

FAREHAM

BOROUGH COUNCIL

COUNCIL MEETING SUMMONS

Members of Fareham Borough Council are hereby summoned to attend a meeting of the Council to be held in the Council Chamber, Civic Offices, Fareham, on **FRIDAY, 22 FEBRUARY 2019**, commencing at **5.00 pm**.

The Mayor: Councillor Susan Bayford

The Deputy Mayor: Councillor Pamela Bryant

Councillor Keith Barton	Councillor Michael Ford, JP
Councillor Ian Bastable	Councillor Jim Forrest
Councillor Susan Bell	Councillor Tiffany Harper
Councillor Fred Birkett	Councillor Carolyn Heneghan
Councillor Jonathan Butts	Councillor Connie Hockley
Councillor Trevor Cartwright, MBE	Councillor Leslie Keeble
Councillor Louise Clubley	Councillor Gerry Kelly
Councillor Shaun Cunningham	Councillor Kay Mandry
Councillor Peter Davies	Councillor Simon Martin
Councillor Tom Davies	Councillor Sarah Pankhurst
Councillor Steve Dugan	Councillor Roger Price, JP
Councillor Tina Ellis	Councillor Katrina Trott
Councillor Jack Englefield	Councillor Nick Walker
Councillor Keith Evans	Councillor Seán Woodward
Councillor Geoff Fazackarley	



1. Prayers

The meeting will commence with a short service of prayers.

2. Apologies for Absence

3. Minutes (Pages 7 - 18)

To confirm as a correct record the minutes of the Council Meeting held on 13 December 2018.

4. Mayor's Announcements

5. Executive Leader's Announcements

6. Executive Members' Announcements

7. Declarations of Interest

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

Members are reminded that the Monitoring Officer has granted a dispensation to all Members to enable discussion and a decision to be taken at item 15 – Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2019/20.

8. Presentation of Petitions

To receive any petitions presented by a member of the Council.

Note: any petition so presented will be dealt with in accordance with the Council's petition scheme.

9. Deputations

To receive any deputations of which notice has been given.

10. Reports of the Executive

To receive, consider and answer questions on reports and recommendations of the Executive. Minutes of the meetings of the Executive and a schedule of individual Executive member decisions are appended.

(1) Minutes of meeting Monday, 7 January 2019 of Executive (Pages 19 - 22)

(2) Minutes of meeting Monday, 4 February 2019 of Executive (Pages 23 - 28)

(3) Schedule of Individual Executive Member and Officer Delegated Decisions (Pages 29 - 30)

11. Reports of Other Committees

To receive the minutes of the following Committees and to consider and answer questions on any reports and recommendations made.

- (1) Minutes of meeting Wednesday, 12 December 2018 of Planning Committee (Pages 31 - 54)
- (2) Minutes of meeting Wednesday, 16 January 2019 of Planning Committee (Pages 55 - 76)
- (3) Minutes of meeting Wednesday, 6 February 2019 of Licensing and Regulatory Affairs Committee (Pages 77 - 80)

12. Reports of the Scrutiny Panels

To receive, consider and answer questions and recommendations of the meetings of the Scrutiny Panels.

- (1) Minutes of meeting Tuesday, 15 January 2019 of Planning and Development Scrutiny Panel (Pages 81 - 84)
- (2) Minutes of meeting Thursday, 17 January 2019 of Policy and Resources Scrutiny Panel (Pages 85 - 88)

13. Questions under Standing Order 17.2

To answer questions pursuant to Standing Order 17.2 for this meeting.

14. Motions under Standing Order 15

Members will be informed, prior to the meeting, of any motion duly notified in accordance with Standing Order 15 but received after print and dispatch of the agenda.

- (1) Notice of Motion received on the 12 February 2019 from Councillor Mrs K K Trott

“I propose that Fareham Borough Council calls upon the Secretary of State for Housing, Communities and Local Government to implement a review of the wide-ranging impacts of permitted development rights which allow change of use into residential homes. This would be in line with the views of the Local Government Association and the Royal Town Planning Institute, who recognise that problems have been caused by the 2013 deregulation of the Planning System which allows offices to be converted into homes without planning permission. Currently, developers do not have to contribute towards affordable Social Housing or local infrastructure.”

15. Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2019/20

- (1) Suspension of Standing Order 19.4 and 19.5

To consider suspending the provision of Standing Order 19.4 to allow the Executive Leader of the Council to speak on the matters referred to in items 15(2) and 15(3) for longer than five minutes and the spokesman for the Opposition Group to speak for not more than ten minutes; and to consider

suspending the provisions of Standing Order 19.5 to allow the Executive Leader of the Council to speak on the matters referred to in items 15(2) and 15(3) more than once to respond to points raised in debate.

(2) Report to the Executive - 04 February 2019 (Pages 89 - 102)

The Minutes of the meeting of the Executive held on 04 February 2019, presented to Council at its meeting on 22 February 2019 at item 10(2), contained recommendations on the revenue budget and the level of Council Tax for 2019/20. If Members accept the Executive's recommendations, formal approval will be sought of the following matters:

- (a) the capital programme and financing of £39,973,000;
- (b) an overall revised revenue budget for 2018/19 of £8,440,500;
- (c) a revenue budget for 2019/20 of £8,666,400;
- (d) the remainder of the surplus in the spending reserve remains in the reserve to cover the anticipated future funding shortfalls as set out in paragraphs 16-19;
- (e) a council tax for Fareham Borough Council for 2019/20 of £160.22 per band D property, which represents a £5.00 increase when compared to the current year and is within referendum limits; and
- (f) an unchanged Council Tax Support scheme for 2019/20.

(Note: a copy of the report to the Executive is included in this Agenda pack).

In accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, there will be a recorded vote on the budget decision.

(3) Council Tax for 2019/20 for Fareham Borough Council, Hampshire County Council, Hampshire Police and Crime Commissioner and Hampshire Fire and Rescue Service

Having made the necessary calculations in relation to its own budget, the Council must proceed to set the Council Tax for 2019/20 taking account of the amounts in precepts issued to the Council by Hampshire County Council, the Police and Crime Commissioner and Hampshire Fire Authority. These precepts will not be issued before the publication of this agenda and will therefore be reported at the meeting, with provisional figures being given for those that are not yet approved.

In order to enable Council Tax bills to be issued within the statutory timescale, it is recommended that the Council agrees to delegate authority to the Director of Finance and Resources to amend the Council Tax 2019/20, in the event that any of the precepting authorities change their precept calculation from that expected and reported at the Council meeting.

In accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 there will be a recorded vote on the budget decision.

(Note: a schedule will be circulated at the meeting for approval, showing the formal calculations the Council must make, incorporating any figures recommended by the Executive. Members will also be advised of the wording of the formal resolution they must adopt to set the Council Tax for 2019/20, taking account of the requisite calculations and the precepts of Hampshire County Council, the Police and Crime Commissioner and Hampshire Fire Authority).

16. Housing Revenue Account Budget and Capital Plans 2019/20 (Pages 103 - 114)

The minutes of the meeting of the Executive held on 04 February 2019, presented to Council at its meeting on 22 February 2019 at item 10(2), contained recommendations on the Housing Revenue Account Spending Plans including the Capital Programme for the years 2018/19 to 2022/23. If Members accept the Executive's recommendations, formal approval will be sought of the following matters:

- (a) rents be approved for Council Dwellings as set out in paragraph 17 of that report with effect from 01 April 2019;
- (b) rents for Council garages be increased by 4.2% with effect from 01 April 2019;
- (c) the revised budget for 2018/19 be approved;
- (d) the base budget for 2019/20 be approved; and
- (e) the capital programme and financing for 2018/19 to 2022/23 be approved.

(Note: a copy of the report to the Executive is included in this Agenda pack).

17. Treasury Management Strategy & Capital Strategy 2019/20 (Pages 115 - 152)

The minutes of the meeting of the Executive held on the 04 February 2019, presented at item 10(2) of this Agenda, contain recommendations for the Council to approve the Treasury Management Strategy and Capital Strategy 2019/20.

(Note: a copy of the report to the Executive together with the Treasury Management Strategy is included in this agenda pack).

18. Appointments to Committees

To make any changes in appointments to the seats on committees in accordance with the wishes of political groups. Such appointments will take effect from 25 February 2019.

19. Exclusion of Public and Press

To consider whether it is in the public interest to exclude the public and

representatives of the press from the remainder of the meeting in accordance with Section 100A(4) of the Local Government Act 1972, on the grounds that the matter to be dealt with involves the likely disclosure of exempt information as defined in Paragraphs 1 of Part 1 of Schedule 12A of the Act.

20. Senior Management Structure (Pages 153 - 162)

A confidential report by the Chief Executive Officer.

At the end of the Council meeting, Members are invited to remain in the Council Chamber for a brief informal meeting concerning the selection of the Deputy Mayor for 2019/20.



