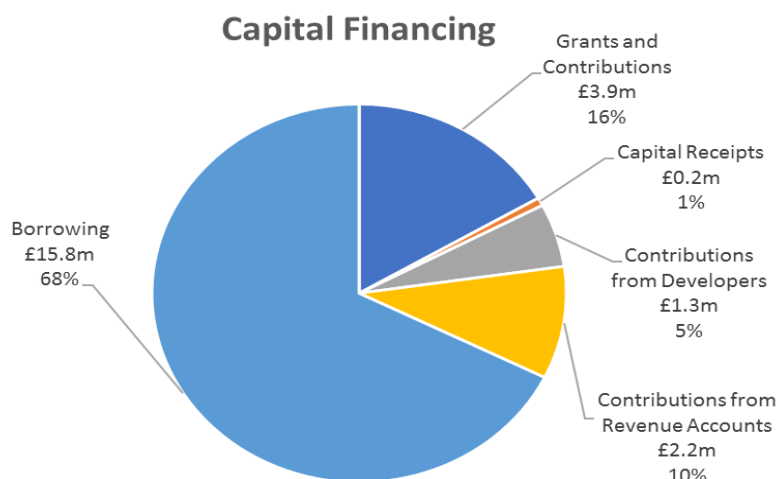
7. The largest carry forward is for the Daedalus Development of £638,203, this includes retention payments for the new general aviation and business hangars and ongoing works at Daedalus West and the Control Tower.

CAPITAL PROGRAMME 2018/19 TO 2022/23

8. The General Fund capital programme will be reviewed by officers in light of the slippage and re-phasing of works and an updated programme for 2018/19 to 2022/23 will be presented to the Executive as part of the Finance Strategy for 2019/20.

CAPITAL FINANCING

9. The various methods used to finance the capital expenditure in 2017/18 are set out in the chart below.



SIGNIFICANT SCHEMES

10. The Council has continued to invest in Daedalus as it seeks to fulfil its commitment to preserve the future of the airfield. The Council's Vision is for Daedalus to become the premier location for marine, aviation, aerospace engineering and advanced manufacturing businesses in the south; contributing to 3,500 new local jobs over the next ten years.
11. During 2017/18 significant progress has been made:
 - Capital investment of £7 million, £2 million of which was provided by the Solent Local Enterprise Partnership, has funded the expansion of Fareham Innovation Centre, doubling its capacity. The Centre now benefits from 33 new offices, 5 new workshops and state-of-the-art conference facilities.
 - Refurbishment of two industrial buildings and 11 hangars were completed at a cost of £10 million.
 - Refurbishment of the air traffic control tower, the airport lounge, Café at Zero5 and a new outdoor viewing area were completed.
 - The lease for land was granted to the National Grid's IFA2 development to proceed to construction stage. The Borough will benefit from future land value income and the community benefits including the creation of Daedalus Common.
 - Provision of a fuel farm costing £400,000.
12. Completion of Hill Head Coastal Protection project. Funded through £740,000 of Community Infrastructure Levy contributions, the works undertaken at Hill Head will protect the coastline from the effects of extreme weather and sea level rise.
13. Capital Funding of Westbury Manor Museum of £385,000 in partnership with the Hampshire Cultural Trust to improve the business plan for the museum in terms of being self-sustaining and reducing the Council's annual revenue contribution. The Museum reopened in summer 2017 as a vibrant new 'culture stop' and now features artist's studios together with a mix of interactive exhibits and digital media. The reception area and café experience has been transformed and now includes a shop selling local Hampshire produce.
14. Holly Hill Play Area opened in 2017. Located next to Holly Hill Leisure Centre in Sarisbury, the park features a wide range of exciting facilities for children, young people and families to enjoy. The children's play area offers a variety of play equipment, suitable for all ages and abilities. It includes a zip wire, inclusive swing, huge climbing units and much more. For older children, there is a multi-use games area (MUGA), which is a hard-standing surface that can be used all year round to play outdoor sports. Items of outdoor gym equipment are also included within the site as well as a selection of seats, picnic tables and footpaths.
15. The Council is investing in five fuel-efficient refuse trucks compliant with the Euro VI emissions regulations as part of the move to a cleaner greener vehicle fleet. These are being purchased over 2 years at a cost of £813,000.

TREASURY MANAGEMENT OUTTURN REPORT 2017/18

16. The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (the CIPFA Code) requires the Council to approve a treasury management annual report after the end of each financial year. This report fulfils the Council's legal obligation to have regard to the CIPFA Code.
17. The Council's Treasury Management Strategy 2017/18 was approved by full Council on 24 February 2017. 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. The identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.
18. An economic commentary by the Council's Treasury Advisor, Arlingclose, can be found in Appendix B.