P GRIMWOOD
Chief Executive Officer

www.fareham.gov.uk

13 February 2019

**For further information please contact:
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FAREHAM

BOROUGH COUNCIL

Minutes of the Council

Date: Thursday, 13 December 2018

Venue: Council Chamber - Civic Offices

PRESENT:

Mrs S M Bayford
(Mayor)

Mrs P M Bryant
(Deputy Mayor)

Councillors: K A Barton, I Bastable, Miss S M Bell, F Birkett, J E Butts, T M Cartwright, MBE, Mrs L E Clubley, P J Davies, S Dugan, Mrs T L Ellis, J M Englefield, K D Evans, G Fazackarley, M J Ford, JP, J S Forrest, Miss T G Harper, Mrs C Heneghan, Mrs C L A Hockley, L Keeble, J G Kelly, Mrs K Mandry, S D Martin, Ms S Pankhurst, R H Price, JP, Mrs K K Trott, N J Walker and S D T Woodward



1. PRAYERS

The meeting opened with prayers led by Reverend Gavin Foster of St. John's Church, Locks Heath.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors T Davies and S Cunningham.

3. MINUTES

RESOLVED that the Mayor be authorised to sign as a correct record the Minutes of the meeting of the Council held on 11 October 2018.

4. MAYOR'S ANNOUNCEMENTS

The Mayor announced that on Sunday 24th February, Portchester Parish Hall are hosting a lunch with David Riley as guest speaker. Tickets for this event are £11.

The Mayor also made the following announcements: -

A civic visit to Fareham's twin town of Pulheim in Germany took place recently. Attendees were greeted by Bürgermeister Frank Keppeler, with the 4-day trip packed with visits to local places of interest.

The unveiling of WW2 Memorial in Portchester by Vice Admiral Sir Tim Laurence took place recently and was attended by many dignitaries, including the Mayor. The service was beautifully arranged by Reverend. Ian Meredith and Councillor Roger Price.

The Mayor's next tea party will take place on Thursday 7th February where Councillor Geoff Fazackarley will give a talk on Charles Darwin. The tea party will start at 2.30pm in the Mayor's Parlour and tickets are available at £4 each.

5. EXECUTIVE LEADER'S ANNOUNCEMENTS

Awards

The Executive Leader was pleased to announce that the legal team at Fareham Borough Council has been recognised for its outstanding work with a top national award.

The Council's lawyers, The Southampton and Fareham Legal Services Partnership team, were named National Legal Team of the Year in the Lawyers in Local Government Awards, against tough opposition.

The legal team was also awarded Runner Up in the Litigation Team of the Year category at the awards ceremony.

It is the second year in a row the team has been given an award, last year the team was named Project Team of the Year. The award was given in recognition of its teamwork for supporting innovative projects such as Welborne Garden Village.

The partnership was formed in 2011. It is delivered by Southampton City Council's Legal Services team under Solicitor to the Council, Richard Ivory and managed for Fareham by the Head of Democratic Services.

The Executive Leader also announced that the Council's PR and Communications department has also won an award in recognition of its outstanding work and has been named "Public Sector Team of the Year" at the Chartered Institute of Public Relations (CIPR) Pride Awards at a ceremony on Friday 30th November.

The CIPR Pride Awards are a nation-wide awards scheme, recognising excellence in public relations and communications.

In addition to producing all of the Council's regular online and offline communications which include the Council's magazine 'Fareham Today', over the last year the Council has also delivered a broad range of publicity campaigns including the Council's Draft Local Plan, Daedalus 100 and litter.

Housing Land Supply

The Executive Leader gave an update on Housing and the chronology of the Housing Land Supply position as follows:

2011: Core Strategy (Part 1 of the Local Plan) Adopted

2012: Government's NPPF issued

2014: Welborne Plan and Development Sites Plan (rest of Borough) Examination Hearings

December 2014: Minister of State for Housing and Planning (Brandon Lewis) letter to CX (Simon Ridley) of Planning Inspectorate regarding inspections based on existing Strategic Housing Market Assessments

2015: Welborne Plan and Development Sites Plan (rest of Borough) found sound and Adopted and review of plan with call for sites

2016: PUSH Spatial Position Statement 2011 - 2034 Published - Fareham to meet OAHN with small uplift

February 2017: Fixing our Broken Housing Market Housing White Paper – Council objected

August 2017: Cranleigh Road Appeal Decision Date – Inspector view that Council 5 YHLS marginally over 2 years against OAHN – ignoring Brandon Lewis instructions

September 2017: Planning for the Right Homes in the Right Places – standard methodology consultation – Council objected

9 October 2017: Draft Local Plan Executive Decision Approve to Consultation

Autumn 2017: Draft Local Plan Consultation – met Objectively Assessed Housing Need with small uplift

March 2018: Government consultation on Revised NPPF – Council objected

July 2018: Revised NPPF issued – standard methodology for housing requirements introduced – Fareham annual requirement of 544 dwellings (using 2014 ONS projections) – 30% increase

September 2018: 2016 ONS Household Projections released – reduced Fareham annual housing requirement to 479 dwellings

October 2018: Government consultation on Technical Update to NPPF including reversion to 2014 ONS projections – Council objected

November 2018: Announcement at Executive in relation to progression of new Draft Local Plan

November 2018: Housing Delivery Test results to be published but not yet released

December 2018:

- 5YHLS position reported to Planning Committee – 4.67 years to account for reduced Welborne completions – 4.08 years to also account for 20% buffer resulting from anticipated failure of Housing Delivery Test
- Planning Committee granted consent for 248 dwellings – resulting in 4.52 yrs 5YHLS

Early 2019 – anticipated Government response to consultation on NPPF Technical Update – anticipated reversion to 544 dwellings per annum (2014 ONS) – resulting in 5YHLS of 3.98 years

But the Appeal Inspector currently holding the Old Street, Stubbington Inquiry now says that we must ignore all planning consents granted since April in calculating the five-year Housing Land Supply.

6. EXECUTIVE MEMBERS' ANNOUNCEMENTS

Executive Member for Health and Public Protection

QA Hospital

The Executive Member announced that he had received a letter from Mark Cubbon, Chief Executive of QA Hospital, informing him that the Secretary of State for Health and Social Care, Matt Hancock, has confirmed that Portsmouth Hospital's NHS Trust will receive £58million to re-develop the urgent care facilities at QA hospital.

This re-development will enable the hospital to transform the way their teams deliver urgent care services to patients, which will bring a huge opportunity to bring positive change to patients and our local community. This is fantastic news and the Chief Executive has promised to bring regular updates on the progress of this exciting project.

75th Anniversary of D Day landings

The Executive Member reminded Members that they need to save Saturday 8th June 2019 as a large event at Solent Airport in Daedalus is being planned on that date to commemorate the 75th Anniversary of the D Day Landings.

There will be fun fair rides, children's activities, market stalls, stage performances by local groups, and also arena performances. On top of that there is a possibility of performances by the Red Arrows, The Battle of Britain Memorial Fund, parachute landings from Dakotas and helicopters flights as well as static aircraft. It is hoped these events will be confirmed in the New Year.

As Chairman of the Working Group, the Executive Member has been impressed with the amount of work the Officers are putting in to make this event something to remember and will keep Members updated with progress.

Daedalus Innovation Centre Public Showcase 2018

Last Wednesday, the Executive Member was invited by Oxford Innovation to the Daedalus Innovation Centre Public Showcase 2018 which had over 30 businesses (all resident at the Centre), showing off their latest products and services, highlighting their 2018 successes and discussing current and future innovations. Several have been busy designing new solutions and proto-typing over the summer. Over 200 people attended, which gave some great networking opportunities with like-minded entrepreneurs, and also gave them the opportunity to have tours of the Innovation Centre. The Council's decision to build the Innovation Centre has proved to be a great success.

Executive Member for Streetscene

The Executive Member advised that following the Notice of Motion submitted at the Council meeting in June in respect of weed spraying which resulted in the decision to write to Hampshire County Council regarding the quality of weed spraying in the Borough, a letter of response has been received advising that further weed spraying would occur from October. Since then there has

been further dialogue identifying where this should take place. The Streetscene Team is also using equipment.

7. DECLARATIONS OF INTEREST

Councillor R H Price, JP, declared a Non-Pecuniary Interest in respect of Item 10(3) – Schedule of Individual Executive Member and Officer Delegated Decisions as he was a member of the steering committee commissioning the World War II memorial plaque at St Mary’s Church, Portchester.

A question was raised in respect of Item 11(2) – Minutes of meeting Wednesday, 14 November 2018 of Planning Committee. Councillor R H Price, JP, had declared a Pecuniary interest at the Planning Committee meeting with regard to the Seafield/Moraunt Drive site but he does not have a declarable interest in the receiving of the minutes. There were no details of the decision discussed and Councillor Price remained in the chamber.

8. PRESENTATION OF PETITIONS

There were no petitions presented at this meeting.

9. DEPUTATIONS

There were no deputations made at this meeting.

10. REPORTS OF THE EXECUTIVE

(1) Minutes of meeting Monday, 5 November 2018 of Executive

RESOLVED that:

- (a) the minutes of the Executive meeting held on Monday, 05 November 2018 be received; and
- (b) the recommendations of the Executive contained in minute 10(2): Annual Review of the Corporate Strategy 2017-2023 be noted and considered later in the agenda under Item 17.

(2) Minutes of meeting Monday, 3 December 2018 of Executive

RESOLVED that the minutes of the Executive meeting held on Monday, 03 December 2018 be received.

(3) Schedule of Individual Executive Member and Officer Delegated Decisions

Councillor R H Price, JP declared a Non-pecuniary interest for this item as the ward councillor sitting on the steering committee that commissioned the World War II memorial plaque at St Mary's Church, Portchester.

RESOLVED that the Schedule of Individual Member and Officer Delegated Decisions be received.