LOCAL AUTHORITY REGULATORY CHANGES

19. **Revised CIPFA Codes:** CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011 Code are being incorporated into Treasury Management Strategies and monitoring reports.
20. The 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability.
21. In the 2017 Treasury Management Code the definition of 'investments' has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.
22. These changes, including the Capital Strategy, will be incorporated into the 2019/20 Treasury Management Strategy for approval in February 2019.
23. **MHCLG Investment Guidance and Minimum Revenue Provision (MRP):** In February 2018 the MHCLG (Ministry of Housing, Communities and Local Government) published revised Guidance on Local Government Investments and Statutory Guidance on Minimum Revenue Provision (MRP).
24. Changes to the Investment Guidance include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called "loans" (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate). The Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Investment strategies must detail the extent to which service delivery objectives are reliant on investment income and a contingency plan should yields on investments fall.

25. The definition of prudent MRP has been changed to “put aside revenue over time to cover the CFR”. Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.
26. **MiFID II:** As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could “opt up” to professional client status, providing certain criteria was met which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.
27. The Council has met the conditions to opt up to professional status and has done so in order to maintain its former MiFID II status prior to January 2018. The Council will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

LOCAL CONTEXT

28. On 31 March 2018, the Council had net borrowing of £40 million arising from its revenue and capital income and expenditure, an increase on 2017 of £13.2m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in the table below.

| | 31 March 2017 Actual £'000 | 2017/18 Movement £'000 | 31 March 2018 Actual £'000 |
|-----------------------|---|---------------------------------------|---|
| General Fund CFR | 24,070 | 15,345 | 39,415 |
| HRA CFR | 51,141 | - | 51,141 |
| Total CFR | 75,211 | 15,345 | 90,556 |
| Less: Usable reserves | (31,853) | (2,071) | (33,924) |
| Less: Working capital | (16,523) | (92) | (16,615) |
| Net borrowing | 26,835 | 13,182 | 40,017 |

29. Net borrowing has increased due to a rise in the CFR as new capital expenditure was higher than the financing applied including minimum revenue provision; offset by an increase in usable reserves and a small rise in working capital due to the timing of receipts and payments.
30. The Council’s strategy was to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31st March 2018 and the year-on-year change is shown in the table below.

| | 31 March 2017 Actual £'000 | 2017/18 Movement £'000 | 31 March 2018 Actual £'000 |
|---------------------------|---|---------------------------------------|---|
| Long-term borrowing | 40,000 | - | 40,000 |
| Short-term borrowing | 1,835 | 10,182 | 12,017 |
| Total borrowing | 41,835 | 10,182 | 52,017 |
| | | | |
| Long-term investments | - | (2,000) | (2,000) |
| Short-term investments | (9,000) | 2,000 | (7,000) |
| Cash and cash equivalents | (6,000) | 3,000 | (3,000) |
| Total investments | (15,000) | 3,000 | (12,000) |
| | | | |
| Net borrowing | 26,835 | 13,182 | 40,017 |

Note: the figures in the table are from the Balance Sheet in the Council's statement of accounts, but are adjusted to exclude operational cash, accrued interest and other accounting adjustments.

31. The increase in net borrowing in the table above has translated into a fall in investment balances due to the Council's internal borrowing policy.

BORROWING ACTIVITY

32. At 31 March 2018, the Council held £52 million of loans, an increase of £10.2 million on the previous year. The year-end borrowing position is shown in the table below.

| | Balance on 31 March 2017 £'000 | Balance on 31 March 2018 £'000 | Average Rate |
|----------------------------------|---|---|-------------------------|
| Long-term borrowing | 40,000 | 40,000 | 3.50% |
| Short-term borrowing | - | 10,000 | 0.89% |
| Portchester Crematorium | 1,541 | 2,017 | 0.25% |
| Charity of Winifred Nellie Cocks | 287 | - | 0.24% |
| Fareham Charity Account | 7 | - | 0.00% |
| Total Borrowing | 41,835 | 52,017 | |

33. The Council holds investments from Portchester Crematorium Joint Committee, the Charity of Winifred Nellie Cocks and the Fareham Charity Account which are treated as temporary loans. The funds of the Charity of Winifred Nellie Cocks were used during 2017/18 towards the funding of the Westbury Manor Museum remodelling scheme from the Council capital programme, as approved by the Executive on 6 June 2016. The funds of the Fareham Charity Account were used to purchase defibrillators installed at various community centres across the Borough.
34. The Council's main objective when borrowing has been to strike a low risk balance between securing low interest rates and achieving cost certainty over the period for which the funds are required. For the majority of the year the "cost of carry" analysis performed by the Council's treasury management advisor Arlingclose did not indicate value in borrowing in advance for future years' planned expenditure and therefore none was taken.