11. REPORTS OF OTHER COMMITTEES

- (1) Minutes of meeting Wednesday, 10 October 2018 of Planning Committee

RESOLVED that the minutes of the Planning Committee meeting held on Wednesday, 10 October 2018 be received.

- (2) Minutes of meeting Wednesday, 14 November 2018 of Planning Committee

A question was raised in respect of this item as Councillor R H Price, JP, had declared a Pecuniary interest at the meeting of the Planning Committee held on 14 November 2018 with regard to the Seafield/Moraunt Drive Site but does not have a declarable interest in the receiving of the minutes. There were no details of the decision discussed and Councillor Price remained in the room.

RESOLVED that the minutes of the Planning Committee meeting held on Wednesday, 14 November 2018 be received.

- (3) Minutes of meeting Tuesday, 27 November 2018 of Licensing and Regulatory Affairs Committee

RESOLVED that the minutes of the Licensing and Regulatory Affairs Committee meeting held on Tuesday, 27 November 2018 be received.

- (4) Minutes of meeting Monday, 26 November 2018 of Audit and Governance Committee

RESOLVED that the minutes of the Audit and Governance Committee meeting held on Monday, 26 November 2018 be received.

12. REPORTS OF THE POLICY DEVELOPMENT AND REVIEW PANELS

- (1) Minutes of meeting Wednesday, 06 June 2018 of Leisure and Community Policy Development and Review Panel

RESOLVED that the minutes of the Leisure and Community Policy Development and Review Panel meeting held on Wednesday, 06 June 2018 be received.

- (2) Minutes of meeting Wednesday, 25 July 2018 of Leisure and Community Policy Development and Review Panel

RESOLVED that the Minutes of the Leisure and Community Policy Development and Review Panel meeting held on Wednesday, 25 July 2018 be received.

- (3) Minutes of meeting Wednesday, 05 September 2018 of Leisure and Community Policy Development and Review Panel

RESOLVED that the minutes of the Leisure and Community Policy Development and Review Panel meeting held on Wednesday, 05 September 2018 be received.

- (4) Minutes of meeting Thursday, 07 June 2018 of Streetscene Policy Development and Review Panel

RESOLVED that the minutes of the Streetscene Policy Development and Review Panel meeting held on Thursday, 07 June 2018 be received.

- (5) Minutes of meeting Thursday, 12 July 2018 of Streetscene Policy Development and Review Panel

RESOLVED that the minutes of the Streetscene Policy Development and Review meeting held on Thursday, 12 July 2018 be received.

- (6) Minutes of meeting Thursday, 06 September 2018 of Streetscene Policy Development and Review Panel

RESOLVED that the meeting of the Streetscene Policy Development and Review Panel meeting held on Thursday, 06 September 2018 be received.

- (7) Minutes of meeting Tuesday, 10 July 2018 of Health and Public Protection Policy Development and Review Panel

RESOLVED that the minutes of the Health and Public Protection Policy Development and Review Panel meeting held on Tuesday, 10 July 2018 be received.

- (8) Minutes of meeting Tuesday, 11 September 2018 of Health and Public Protection Policy Development and Review Panel

Resolved that the minutes of the Health and Public Protection Policy Development and Review Panel meeting held on Tuesday, 11 September 2018 be received.

- (9) Minutes of meeting Tuesday, 17 July 2018 of Planning and Development Policy Development and Review Panel

RESOLVED that the minutes of the Planning and Development Policy Development and Review Panel meeting held on Tuesday, 17 July 2018 be received.

- (10) Minutes of meeting Tuesday, 04 September 2018 of Planning and Development Policy Development and Review Panel

RESOLVED that the minutes of the Planning and Development Policy Development and Review Panel meeting held on Tuesday, 04 September 2018 be received.

- (11) Minutes of meeting Thursday, 19 July 2018 of Housing Policy Development and Review Panel

RESOLVED that the minutes of the Housing Policy Development and Review Panel meeting held on Thursday, 19 July 2018 be received.

- (12) Minutes of meeting Thursday, 20 September 2018 of Housing Policy Development and Review Panel

RESOLVED that the minutes of the Housing Policy Development and Review Panel meeting held on Thursday, 20 September 2018 be received.

13. REPORTS OF THE SCRUTINY PANELS

- (1) Minutes of meeting Thursday, 1 November 2018 of Streetscene Scrutiny Panel

RESOLVED that the minutes of the Streetscene Scrutiny Panel meeting held on Thursday, 01 November 2018 be received.

- (2) Minutes of meeting Wednesday, 7 November 2018 of Leisure and Community Scrutiny Panel

RESOLVED that the minutes of the Leisure and Community Scrutiny Panel meeting held on Wednesday, 07 November 2018 be received.

- (3) Minutes of meeting Wednesday, 28 November 2018 of Leisure and Community Scrutiny Panel

RESOLVED that the minutes of the Leisure and Community Scrutiny Panel meeting held on Wednesday, 28 November 2018 be received.

- (4) Minutes of meeting Monday, 12 November 2018 of Planning and Development Scrutiny Panel

RESOLVED that the minutes of the Planning and Development Scrutiny Panel meeting held on Monday, 12 November 2018 be received.

- (5) Minutes of meeting Tuesday, 13 November 2018 of Health and Public Protection Scrutiny Panel

RESOLVED that the minutes of the Health and Public Protection Scrutiny Panel meeting held on Tuesday, 13 November 2018 be received.

- (6) Minutes of meeting Thursday, 22 November 2018 of Housing Scrutiny Panel

RESOLVED that the minutes of the Housing Scrutiny Panel meeting held on Thursday, 22 November 2018 be received.

(7) Minutes of meeting Monday, 19 November 2018 of Policy and Resources Scrutiny Panel

RESOLVED that the minutes of the Policy and Resources Scrutiny Panel meeting held on Monday, 19 November 2018 be received.

14. QUESTIONS UNDER STANDING ORDER 17.2

There were no questions raised at this meeting.

15. MOTIONS UNDER STANDING ORDER 15

There were no Motions under Standing Order 15 submitted for this meeting.

16. APPOINTMENTS TO COMMITTEES

There were no appointments or changes to Committees made at this meeting.

17. ANNUAL REVIEW OF THE CORPORATE STRATEGY 2017-2023

The Council considered a report by the Director of Finance and Resources on the Corporate Strategy 2017-2023.

The recommendation of the Executive was taken into account in determining this item, as referred to in minute 10(1) above.

RESOLVED that the Council:

(a) notes the results of the annual review of the Corporate Strategy; and

(b) approves the updates to the Corporate Strategy, as attached at Appendix A to the report.

18. APPOINTMENTS TO OUTSIDE BODIES

The Council considered a report by the Head of Democratic Services which proposed a number of amendments to the current schedule of Appointments to Outside Bodies.

A tabled amendment to Appendix B of the report was presented at the meeting to include a proposed amendment to the current appointment(s) to the Fareham Welfare Trust.

In considering the appointment to the Community Safety Partnership (no. 4 tabled as Appendix B), it was AGREED that Councillor G Fazackarley be appointed as Deputy for the remainder of the 2018/19 municipal year.

It was AGREED that the Fareham and Gosport Clinical Commissioning Group (no. 10 tabled as Appendix B) be removed.

It was AGREED that the Fareham and Gosport Clinical Commissioning Group Community Engagement Committee (no.10 tabled as Appendix B) be added.

In considering the appointment to the Hampshire County Council South Area Road Safety Council (no. 18 tabled as Appendix B), it was AGREED that Councillor G Fazackarley be appointed as the Appointed Representative for the remainder of the 2018/19 municipal year.

It was AGREED that the Hampshire Health and Well-being Partnership Board (no.19 tabled as Appendix B) be removed.

It was AGREED that the change in name of the Hampshire Pension Fund Annual Employer's Meeting (no. 21 tabled as Appendix B) be noted.

It was AGREED that the change in name of the Portsmouth City Council Health Overview & Scrutiny Panel (no. 22 tabled as Appendix B) be noted.

In considering the appointments to the Portsmouth City Council Health Overview & Scrutiny Panel (no. 22 tabled as Appendix B), it was AGREED that Councillor T M Cartwright, MBE, be appointed as Representative and Councillor G Fazackarley be appointed as Deputy for the remainder of the 2018/19 municipal year.

In considering the appointment to the Local Government Association Coastal Issues Special Interest Group (no. 28 tabled as Appendix B), it was AGREED that Councillor T Davies be appointed as Deputy for the remainder of the 2018/19 municipal year.

In considering the appointments to the Partnership for Urban South Hampshire Overview and Scrutiny Committee (no. 34 tabled as Appendix B), it was AGREED that Councillor T Davies be appointed as Representative and Councillor P Davies be appointed as Deputy for the remainder of the 2018/19 municipal year.

In considering the appointment to the Police and Crime Panel (no. 35 tabled as Appendix B), it was AGREED that Councillor G Fazackarley be appointed Deputy for the remainder of the 2018/19 municipal year.

It was AGREED that RELATE Portsmouth and District (no. 44 tabled as Appendix B) and RELATE South West Hampshire & the Isle of Wight (no. 45 tabled as Appendix B) be merged together as a single Body.

In considering the appointment to the Standing Conference on Problems Associated with Coastline (no. 50 tabled as Appendix B), it was AGREED that Councillor T Davies be appointed Deputy for the remainder of the 2018/19 municipal year.