INVESTMENT ACTIVITY

35. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2017/18 the Council's investment balances ranged between £10.6 million and £20 million due to timing differences between income and expenditure. The year-end position is shown in the table below.

| | Balance on 31 March 2017 £'000 | Balance on 31 March 2018 £'000 | Average Rate |
|-------------------------------|---|---|-------------------------|
| Banks and Building Societies | 9,000 | 5,000 | 0.50% |
| Local Authorities | - | 2,000 | 0.70% |
| Money Market Funds | 6,000 | 3,000 | 0.28% |
| Local Authority Property Fund | - | 2,000 | 0.00% |
| Total investments | 15,000 | 12,000 | |

36. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
37. In furtherance of these objectives, and given the increasing risk and low returns from short-term unsecured bank investments, the Council diversified into a more secure and higher yielding asset class during 2017/18. £2 million that is available for longer-term investment was moved from bank and building society deposits into a pooled Local Authority Property Fund.
38. 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.
39. 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 for 2017/18.

INTEREST RECEIVED AND PAID

40. The net interest received in 2017/18 was £417,911 against a revised budget £474,900 million for the General Fund. Net interest paid for the Housing Revenue Account was £1,742,168 against a revised budget of £1,729,300.

COMMERCIAL PROPERTY INVESTMENT ACQUISITIONS

41. Although not classed as treasury management activities, the 2017 CIPFA Code now requires the Council to report on investments for policy reasons outside of normal treasury management. The table below shows the current valuation of the commercial property investment acquisitions:

| | Date of Purchase | Premises Type | Valuation £m |
|--|-------------------------|----------------------|-------------------------|
| Clifton House, Segensworth | 1 Aug 2013 | Industrial | 1,980 |
| 122-134 Seaside, Eastbourne | 20 Dec 2013 | Convenience Store | 1,020 |
| 86-88 Mitcham Lane, Streatham | 10 Mar 2014 | Convenience Store | 1,360 |
| 83 St Thomas St, Weymouth | 29 Sept 2014 | Retail | 730 |
| 470 Ringwood Road, Poole | 24 Nov 2014 | Convenience Store | 1,230 |
| 2 Armstrong Road, Oxford | 20 Oct 2015 | Nursery | 1,980 |
| 136-138 Southampton Road, Park Gate | 29 Feb 2016 | Retail | 7,535 |
| Southampton Road Retail Park | 16 Nov 2016 | Retail | 11,600 |
| Total | | | 27,435 |

42. The eight premises generated rental income of £1.7 million during 2017/18 at a weighted average return of 6.3%.

PRUDENTIAL AND TREASURY INDICATORS

43. During 2017/18, all treasury management activities complied fully with the CIPFA Code and the Council's approved Treasury Management Strategy. Appendix D shows the actual prudential and treasury indicators for 2017/18.

SUMMARY

44. This report gives details of General Fund capital and treasury management outturn in 2017/18 in accordance with the reporting requirements set out in the CIPFA Code of Practice for Treasury Management.

RISK ASSESSMENT

45. There are no significant risk considerations in relation to this report.

Enquiries:

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

APPENDIX A

CAPITAL EXPENDITURE AND FINANCING 2017/18

| | Budget £ | Actual £ | Savings £ | Additional Expenditure £ | Carry over to 2018/19 £ |
|--|------------------|------------------|---------------|--------------------------------|----------------------------------|
| STREETSCENE | | | | | |
| Health and Safety in Cemeteries | 12,400 | 5,850 | | | 6,550 |
| Holly Hill Cemetery Extension | 30,000 | 25,489 | | | 4,511 |
| Street Lighting Maintenance | 1,100 | 1,113 | | 13 | 0 |
| Bus Shelter Improvements | 49,100 | 7,616 | | | 41,484 |
| Play Area Safety Equipment and Surface Replacement | 35,000 | 26,116 | | | 8,884 |
| Hook Recreation Ground Change of Use | 2,100 | 9,913 | | 7,813 | 0 |
| STREETSCENE TOTAL | 129,700 | 76,097 | 0 | 7,826 | 61,429 |
| PLANNING AND DEVELOPMENT | | | | | |
| Car Park Surface Improvements | 110,000 | 116,125 | | | (6,125) |
| Hill Head Coastal Protection Phase 1 | 0 | 5,816 | | 5,816 | 0 |
| Hill Head Coastal Protection Phase 2 | 750,000 | 734,318 | | | 15,682 |
| River Wallington Gabion Replacement Works | 78,000 | 50,083 | 25,917 | | 2,000 |
| PLANNING AND DEVELOPMENT – TOTAL | 938,000 | 906,342 | 25,917 | 5,816 | 11,557 |
| LEISURE AND COMMUNITY | | | | | |
| Buildings | | | | | |
| Community Buildings Review | 162,000 | 75,822 | | | 86,178 |
| Holly Hill Leisure Centre | 198,500 | 228,941 | | 30,441 | 0 |
| Westbury Manor Museum Remodelling | 362,600 | 384,805 | | | (22,205) |
| | 723,100 | 689,568 | 0 | 30,441 | 63,973 |
| Play and Parks Schemes | | | | | |
| Newtown Play Area | 25,000 | 20,093 | 4,907 | | 0 |
| Salisbury Green Play Area | 25,000 | 21,097 | 3,903 | | 0 |
| Howerts Close Play Area | 18,500 | 2,300 | 16,200 | | 0 |
| Holly Hill Play Area | 280,000 | 281,875 | | 1,875 | 0 |
| | 348,500 | 325,365 | 25,010 | 1,875 | 0 |
| Outdoor Recreation Schemes | | | | | |
| Leigh Road Tennis Courts Conversion to Car Park | 3,600 | 4,453 | | 853 | 0 |
| | 3,600 | 4,453 | 0 | 853 | 0 |
| Grants to Community Groups | | | | | |
| 1st Salisbury Scout Group | 25,000 | 0 | | | 25,000 |
| | 25,000 | 0 | 0 | 0 | 25,000 |
| Other | | | | | |
| Allotment Improvements | 5,000 | 0 | | | 5,000 |
| Footpath Improvements | 10,000 | 0 | | | 10,000 |
| | 15,000 | 0 | 0 | 0 | 15,000 |
| LEISURE AND COMMUNITY - TOTAL | 1,115,200 | 1,019,386 | 25,010 | 33,169 | 103,973 |

| | Budget £ | Actual £ | Savings £ | Additional Expenditure £ | Carry over to 2018/19 £ |
|--|-------------------|-------------------|---------------|--------------------------------|----------------------------------|
| HOUSING | | | | | |
| Home Improvement Schemes | | | | | |
| Disabled Facilities Grants | 732,500 | 505,792 | | | 226,708 |
| Home Improvement Loans | 96,100 | 13,812 | | | 82,288 |
| | 828,600 | 519,604 | 0 | 0 | 308,996 |
| Enabling | | | | | |
| Empty Homes Strategy | 75,100 | 75,923 | | | (823) |
| Feasibility Studies | 0 | 49,221 | | 49,221 | 0 |
| | 75,100 | 125,144 | 0 | 49,221 | (823) |
| HOUSING - TOTAL | 903,700 | 644,748 | 0 | 49,221 | 308,173 |
| POLICY AND RESOURCES | | | | | |
| Replacement Programmes | | | | | |
| Vehicles and Plant Replacement Programme | 800,000 | 894,661 | | | (94,661) |
| ICT Development Programme | 280,000 | 159,854 | | | 120,146 |
| | 1,080,000 | 1,054,515 | 0 | 0 | 25,485 |
| Operational Buildings | | | | | |
| Depot Refurbishment Works | 15,000 | 16,749 | | 1,749 | 0 |
| Civic Offices Improvement Programme | 76,300 | 103,092 | | | (26,792) |
| | 91,300 | 119,841 | 0 | 1,749 | (26,792) |
| Daedalus | | | | | |
| Daedalus Development | 8,219,100 | 7,552,308 | 28,589 | | 638,203 |
| Daedalus Plot Acquisition | 4,177,000 | 4,177,000 | | | 0 |
| Fareham Innovation Centre Phase 2 | 6,861,600 | 6,824,111 | | | 37,489 |
| | 19,257,700 | 18,553,419 | 28,589 | 0 | 675,692 |
| Other Schemes | | | | | |
| Acquisition of Welborne Properties | 830,300 | 865,794 | | 35,494 | 0 |
| Town Centre Hotel | 60,000 | 54,976 | | | 5,024 |
| | 890,300 | 920,770 | 0 | 35,494 | 5,024 |
| POLICY AND RESOURCES - TOTAL | 21,319,300 | 20,648,545 | 28,589 | 37,243 | 679,409 |
| GENERAL FUND - TOTAL | 24,405,900 | 23,295,118 | 79,516 | 133,275 | 1,164,541 |

ECONOMIC COMMENTARY BY TREASURY ADVISORS ARLINGCLOSE

2017-18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact.

The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in calendar 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.

The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now be span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February *Inflation Report* indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely.

In contrast, economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in 2018 and a further two in 2019. However, the imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.

Financial markets: The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively.

Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields

also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.

The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

Credit background:

Credit Metrics

In the first quarter of the financial year, UK bank credit default swaps reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.

The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Authority would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.

Money Market Fund regulation: The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility Net Asset Value (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

Credit Rating developments

The most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

Changes to credit ratings included Moody's downgrade of Standard Chartered Bank's long-term rating to A1 from Aa3 and the placing of UK banks' long-term ratings on review to reflect the impending ring-fencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).

Standard & Poor's (S&P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings,

reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.

Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&P revised the society's outlook from positive to stable.

PRUDENTIAL AND TREASURY INDICATORS 2017/18

PRUDENTIAL INDICATORS

1) Capital Expenditure

The Council's capital expenditure and financing is summarised as follows:

| Capital Expenditure and Financing | 2017/18 Revised £'000 | 2017/18 Actual £'000 | Difference £'000 |
|--|----------------------------------|---------------------------------|-----------------------------|
| Health & Public Protection | 0 | 0 | 0 |
| Streetscene | 130 | 76 | 54 |
| Leisure & Community | 1,115 | 1,019 | 96 |
| Housing | 904 | 645 | 259 |
| Planning & Development | 938 | 906 | 32 |
| Policy & Resources | 21,319 | 20,649 | 670 |
| Total General Fund | 24,406 | 23,295 | 1,111 |
| HRA | 2,584 | 3,036 | (452) |
| Total Expenditure | 26,990 | 26,331 | 659 |
| Capital Receipts | 294 | 344 | (50) |
| Capital Grants | 5,946 | 5,147 | 799 |
| Capital Reserves | 3,600 | 2,605 | 995 |
| Revenue | 1,205 | 2,475 | (1,270) |
| Borrowing | 15,945 | 15,760 | 185 |
| Total Financing | 26,990 | 26,331 | 659 |

2) Capital Financing Requirement

The Council's Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

| £'000 | 2016/17 Actual | 2017/18 Revised | 2017/18 Actual | 2017/18 Difference |
|---------------------|-----------------------|------------------------|-----------------------|---------------------------|
| General Fund | 24,070 | 37,356 | 39,415 | -2,059 |
| HRA | 51,141 | 50,911 | 51,141 | -230 |
| Total CFR | 75,211 | 88,267 | 90,556 | -2,289 |

The CFR rose by £15.3m as capital expenditure financed by debt outweighed resources put aside for debt repayment.

3) 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. This is a key indicator of prudence.

| £'000 | 2017/18 Revised | 2017/18 Actual | Difference |
|-------------------------------|--------------------|-------------------|---------------|
| Capital Financing Requirement | 88,267 | 90,556 | -2,289 |
| Less: Gross Debt | 51,835 | 52,017 | -182 |
| Under/(Over) Borrowing | 36,432 | 38,539 | -2,107 |

Total debt remained below the Capital Financing Requirement during the forecast period.

4) Operational Boundary and Authorised Limit for External Debt

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

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

| £'000 | 2017/18 Revised | 2017/18 Actual | Complied |
|------------------------------------|--------------------|-------------------|----------|
| Operational Boundary | | | |
| Borrowing | 56,000 | 52,017 | ✓ |
| Other long term liabilities | 5,000 | 3,468 | ✓ |
| Total | 61,000 | 55,485 | ✓ |
| Authorised Limit | | | |
| Borrowing | 89,000 | 52,017 | ✓ |
| Other long term liabilities | 7,000 | 3,468 | ✓ |
| Total | 96,000 | 55,485 | ✓ |

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

| £'000 | 2017/18 Revised | 2017/18 Actual | Difference |
|---------------------|--------------------|-------------------|-------------|
| HRA Debt Cap | 56,851 | 56,851 | - |
| HRA CFR | 50,911 | 51,141 | -230 |
| HRA Headroom | 5,940 | 5,710 | -230 |

5) Financing Costs as % of 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.