Subject to the tabled amendments agreed as listed above, it was RESOLVED that the Council:

- (a) notes those Outside Bodies that the Council no longer makes representation to, as outlined in Appendix B to the report, and agrees that they be deleted;
- (b) notes those Outside Bodies with a change of name, as outlined in Appendix B to the report;
- (c) agrees the appointments to the newly formed Outside Bodies, as proposed in Appendix B to the report; and
- (d) agrees the proposed changes to appointments to Outside Bodies, as a result of the Council's revised Scrutiny arrangements, as outlined in Appendix B to the report.

19. CONSTITUTION UPDATES FOLLOWING COMMITTEE STRUCTURE CHANGES

The Council received a report by the Monitoring Officer which details the updates made to the Constitution following the creation of the new Scrutiny Panels.

RESOLVED that the updates made to the Constitution (as set out in Appendix A), following the Committee Structure changes agreed by Council on the 11 October 2018, be received.

(The meeting started at 6.00 pm
and ended at 7.28 pm).

FAREHAM

BOROUGH COUNCIL

Minutes of the Executive

(to be confirmed at the next meeting)

Date: Monday, 7 January 2019

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:

R H Price, JP, for item 10(1)



1. APOLOGIES FOR ABSENCE

There were no apologies for absence given for this meeting.

2. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 03 December 2018 be confirmed and signed as a correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

There were no Executive Leader announcements made at this meeting.

4. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

5. PETITIONS

There were no petitions submitted at this meeting.

6. DEPUTATIONS

The Executive received deputations in relation to item 9(1) – Council's Response to Submission (Regulation 16) Titchfield Neighbourhood Plan from Mr Colin Wilson-Smith representing the Titchfield Neighbourhood Forum and from Mr Nick Girdler, representing the Titchfield Village Trust.

7. MINUTES / REFERENCES FROM OTHER COMMITTEES

There were no references from other committees received at this meeting.

8. LEISURE AND COMMUNITY**(1) Matched Funding: Sarisbury Cricket Club**

RESOLVED that the Executive agrees the award of a matched funding grant of £16,000 to Sarisbury Athletic Cricket Club to reconfigure the changing rooms at their clubhouse at Allotment Road Recreation Ground, Sarisbury, subject to:

- (a) Sarisbury Athletic Cricket Club producing the final detailed plans, in addition to written consents and permissions from Planning and Building Control;
- (b) Sarisbury Athletic Cricket Club agreeing terms for community use as set out in the Community Fund Agreement in Appendix A and Community Fund Award letter as set out in Appendix B; and
- (c) Sarisbury Athletic Cricket Club providing written acknowledgement of a successful application to the Hampshire County Council Community

Buildings Fund for the £16,000 to match Fareham Borough Council's contribution.

9. PLANNING AND DEVELOPMENT

- (1) Council's Response to Submission (Regulation 16) Titchfield Neighbourhood Plan

The Executive received deputations in respect of this item from Mr Colin Wilson-Smith representing Titchfield Neighbourhood Forum and from Mr Nick Girdler representing the Titchfield Village Trust (see minute 6).

The Executive Leader agreed to bring forward this item on the agenda.

RESOLVED that:

- (a) the Executive approves the Council's response to the Submission (Regulation 16) Titchfield Neighbourhood Plan; and
- (b) the Director of Planning and Regulation be authorised to make any necessary minor amendments, following consultation with the Executive Member for Planning and Development, prior to the deadline of the Submission Neighbourhood Plan consultation (11th January 2019), provided these do not change their overall direction, shape or emphasis.

10. POLICY AND RESOURCES

- (1) Financial Forecasts and Budget

At the invitation of the Executive Leader, Councillor R H Price, JP addressed the Executive on this item.

A tabled item was presented in respect of this item to clarify the Council Tax discount information contained in paragraph 11 of the report.

Tabled items were also presented in respect of Appendices A, B and E to the report to correct the allocation of expenditure under the Executive Portfolio headings.

RESOLVED that the Executive:

Financial Forecasts (MTFS)

- (a) approves the Medium-Term Finance Strategy for the period 2018/19 to 2022/23, as set out at Appendix E to the report; including the adoption of the Opportunities Plan and the allocation of funding of £600,000 during 2019/20 and 2020/21, required to deliver the Plan.
- (b) approves the change to the Council's Council Tax Exemption Policy, as part of the Opportunities Plan, as outlined in paragraph 12.

- (c) agrees to submit the updated Pay Policy, annexed to the Medium-Term Finance Strategy at Annex C, to Council for approval;

Revenue Budgets

- (d) approves the revised 2018/19 general fund revenue budget, amounting to £8,440,500, as set out in Appendix A and B to the report;
- (e) approves the proposed fees and charges for 2019/20, as set out in Appendix D to the report;
- (f) approves the base 2019/20 general fund revenue budget amounting to £8,666,400, as set out in Appendix A and B to the report;

Capital Programme

- (g) approves the capital programme for the period 2018/19 to 2022/23, amounting to £39,229,000 as set out at Appendix C to the report;

Contract Variation

- (h) notes the variations that have been made to the contract sum awarded to LDA Design Consulting Limited, for the Placemaking Strategy work for Welborne Garden Village, as outlined in paragraphs 23-26.
- (2) Capital funding for the construction of industrial/business units at Faraday Business Park, Daedalus

RESOLVED that the Executive agrees that:

- (a) funding of £5.0m is approved to construct new industrial/business units at Faraday Business Park, and
- (b) appointment of a contractor for the development is delegated to the Director of Finance and Resources following consultation with the Executive Member for Policy and Resources.

(The meeting started at 6.00 pm
and ended at 7.01 pm).

FAREHAM

BOROUGH COUNCIL

Minutes of the Executive

(to be confirmed at the next meeting)

Date: Monday, 4 February 2019

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:



1. APOLOGIES FOR ABSENCE

There were no apologies for absence given for this meeting.

2. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 07 January 2019 be confirmed and signed as a correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

Daedalus Gate Guardian

The Executive Leader announced that the Executive has previously agreed in principle to erect a large and distinctive piece of art work known as a 'Gate Guardian' at Daedalus. The procurement of a skilled contractor to design, build and install a Gate Guardian at Daedalus will begin this month. Experience of creating large scale art projects and the artistic merit of proposals will form important elements of the initial assessment. A number of preferred designs will be presented for a public vote in the spring, with the winning design installed by summer 2020.

75th Anniversary of D-Day

The Executive Leader announced that, following a successful community event that attracted over 2,500 visitors to commemorate the 100th anniversary of flying at Daedalus, the Council is planning a second event at Daedalus to commemorate the 75th anniversary of D-Day.

The event will take place over two days, Saturday 8th and Sunday 9th June. It will provide an opportunity for people to visit the airfield, see aircraft landing and taking off, view a range of static aircraft and participate in a community event with many attractions and activities.

A further report will be presented to the March Executive with more details.

Local Plan

The Executive Leader announced that further to his announcement at the Executive meeting on 05 November 2018, he would like to provide an update on the progression of the Local Plan. Parties were reminded that at that meeting, the Executive agreed to the Council's response to the Government's 'Technical consultation on updates to national planning policy and guidance' which included proposed changes to local housing need assessment and housing land supply. Unfortunately, the Government has not yet made any announcement in relation to the introduction of these changes, or disregard or not of ONS figures, which means that there remains continued uncertainty as to the housing requirement that the Council should be planning for through the Local Plan. Regardless of these uncertainties, it is considered important the Council has a clear and transparent timetable for the preparation of the Local Plan and officers have therefore been asked to present a report providing an updated Local Development Scheme to the March meeting of the Executive.

4. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

5. PETITIONS

There were no petitions submitted at this meeting.

6. DEPUTATIONS

There were no deputations made at this meeting.

7. MINUTES / REFERENCES FROM OTHER COMMITTEES

Policy and Resources Scrutiny Panel – 17 January 2019

Minute 8 - Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2019-20

The Panel considered a report by the Director of Finance and Resources and received a presentation, (attached as Appendix A to the minutes), from the Head of Finance and Audit and the Finance Manager which focused on the key areas of interest from the report.

The Panel commented on the fees and charges set out in Appendix D to the Executive report. It was noted that in some instances the percentage increase did not seem to be in-line with other similar fees or charges, and that it would be useful for additional information to be provided with each set of figures as to what the actual monetary increase would be for the Council from these increased fees and charges.

RESOLVED that the Panel:-

- (a) thank the Head of Finance and Audit, and the Finance Manager for their informative presentation; and
- (b) supports the resolutions reached by the Executive at its meeting on 07 January 2019.

This item is listed at Agenda item 9(1) for consideration by the Executive.

Policy and Resources Scrutiny Panel – 17 January 2019

Minute 9 – Housing Revenue Account Budget and Capital Plans 2019-20

The Panel considered a report by the Director of Finance and Resources on the Housing Revenue Account Budget and Capital Plans 2019-20.

RESOLVED that the Panel had no proposals or comments to make to the Executive.

This item is listed at Agenda Item 9(2) for consideration by the Executive.

Policy and Resources Scrutiny Panel – 17 January 2019

Minute 10 – Review of the Council’s Vision and Outline Strategy for Daedalus

The Panel considered a report and received a presentation by the Director of Finance and Resources on a review of the Council’s vision and outline strategy for Daedalus.

The presentation (attached as Appendix B to the minutes) outlined the objectives that were originally set out in the strategy, outlined the changes that have taken place since the Vision was adopted in 2015 and the plans for the future.

At the Invitation of the Chairman, Councillor S D T Woodward, Executive Member for Policy and Resources addressed the Panel on this item.

Members congratulated everyone who has been involved with the development of Daedalus and noted the continued success that Daedalus is achieving.

RESOLVED that:-

- (a) the Director of Finance and Resources be thanked for his informative presentation; and
- (b) the Executive be asked to note that the Panel expressed support for the vision for Daedalus and the Priorities for the next 5 years, and hope that this continues to be a success in the future.

This item is listed at Agenda Item 9(3) for consideration by the Executive

8. HOUSING

- (1) Void Property Works and Component Improvement Package Works Contract 2019-2022

During the discussion of this item, the Executive Leader moved that the meeting temporarily go into private session to enable Members to ask questions about the information contained in the confidential Appendix to the report.

RESOLVED that in accordance with the Local Government Act 1972 the public and Press be excluded from this section of the meeting on the grounds that the matters to be dealt with involve the likely disclosure of exempt information, as defined in Paragraph 1 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Following discussion of the information contained in the confidential Appendix to the report, the meeting moved back into public session.

RESOLVED that the Executive awards a contract to the contractor achieving the highest scoring tender based on cost/quality/service as detailed in the confidential Appendix to the report.

9. POLICY AND RESOURCES

(1) Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2019/20

A tabled item was presented in respect of this item to clarify that the Council Tax payment of £160.22 per Band D property will apply for the 2019/20 municipal year and not 2018/19 as stated in the Executive Summary section of the report.

A tabled item was also presented to correct paragraph 21 of the report to show that the net rates payable from National Non-Domestic Rates for 2019/20 (after Transitional arrangements and reliefs) is £42,307,239.

RESOLVED that the Executive approves and recommends to the meeting of the Council to be held on 22 February 2019:

- (a) the capital programme and financing of £39,973,000;
- (b) an overall revised revenue budget for 2018/19 of £8,440,500;
- (c) a revenue budget for 2019/20 of £8,666,400;
- (d) the remainder of the surplus in the spending reserve remains in the reserve to cover the anticipated future funding shortfalls as set out in paragraphs 16-19;
- (e) a council tax for Fareham Borough Council for 2019/20 of £160.22 per band D property, which represents a £5.00 increase when compared to the current year and is within referendum limits; and
- (f) an unchanged Council Tax Support scheme for 2019/20.

(2) Housing Revenue Account Budget and Capital Plans 2019/20

RESOLVED that the Executive approves and recommends to the meeting of the Council to be held on 22 February 2019 that:

- (a) rents be approved for Council Dwellings as set out in paragraph 17 with effect from 1 April 2019;
- (b) rents for Council garages be increased by 4.2% with effect from 01 April 2019;
- (c) the revised budget for 2018/19 be approved;
- (d) the base budget for 2019/20 be approved; and

(e) the capital programme and financing for 2018/19 to 2022/23 be approved.

(3) Review of the Council's Vision and Outline Strategy for Daedalus

RESOLVED that the Executive:

(a) considers the progress made in delivering the adopted Vision for Daedalus;

(b) agrees the priorities and action plan for the period 2019-2023; and

(c) requests officers to undertake a range of actions to publicise the Council's plans and encourage feedback.

(4) Treasury Management Strategy & Capital Strategy 2019/20

RESOLVED that the Executive:

(a) endorses the draft Treasury Management Strategy and Capital Strategy for 2019-20, attached as Appendix A and B to the report; and

(b) agrees to submit the report to Council for approval.

(5) Unreasonable Complaint Behaviour Policy

RESOLVED that the Executive adopts the Unreasonable Complaint Behaviour Policy, as set out in Appendix B to the report.

(6) Vanguard Progress Update

RESOLVED that the Executive notes the content of the report.

(The meeting started at 6.00 pm
and ended at 6.34 pm).

FAREHAM

BOROUGH COUNCIL

SCHEDULE OF EXECUTIVE MEMBER & OFFICER DELEGATED DECISIONS

The following decisions have been made by individual Executive Members since those reported at the meeting of Council on 13 December 2018:

Leisure and Community

**Community Fund Application – Seafarers Sailing Club
12 February 2019
(Decision 2018/19 – 2088)**

RESOLVED that the application for £4,999 from Fareham Borough Council's Community Fund submitted by Seafarers Sailing Club to contribute to the purchase of a replacement tractor be approved.

FAREHAM

BOROUGH COUNCIL

Minutes of the Planning Committee

(to be confirmed at the next meeting)

Date: Wednesday, 12 December 2018

Venue: Collingwood Room - Civic Offices

PRESENT:

Councillor N J Walker (Chairman)

Councillor I Bastable (Vice-Chairman)

Councillors: T M Cartwright, MBE, P J Davies, M J Ford, JP, Mrs K Mandry, S Cunningham (deputising for R H Price, JP), S Dugan (deputising for F Birkett) and Mrs C L A Hockley (deputising for K D Evans)

Also Present: Councillor R H Price, JP (Item 7 (12))



1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor’s F Birkett, K D Evans and R H Price, JP. The apology from Councillor Price was due to him having a Disclosable Pecuniary Interest and is therefore unable to sit on the Planning Committee.

2. MINUTES OF PREVIOUS MEETING

RESOLVED that the minutes of the Planning Committee meeting held on 14 November 2018 be confirmed and signed as a correct record.

3. CHAIRMAN’S ANNOUNCEMENTS

There were no Chairman’s announcements.

4. DECLARATIONS OF INTEREST

In accordance with Standing Orders and the Council’s Code of Conduct the following declarations of interest were made at this meeting:

Councillors Walker, Bastable, Cartwright and Ford declared a non-pecuniary interest in Item 7 (5) – Egmont Nurseries, Brook Avenue as the applicant is known to them as he is the Chairman of the Conservative Association.

Councillor Walker declared a non-pecuniary interest item 7 (12) – land to the West of Seafield Road & Moraunt Drive; South of Tattershall Crescent in that he is the Chairman of the Parish Hall Trust Board of which 2 church wardens are also members and who are also member trustees of the Churchlands Trust which owns part of the site.

5. DEPUTATIONS

The Committee received a deputation from the following in respect of the applications indicated and were thanked accordingly.

Name	Spokesperson representing the persons listed	Subject	Supporting or Opposing the Application	Minutes No/ Application No/Page No
ZONE 1 – 2.30pm				
Ms C Thurston		LAND EAST OF SOUTHAMPTON ROAD TITCHFIELD – OUTLINE APPLICATION FOR THE PROPOSED ERECTION OF APPROXIMATELY 105	Supporting	7 (1) P/18/0068/OA Pg 26

		NO. DWELLINGS WITH ASSOCIATED INFRASTRUCTURE, LANDSCAPING, OPEN SPACE AND ACCESS, INCLUDING DEMOLITION OF THE EXISTING PROPERTY (ALL MATTERS RESERVED EXCEPT FOR ACCESS)		
Mr D Wetherill (Agent)		-Ditto-	-Ditto-	-Ditto-
Mr A Munton		-Ditto-	-Ditto-	-Ditto-
Mr P Rutter (Agent)		LAND TO THE SOUTH OF SEGENSWORTH ROAD ROUNDABOUT – 75 BED CARE HOME, CAR PARKING AND LANDSCAPING	Supporting	7 (2) P/18/0897/FP Pg 53
Mr N Green (Agent)		LAND TO THE WEST OF 237 SEGENSWORTH ROAD FAREHAM PO15 5EW – THE TEMPORARY USE OF LAND FOR A PERIOD OF THREE YEARS FOR THE STATIONING OF CARAVANS FOR RESIDENTIAL PURPOSES TO PROVIDE 1 NO RESIDENTIAL FAMILY GYPSY PITCH AND THE CONSTRUCTION OF NEW ENTRANCE GATES	Supporting	7 (3) P/18/0473/CU Pg 74
Ms C Mays		LAND TO THE REAR OF 195-205 SEGENSWORTH ROAD – OUTLINE PLANNING APPLICATION FOR UP TO NINE DWELLINGS, WITH ACCESS AND PARKING FOLLOWING THE DEMOLITION OF 195 SEGENSWORTH ROAD	Opposing	7 (4) P/18/0625/OA Pg 97
Mr N McKeon (Agent)		-Ditto-	Supporting	-Ditto-

Mr R Wyatt	Mrs Andrea Chase and Ms Fiona Earle	EGMONT NURSERIES BROOK AVENUE – DEMOLITION OF EXISTING BUILDINGS, CONSTRUCTION OF EIGHT DETACHED HOUSES AND CREATION OF PADDOCK (OUTLINE APPLICATION WITH ALL MATTERS RESERVED MATTERS)	Opposing	7 (5) P/18/0592/OA Pg 114
Mr M Knappett	Paul Airey (Agent)	-Ditto-	Supporting	-Ditto-
Mr P Riley		-Ditto-	-Ditto-	-Ditto-
Mr D Ramsey (Agent)		123 BARNES LANE SARISBURY GREEN – DEMOLITION OF EXISTING DWELLING AND REPLACEMENT WITH A PURPOSE BUILT 75 BED CARE HOME, ASSOCIATED ACCESS AND LANDSCAPING	Supporting	7 (6) P/18/0690/FP Pg 132
Mr C Slaughter (Agent)		247 TITCHFIELD ROAD STUBBINGTON PO14 3EP – OUTLINE APPLICATION FOR THREE DETACHED DWELLINGS WITH ASSOCIATED LANDSCAPING AND PARKING (RE- SUBMISSION OF P/18/0620/OA)	Supporting	7 (8) P/18/1193/OA Pg 164
Ms J Miller		-Ditto-	-Ditto-	-Ditto-
ZONE 2 – 5.00pm				
Mr D Keene (Agent)		LAND NORTH & SOUTH OF JUNCTION 10 OF M27 FAREHAM – MANAGEMENT OF WILDLIFE HABITAT, INCLUDING HABITAT CLEARANCE AND HABITAT CREATION, PLANTING AND STRUCTURAL LANDSCAPING,	Supporting	7(10) P/18/1192/FP Pg 189