The positive percentage for the Housing Revenue Account (HRA) reflects the net borrowing costs for the HRA settlement.

| | 2017/18 Revised | 2017/18 Actual | Difference |
|---------------------|--------------------|-------------------|------------|
| General Fund | 0% | 0% | - |
| HRA | 14% | 14% | - |
| Total | 8% | 8% | - |

6) Housing Revenue Account (HRA) Ratios

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.

| | 2017/18 Revised | 2017/18 Actual | Difference |
|------------------------------------|--------------------|-------------------|------------|
| HRA debt £'000 | 49,268 | 49,268 | - |
| HRA revenues £'000 | 11,250 | 10,989 | 261 |
| Number of HRA dwellings | 2,405 | 2,411 | -6 |
| Ratio of debt to revenues % | 4.38:1 | 4.48:1 | 0.10:1 |
| Debt per dwelling £ | £20,846 | £20,435 | -£411 |

TREASURY MANAGEMENT INDICATORS

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

1) 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 was:

| Upper limits on interest rate exposures | 2017/18 Revised | 2017/18 Actual | Complied |
|---|--------------------|-------------------|----------|
| | % | % | |
| - Upper limit on variable interest rate exposures | 25 | 11 | ✓ |
| - Upper limit on fixed interest rate exposures | 100 | 89 | ✓ |

2) Maturity Structure of Borrowing

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

| Maturity structure of borrowing | Upper Limit | 2017/18 Actual | Complied |
|--|--------------------|-----------------------|-----------------|
| | % | % | |
| - Loans maturing within 1 year | 25 | 23 | ✓ |
| - 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 | 77 | ✓ |

3) Principal Sums Invested for Periods Longer than 364 Days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum insured to final maturities beyond the period end were:

| £M | 2017/18 Revised | 2017/18 Actual | Complied |
|--|------------------------|-----------------------|-----------------|
| Principal sums invested > 364 days | 10 | 2 | ✓ |

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 09 July 2018

| | |
|----------------------------|---|
| Portfolio: | Policy and Resources |
| Subject: | Sale of Land to HCC at Daedalus for Stubbington Bypass |
| Report of: | Director of Finance and Resources |
| Corporate Priority: | A dynamic, prudent, progressive and best practice Council |

Purpose:

To obtain the Executive's approval to the terms agreed with Hampshire County Council (HCC) for the sale of land at Daedalus required for the Stubbington Bypass scheme.

Executive summary:

The Council has been in negotiation with HCC regarding the terms for the sale of land at Daedalus required for the Stubbington Bypass scheme. The land required is shown on Appendix B attached to this report.

The confidential Appendix A sets out the terms agreed with HCC for the sale of the land for the approval of the Executive.

Recommendation:

It is recommended that the Executive approves the terms agreed with Hampshire County Council as shown on the confidential Appendix A attached to this report.

Reason:

To obtain the Executive approval to the terms agreed for the sale of land at Daedalus required for the Stubbington Bypass scheme.

Cost of proposals:

The Council will receive the sale price set out in confidential Appendix A.

Appendices:

Appendix A: Confidential Executive Briefing Paper detailing the terms agreed with for the sale of land at Daedalus required for the Stubbington Bypass scheme. (Exempt By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)

Appendix B: Drawing of land to be sold to HCC

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

| | |
|---------------------|--|
| Date: | 09 July 2018 |
| Subject: | Sale of Land to HCC at Daedalus for Stubbington Bypass |
| Briefing by: | Director of Finance and Resources |
| Portfolio: | Policy and Resources |

INTRODUCTION

1. The Council has been in negotiation with Hampshire County Council (HCC) regarding the terms for the sale of land at Daedalus required for the Stubbington Bypass Scheme. The land adjoins the B3334 Gosport Road and B3385 Broom Way.
2. As the Executive will be aware the Scheme forms part of the wider strategy to improve access to Fareham and Gosport by reducing congestion on the existing highway network in order to support economic development and regeneration within the subregion.
3. This scheme forms one of the final parts of the package of schemes designed to improve access to Fareham and the Gosport Peninsula. It will follow the completed improvements to the northern section of Newgate Lane; the Peel Common roundabout; the St Margaret's roundabout; and the improvements to the A27 (between Segensworth and the Titchfield Gyratory) and the southern section of Newgate Lane. Together with these works the scheme aims to contribute towards the overall reduction of journey times and improved journey time reliability across the Peninsula, especially at peak times through the provision of increased road capacity and improved traffic management.
4. The principle of the construction of the scheme is supported by the Fareham Borough Local Plan Part 2 (2015); 'Policy SP49: Improvements to the Strategic Road Network', which safeguards the alignment of the proposed road as identified in this report.
5. A planning application for the Scheme was approved by the County Council's Regulatory Committee on 21 October 2015 and a formal notice of Planning Permission with associated conditions was issued on 23 October 2015. The scheme cost is estimated at £34million.