		WHICH WILL INCLUDE MOVEMENT, RE-PROFILING AND REINSTATEMENT OF EXCAVATED TOPSOIL		
ZONE 3 – 5.00pm				
Mr D Wiltshire		LAND TO THE WEST OF SEAFIELD ROAD & MORAUNT DRIVE; SOUTH OF TATTERSHALL CRESCENT PORTCHESTER – RESIDENTIAL DEVELOPMENT OF 48 DWELLINGS AND PROVISION OF OPEN SPACE AND HABITAT LAND, ACCESS OFF MORAUNT DRIVE	Opposing	7 (12) P/18/0654/FP Pg 216
Mrs P Rook		-Ditto-	-Ditto-	-Ditto-
Mrs C Wilkinson	C.H.I.P	-Ditto-	-Ditto-	-Ditto-
Mr B Jezeph (Agent)		-Ditto-	Supporting	-Ditto-

6. FIVE YEAR HOUSING LAND SUPPLY POSITION

The Committee considered a report by the Director of Planning and Regulation on the Council’s current 5 year housing land supply position.

The Committee’s attention was drawn to the Update Report which contained the following information: -

The council’s current position on five-year housing land supply is being challenged through the current Public Local Inquiry in respect of Land to the West of Old Street Hill Head. One particular area which has been challenged by the appellant is the number of housing completions at Welborne.

Members will be aware from the five-year housing land supply position report that the Welborne applicant (Buckland Development Ltd) are expected to submit revised/additional information on the Wednesday proposals around the middle of this month.

In preparation for the Inquiry, confirmation has been sought from Buckland Development on the anticipated delivery at Welborne, Buckland Development Ltd have advised that they anticipate 30 dwellings in 2020-21, 180 in 2021-22 and 240 in 2022-23. This would total some 450 dwellings in the five-year period. This information is extracted from the additional information to be submitted shortly by the applicant. The Council’s 5-year housing land supply

previously anticipated 590 housing completions at Welborne during the 5-year period.

In light of the provision of this additional information, it is necessary to update the council's current position on 5-year housing land supply. The effect of this latest information is to reduce the 'dwellings allocated in Adopted Local Plan (LP2 & LP3) that are expected to be built by 31st March 2023', by 140 dwellings.

The table on the following page provided a summary of the Council's current 5YHLS position in light of the latest information on Welborne, and replaces the table at paragraph 4.1 (page 15) of the report:

The table on the following page provides a summary of the Council's current 5YHLS position in light of the latest information on Welborne, and replaces the table at paragraph 4.1 (page 15) of the report:

HOUSING REQUIREMENT		
A	Local Housing Need: Dwellings per annum 2018-36	479
B	Local Housing Need: Total requirement for 1 st April 2018 to 31 st March 2023 (A x 5)	2395
C	5% buffer to ensure choice and competition in the market for land (B x 5%)	120
D	Total housing requirement for period from 1st April 2018 to 31st March 2023 (B+C)	2,515
E	Annual requirement for period from 1 st April 2018 to 31 st March 2023 (D/5)	503
HOUSING SUPPLY		
F	Net outstanding planning permissions for small sites (1-4 units) expected to be built by 31 st March 2023 (discounted by 10% for lapses)	135
G	Net outstanding planning permissions for large sites (5 or more units) expected to be built by 31 st March 2023	767
H	Dwellings with a Resolution to Grant Planning Permission that are expected to be built by 31 st March 2023	710
I	Dwellings allocated in Adopted Local Plan (LP2 & LP3) that are expected to be built by 31 st March 2023	517
J	Dwellings from emerging brownfield sites (Adopted Local Plan - LP1 & LP2) that are expected to be built by 31 st March 2023	145
K	Small site windfall allowance (years 4 – 5) (37 dwellings x 2 years)	74
L	Expected housing supply for the period from 1st April 2018 to 31st March 2023 (F+G+H+I+J+K)	2348
M	Housing Land Supply Position over period from 1st April 2018 to 31st March 2023 (L – D)	-167
N	Housing Supply in Years (L / E)	4.67 years

The above table shows the Council to currently have 4.67 years of housing supply against the 5YHLS requirement. In numerical terms, the housing supply shortfall is 167 dwellings.

The row in the table on page 20 of the report titled 'Welborne (LP3) is similarly superseded by the information above.

RESOLVED that the Committee noted: -

- (i) the content of the report and the current 5-Year Housing Land Supply position, as set out in the report and Update Report;
- (ii) that the 5-Year Housing Land Supply Position set out in the attached report, and Update Report, (which will be updated regularly as appropriate) is a material consideration in the determination of planning applications for residential development;
- (iii) when the Government publishes the Housing Delivery Test results, Officers believe that this Council will be required to apply a 20% buffer to the 5-Year Housing Land Supply position, and Members should make decisions on planning applications on that basis; and
- (iv) that the Government are consulting on adjustments to the new standard method used to calculate Local Housing Need, following publication of the new household growth projections on 20th September 2018. If implemented these adjustments will further increase the Council's housing requirements, above that arising from the Housing Delivery Test.

7. PLANNING APPLICATIONS AND MISCELLANEOUS MATTERS INCLUDING AN UPDATE ON PLANNING APPEALS

(1) P/18/0068/OA - LAND EAST OF SOUTHAMPTON ROAD TITCHFIELD

The Committee received the deputations referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information: -

Following the updates to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.2 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this council currently has a housing land supply of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.3 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have accrued out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings

per annum. This in turn would result in a 5-year housing supply of 4.1 years and a shortfall of 527 dwellings.

The University Hospital Southampton NHS Foundation Trust's request for a financial contribution.

The University Hospital Southampton NHS Foundation Trust (referred to hereafter as The Trust) have requested a financial contribution.

The Trust is commissioned to provide acute healthcare services to a number of Clinical Commissioning groups including Fareham and Gosport and Southampton City. The CCGs commission planned and emergency acute healthcare from the Trust and agree a service level agreement, including activity volumes and values on an annual basis.

The Trust is requesting a financial contribution on the grounds that the proposed development would result in additional numbers of people living in the area. As a consequence, the Trust advise that an associated demand for acute and planned health care would have an adverse effect on the Trust's ability to provide 'on time' care delivery of an acceptable standard. Failure to do provide 'on time' care delivery would subsequently impact on the levels of funding received by the Trust.

The contribution sought by the Trust is not considered to relate to the provision of infrastructure, rather it would comprise capacity funding for the first year of occupation of the proposed dwellings and premium staffing costs for the first three years of occupation.

It is necessary to consider whether the development proposal would be unacceptable in the absence of the contribution sought by the Trust. Para 54 of the NPPF states that LPAs should consider whether otherwise unacceptable development could be made acceptable through the use of planning obligations. The thrust of CS20 relates to the provision of contributions towards infrastructure.

Officer advice is that the development proposal is acceptable for the reasons set out in the report; there is no demonstrable harm and there is not sufficient evidence to link the development proposal, specifically the increase in numbers of residents as a result of this proposal to the additional capacity funding request.

The Committee agreed that it would like Officers to write to the Local Highway Authority to request that they seek assure to secure the closure of a left hand turn into Titchfield Park Road off the A27 as soon as possible.

Upon being proposed and seconded, the officer recommendation to grant outline planning permission subject to:

- (i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the council in respect of the following:

- (a) To secure the provision and transfer of the areas of open space, wildlife corridor and buffer zones to Fareham Borough Council, including associated financial contributions for its future maintenance;
 - (b) A financial contribution towards the delivery of a play area and associated maintenance;
 - (c) To secure a financial contribution towards the Solent Recreation Mitigation Partnership (SRMP);
 - (d) To secure 40% of the proposed units as on-site affordable housing; the type, size, mix and tenure to be agreed to the satisfaction of officers;
 - (e) To secure vehicular, pedestrian and cycle connectivity access to adjoining land for members of the public through the site in perpetuity;
 - (f) To secure a financial contribution toward education provision;
 - (g) Financial contribution towards mitigating offsite highway impacts at Segensworth Roundabout, Titchfield Park Road and any physical or educational measures required to improve safety at the A27 controlled crossing; and,
 - (h) Travel Plan and related monitoring cost and bond.
- (ii) the conditions in the report;
was voted on and CARRIED.
(Voting: 9 in favour; 0 against)

RESOLVED that, subject to:-

- (i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council in respect of the following:
 - (a) To secure the provision and transfer of the areas of open space, wildlife corridor and buffer zones to Fareham Borough Council, including associated financial contributions for its future maintenance;
 - (b) A financial contribution towards the delivery of a play area and associated maintenance;
 - (c) To secure a financial contribution towards the Solent Recreation Mitigation Partnership (SRMP);
 - (d) To secure 40% of the proposed units as on-site affordable housing; the type, size, mix and tenure to be agreed to the satisfaction of officers;
 - (e) To secure vehicular, pedestrian and cycle connectivity access to adjoining land for members of the public through the site in perpetuity;
 - (f) To secure a financial contribution toward education provision;
 - (g) Financial contribution towards mitigating offsite highway impacts at Segensworth Roundabout, Titchfield Park Road and any physical or educational measures required to improve safety at the A27 controlled crossing; and,
 - (h) Travel Plan and related monitoring cost and bond.
 - (ii) and the conditions in the report.
- OULINE PLANNING PERMISSION be granted.

(2) P/18/0897/FP - LAND TO THE SOUTH OF SEGENSWORTH ROAD ROUNDABOUT

The Committee received the deputation referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information: -

Following the updated to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.3 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this Council currently has a housing land supply of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.4 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have carried out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery Test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings per annum. This in turn would result in a 5-year housing land supply of 4.1 years and a shortfall of 527 dwellings.

The University Hospital Southampton NHS Foundation Trust's request for a financial contribution.

The University Hospital Southampton NHS Foundation Trust (referred to hereafter as The Trust) have requested a financial contribution.

The Trust is commissioned to provide acute healthcare services to a number of Clinical Commissioning Groups including Fareham and Gosport and Southampton City. The CCGs commission planned and emergency acute healthcare from the Trust and agree a service level agreement, including activity volumes and values on an annual basis.

The Trust is requesting a financial contribution on the grounds that the proposed development would result in additional numbers of people living the area. As a consequence, the Trust advise that an associated demand for acute and planned health care would have an adverse effect on the Trust's ability to provide 'on time' care delivery of an acceptable standard. Failure to provide 'on time' care delivery would subsequently impact on the levels of funding received by the Trust.

The Contribution sought by the Trust is not considered to relate to the provision of infrastructure, rather it would comprise capacity funding for the first year of occupation of the proposed dwellings and premium staffing costs for the first three years of occupation.

It is necessary to consider whether the development proposal would be unacceptable in the absence of the contribution sought by the Trust. Para 54 of the NPPF states that LPAs should consider whether otherwise unacceptable development could be made acceptable through the use of planning obligations. The thrust of policy CS20 relates to the provision of contributions towards infrastructure.

Officer advice is that the development proposal is acceptable for the reasons set out in the report; there is no demonstrable harm and there is not sufficient evidence to link the development proposal, specifically the increase in numbers of residents as a result of this proposal to the additional capacity funding request.

Upon being proposed and seconded, the officer recommendation to grant planning permission, subject to the conditions in the report, was voted on and CARRIED.

(Voting: 9 in favour; 0 against)

RESOLVED that, subject to the conditions in the report, PLANNING PERMISSION be granted.

(3) P/18/0473/CU - LAND TO WEST OF 237 SEGENSWORTH ROAD PO15 5EW

The Committee received the deputation referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information: -

Following the updates to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.2 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this Council currently has a housing land supply of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.3 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have carried out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery Test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings per annum. This in turn would result in a 5 year housing supply of 4.1 years and a shortfall of 527 dwellings.

Upon being proposed and seconded, the officer recommendation to grant temporary planning permission, subject to:-

(i) the applicant completing a legal agreement under Section 111 of the Local Government Act 1972 and making a financial contribution in accordance with the adopted Solent Recreational Mitigation Strategy December 2017;

(ii) the conditions in the report.

Was voted and CARRIED.

(Voting: 9 in favour; 0 against)

RESOLVED that, subject to:-

(i) the applicant completing a legal agreement under Section 111 of the Local Government Act 1972 and making a financial contribution in accordance with the adopted Solent Recreational Mitigation Strategy December 2017; and

(ii) the conditions in the report.

TEMPORARY PLANNING PERMISSION be granted.

(4) P/18/0625/OA - LAND TO THE REAR Of 195-205 SEGENSWORTH ROAD TITCHFIELD PO15 5EL

The Committee received the deputations referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information:-

Following the updates to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.2 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this Council currently has a housing land supply of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.3 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have carried out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery Test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings per annum. This in turn would result in a 5 year housing supply of 4.1 years and a shortfall of 527 dwellings.

Should it be resolved to grant Planning Permission it is recommended that the following condition is added to those already recommended in the officer report:

16) No building on plot no's 1-3 (as shown on the layout plan hereby approved) shall exceed an eaves height of 2.5 metres and a ridge height of 6.8 metres.

REASON: To protect the amenities of neighbouring properties.

Members expressed concern that the proposed design was too cramped with too many properties.

A motion to defer the application to allow the applicant the opportunity to redesign the scheme taking on board the comments made by the Committee, was proposed and seconded, and was voted on and CARRIED.

(Voting: 7 in favour; 1 against; 1 abstention)

RESOLVED that the application be DEFERRED.

(5) P/18/0592/OA - EGMONT NURSERIES BROOK AVENUE WARSASH

The Committee received the deputations referred to in Minute 5 above.

Councillors Walker, Bastable, Cartwright and Ford declared a non-pecuniary interest in this item as the applicant is known to them as he is the Chairman of the Conservative Association.

The Committee's attention was drawn to the Update Report which contained the following information:-

Following the updates to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.2 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this Council currently has a housing land supply of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.3 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have carried out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery Test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings per annum. This in turn would result in a 5-year housing supply of 4.1 years and a shortfall of 527 dwellings.

Upon being proposed and seconded the officer recommendation to grant planning permission subject to:-

(i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure:

a) A financial contribution to secure satisfactory mitigation of the 'in combination' effects that the increase in residential units on the site would cause through increased residential disturbance on the Solent Coastal Special Protection Areas;

b) A financial contribution towards the off-site provision of affordable housing in accordance with Core Strategy Policy CS18;

(ii) the conditions in the report; and

(iii) an additional condition requiring the open space/paddock area to be substantially in accordance with the illustrative layout

Was voted on and CARRIED.

(Voting: 7 in favour; 1 against; 1 abstention)

RESOLVED that subject to:-

(i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure;

a) A financial contribution to secure satisfactory mitigation of the 'in combination' effects that the increase in residential disturbance on the Solent Coastal Special Protection Areas;

b) A financial contribution towards off-site provision of affordable housing in accordance with Core Strategy Policy CS18;

(ii) the conditions in the report; and

(iii) an additional condition requiring the open space/paddock area to be substantially in accordance with the illustrative layout.

PLANNING PERMISSION be granted.

(6) P/18/0690/FP - 123 BARNES LANE SARISBURY GREEN SO31 7BH

The Committee received the deputation referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information:-

Following the updates to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.5 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this Council currently has a housing land supply of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.6 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have carried out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery Test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings per annum. This in turn would result in a 5-year housing supply of 4.1 years and a shortfall of 527 dwellings.

Upon being proposed and seconded the Officer Recommendation to grant planning permission subject to the conditions in the report, was voted on and CARRIED.

(Voting: 9 in favour; 0 against)

RESOLVED that, subject to the conditions in the report, PLANNING PERMISSION be granted.

(7) P/18/1140/FP - 25 BEACON BOTTOM PARK GATE SO31 7GQ

Upon being proposed and seconded the officer recommendation to grant planning permission, subject to the conditions in the report, was voted on and CARRIED.

(Voting: 9 in favour; 0 against)

RESOLVED that, subject to the conditions in the report, PLANNING PERMISSION be granted.

(8) P/18/1193/OA - 247 TITCHFIELD ROAD STUBBINGTON PO14 3EP

The Committee received the deputations referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information:-

Following the updated to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.3 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this Council currently has a housing land supply of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.4 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have carried out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery Test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings per annum. This in turn would result in a 5-year housing supply of 4.1 years and a shortfall of 527 dwellings.

One further third-party letter of support has been received regarding this application proposal from an adjoining neighbour, highlighting the issues with the number of applications that have been submitted to this site, and the impact that uncertainty is having on them and their neighbours. The provision of 3 eco-homes, would be in keeping with the character of the area, which is made up of large, detached properties in well landscaped grounds.

Upon being proposed and seconded, the officer recommendation to grant planning permission, subject to the conditions in the report, was voted on and CARRIED.

(Voting: 9 in favour; 0 against)

RESOLVED that, subject to the conditions in the report, PLANNING PERMISSION be granted.

(9) P/18/1197/FP - 85 CHURCH ROAD WARSASH SO31 9GD

Upon being proposed and seconded the officer recommendation to grant planning permission was voted on and CARRIED.

(Voting: 8 in favour; 0 against; 1 abstention)

RESOLVED that PLANNING PERMISSION be granted.

**(10) P/28/1192/FP - LAND NORTH & SOUTH OF JUNCTION 10 OF M27
FAREHAM**

The Committee received the deputation referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information:-

Representations:

Comments received from Highways England:

- *Agreement has yet to be completed between HCC and HE to permit the works to be implemented to HE land.*
- *The key thing now is to agree what conditions are required. This will be informed by information provided by HCC to HE for agreement.*

Recommendation:

The applicant has requested an amendment to condition 13 in the absence of the appointment of a contractor at this stage. The amendment simply seeks the addition of the text "...unless otherwise agreed in writing by the Local Planning Authority". This wording is considered acceptable seeing as any departure from the hours in the condition will require the Planning Authority's approval in writing before such works can take place.