6. HCC preference is to acquire all the land required for the scheme by agreement. However to provide certainty of delivery within the funding timescales for construction. HCC have also made a Compulsory Purchase Order (CPO) to run in parallel with pursuing all acquisitions by agreement.

HEADS OF TERMS AGREED WITH HCC FOR THE SALE OF LAND

7. The confidential Appendix A sets out, for the approval of the Executive, the terms agreed with HCC for the sale of land at Daedalus required for the Stubbington Bypass scheme.
8. The sale price agreed has regard to the value of the Borough Council's retained holding being enhanced as a direct result of the Bypass which will improve access to Daedalus. The sale price is based on unimproved open space values applied to the 1.46 acres of land which adjoins the B3334 Gosport Road and B3385 Broom Way, to be sold.
9. Attached as Appendix B is a drawing showing the shaded strip of land to be sold to HCC, labelled as Plots 018, 018A and 018B.

FINANCIAL IMPLICATIONS

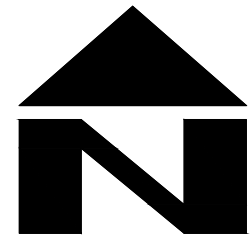
10. The Council will receive the sale price set out in the confidential Appendix A to this report.

CONCLUSION

11. Terms have been agreed with HCC for the sale of land at Daedalus required for the Stubbington Bypass scheme. The Executive is recommended to approve the terms set out in the confidential Appendix A .

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

Document is Restricted



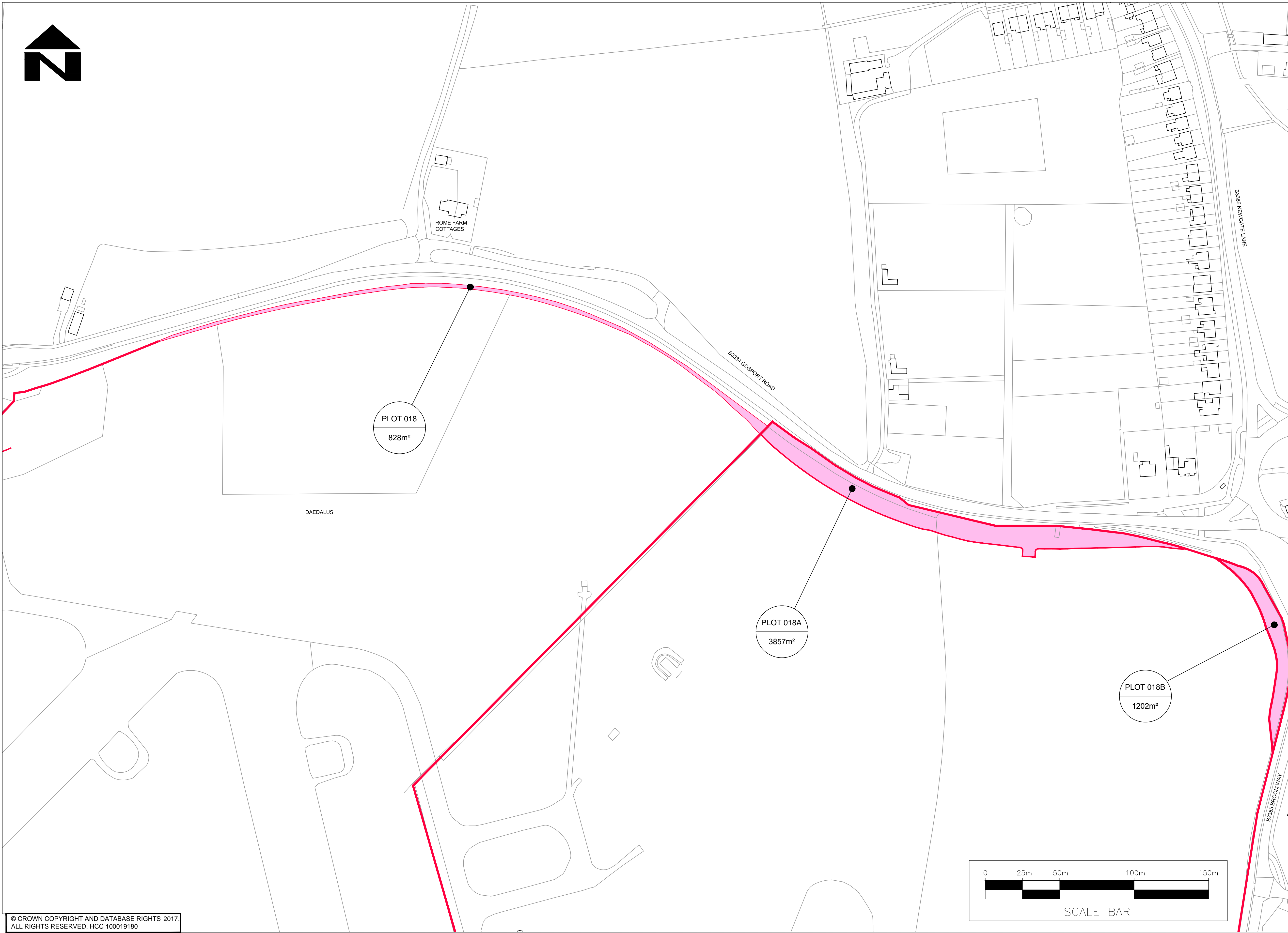
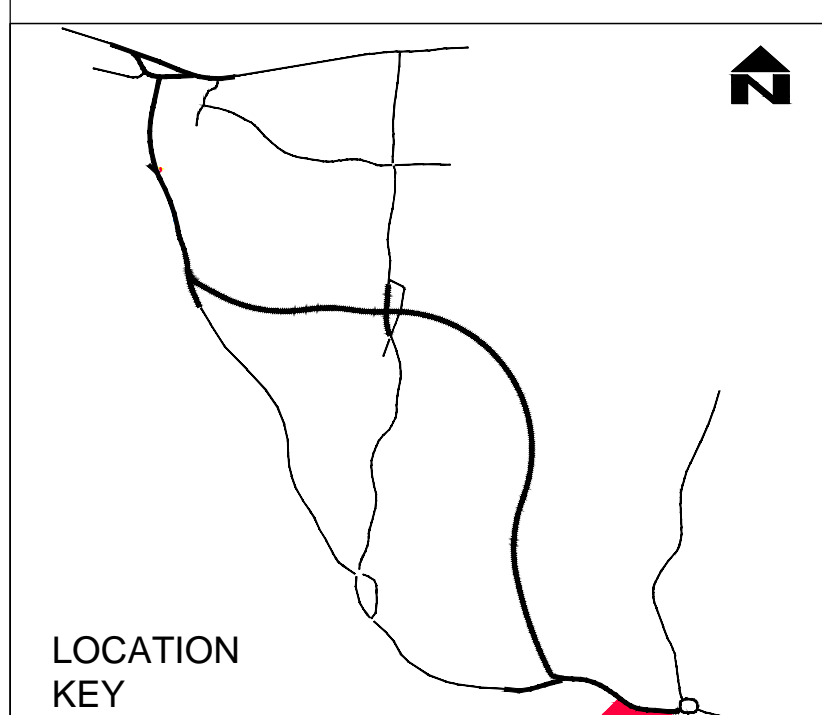
LEGEND

LAND TO BE ACQUIRED

APPENDIX B

PLOT LOCATION SHOWN IN RED FOR CLARITY

LOCATION KEY



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| REV | AMENDMENTS | DATE | CAD | CHKD | APPD |
|-----|------------|------|-----|------|------|
| | | | | | |

| | |
|--------|--|
| CLIENT | HAMPSHIRE COUNTY COUNCIL ECONOMY, TRANSPORT AND ENVIRONMENT DEPARTMENT STRATEGIC TRANSPORT |
|--------|--|

| | |
|---|--|
| CONSULTANT |  Hampshire County Council  |
| DESIGNER | RW |
| CAD | DF |
| CHECKED | LW |
| APPROVED | CM |
| STUART JARVIS BSc DipTP FCIHT MRTPI: DIRECTOR OF ECONOMY, TRANSPORT & ENVIRONMENT | |

| | |
|--------------|--------------------|
| SCHEME | STUBBINGTON BYPASS |
| JOB No. | RJ 504603.01 |
| SCALE @ A1 | 1:1250 |
| DATE | 03.05.2017 |
| SHEET NUMBER | 20 OF 21 |

| | |
|----------------|-----------------------------------|
| DRAWING TITLE | LAND ACQUISITION PLAN PLOT 018 |
| HCC CAD PLOT: | 02062017 13:41:37 |
| DRAWING NUMBER | EC/CJ008773/03/151 |
| REV | |