Condition 13 is to be amended as follows:

13) All construction work in relation to the development hereby approved, including works of demolition or preparation prior to operations, shall only take place between the hours of 08:00 hours and 20.00 hours Monday to Friday and 08.00 hours and 13.00 hours Saturday and at no time on Sundays and recognised bank/public holidays, unless otherwise agreed in writing by the Local Planning Authority.

Upon being proposed and seconded the officer recommendation to grant planning permission, subject to the conditions in the report and the amended condition 13 as set out in the update report, was voted on and CARRIED.
(Voting: 9 in favour; 0 against)

RESOLVED that, subject to the conditions in the report and amended condition 13 as set out in the update report, PLANNING PERMISSION be granted.

**(11) P/18/1130/FP - WOODCOTE LODGE 6 BRIDGEFOOT DRIVE PO16
ODB**

Upon being proposed and seconded, the officer recommendation to grant planning permission, was voted on and CARRIED.
(Voting: 9 in favour; 0 against)

RESOLVED that PLANNING PERMISSION be granted.

(12) P//18/0654/FP - LAND TO THE WEST OF SEAFIELD ROAD & MORAUNT DRIVE; SOUTH OF TATTERSHALL CRESCENT

The Committee received the deputations referred to in Minute 5 above.

Councillor Walker declared a non-pecuniary interest in this item in that he is the Chairman of the Parish Hall Trust Board of which 2 church wardens are also members and who are also member trustees of the Churchlands Trust which owns part of the site.

At the invitation of the Chairman, Councillor R H Price, JP addressed the Committee on this item. He left the room after making his representation and was not present for the debate or vote on this application.

The Committee's attention was drawn to the Update Report which contained the following information:-

Following the updates to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.6 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this Council currently has a housing land supply of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.7 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have carried out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery Test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings per annum. This in turn would result in a 5-year housing supply of 4.1 years and a shortfall of 527 dwellings.

One third party further representation was received following the 14 November committee meeting, this related to concern over reptiles on the site.

With regard to comments since the letter of 29th November from the agent, there have been fifteen letters of representation, some of which raise concern that has already been discussed within the officer report. With regard to the letter of 29th November, the following concerns are raised:

- The Council should be overseeing the appointment of independent ecologists to oversee the project.*
- The letter from Bryan Jezeph does not contain specific solutions for management and maintenance arrangements, the ecology of the site is important and should not be brushed aside for the sake of providing housing.*
- Nothing offered as a solution addresses any of the issues raised by the committee at last month's refusal.*
- Cannot be satisfied that extensive ground clearance, however carefully worded or timed is valid or acceptable or would satisfy or rescind the*

LPA's grounds for refusal, due in part to the capacity of the southern part of the site for protected species of lizards.

- With regard to no works until February 2019, reptile species have been recorded above ground in February by reptile specialists both in south Hampshire and on the Isle of Wight.*
- Excavating archaeological trenches from the end of March while undertaking a translocation process from April for two months is unworkable.*
- The Developers Agent proposal fails to address the issues and concerns raised at the previous planning committee to safeguard the southern side of the site.*
- The ecological 'mitigation' or proposed 'benefits' will not outweigh the negative impact and net loss that this proposal will bring, the proposal has not been fundamentally changed.*
- The overriding reasons for refusal still stand.*
- The ecological issues seem to be clouding the issues and concerns of residents; traffic issues and impact on services have not been taken into consideration.*
- Concern over enforcement of planning conditions.*
- Concern over process and procedure and that the decision notice has not been issued following the meeting of 14 November.*
- The Public Inquiry is the correct place to resolve the grounds for refusal.*

The planning agent has submitted a revised affordable housing plan which would result in the provision of 20 affordable homes rather than 19.2 and a financial contribution.

As referenced to in paragraph 7.17 of the Committee Report, the Housing Officer advises that the applicant may either provide an additional affordable unit or pay a financial contribution.

Officer advice is that the provision of 20 affordable homes is acceptable in accordance with policy and therefore the recommendation in paragraph 9.0 within the report should reflect the 'provision of 20 affordable housing units' and delete the reference to 'contribution'. The list of recommended approved plans in condition 2 should include reference to this revised plan CB_93_074_A2_104 Rev A.

A revised layout plan and housing schedule to reflect the additional affordable housing unit has been submitted reference CB_93_074_A1-100 Rev B, the list of recommended approved plans in condition 2 should include reference to this plan.

Officers propose revised wording relating to condition B, boundary treatment to read:

No dwelling hereby approved shall be occupied until the boundary treatment relating to it has been carried out in accordance with the approved details. The brick wall as shown to the rear of number 49 Sissinghurst Road shall be constructed prior to the occupation of plot 31. The boundary treatment shall thereafter be retained at all times unless otherwise agreed in writing with the Local Planning Authority.

REASON: To protect the privacy of the occupiers of the neighbouring property, to prevent overlooking, and to ensure that the development harmonises well with its surroundings.

The Committee further requested that:

(1) officers secure an amended plan to show:

(a) 1 tree rather than 3 adjacent to the boundary of 49 Sissinghurst Road; and
(b) the Field Maple trees along the southern boundary of the site being retained; and

(2) Condition 20 being amended as follows:

No development shall commence on site until a Construction Management Plan (CMP) has been submitted to and approved in writing by the Local Planning Authority (LPA). The Construction Management Plan shall address the following matters:

a) How provision is to be made on site for the parking and turning of operatives/contractors'/sub-contractors' vehicles and/or construction vehicles:

b) the measures the developer will be implement to ensure that operatives'/contractors/sub-contractors' vehicles and/or construction vehicles are parked within the planning application site;

c) the measures for cleaning the wheels and underside of all vehicles leaving the site;

d) a scheme for the suppression of any dust arising during construction or clearance works;

e) the measures for cleaning Moraunt Drive, Wicor Mill Lane and White Hart Lane to ensure that they are kept clear of any mud or other debris falling from construction vehicles, and

f) the areas to be used for the storage of building materials, plant, excavated materials and huts associated with the implementation of the approved development.

The development shall be carried out in accordance with the CMP and areas identified in the CMP for specified purposes shall thereafter be kept available for those uses at all times during the construction period, unless otherwise agreed in writing with the LPA. No construction vehicles shall leave the site unless the measures for cleaning the wheels and underside of construction vehicles are in place and operational, and the wheels and undersides of vehicles have been cleaned.

REASON: In the interests of highway safety and to ensure that he occupiers of nearby residential properties are not subjected to unacceptable noise and disturbance during the construction period.

Upon being proposed and seconded the officer recommendation to grant planning permission, subject to:-

(i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure:

- Financial contribution to secure satisfactory mitigation on the ‘in combination’ effects that the increase in residential units on the site would cause through increased recreational disturbance on the Solent Coastal Special Protection Areas;
- The provision and management of public open space and ecological enhancement area for the lifetime of the development;
- Education contribution;
- The delivery of affordable housing and contribution;
- No clearance work to be undertaken on the site before 1st February 2019; the Council must be advised in advance of any proposals to undertake clearance work at the site; the Council to be given advance notice of any clearance works to be undertaken at the site and the Council’s officers/representatives give unfettered access to view all clearance related works; all clearance work to be overseen by Radian’s appointed ecologists in accordance with a scheme first agreed in advance with the Council;

(ii) the receipt of a satisfactory amended plan showing:

- (a) 1 tree rather than 3 adjacent to the boundary of 49 Sissinghurst Road; and
- (b) the Field Maple trees along the southern boundary of the site being retained;

(iii) Condition 20 being amended as follows:

No development shall commence on site until a Construction Management Plan (CMP) has been submitted to and approved in writing by the Local Planning Authority (LPA). The Construction Management Plan shall address the following matters:

how provision to be made on site for the parking and turning of operatives’ vehicles,
 the measures for cleaning the wheels and underside of all construction vehicles leaving the site;
 the measures for cleaning the wheels and underside of all construction vehicles leaving the site;
 the measures for cleaning Moraunt Drice, Wicor Mill Lane and White Hart Lane to ensure they are kept clear of any mud or other debris falling from construction vehicles; and
 the areas to be used for the storage of building materials, plant, excavated materials and huts associated with the implementation of the approved development.

The development shall be carried out in accordance with the CMP and areas identified in the CMP for specified purposes shall thereafter be kept available for those uses at all times during the construction period, unless otherwise agreed in writing with the LPA. No construction vehicles shall leave the site unless the measures for leaning the wheels and underside of construction vehicles are in place and operational, and the wheels and underside of vehicles have been cleaned.

REASON: In the interest of highway safety and to ensure that the occupiers of nearby residential properties are not subjected to unacceptable noise and disturbance during the construction period;

(iv) that Members confirm that the reasons for refusal 1(a) and 1(c) in respect of planning application P/17/0920/FP should not be pursued at the forthcoming appeal; and

(v) all conditions in the report
Was voted on and CARRIED.
(Voting: 6 in favour; 3 against)

RESOLVED that, subject to:-

(i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure:

- Financial contribution to secure satisfactory mitigation on the 'in combination' effects that the increase in residential units on the site would cause through increased recreational disturbance on the Solent Coastal Special Protection Areas;
- The provision and management of public open space and ecological enhancement area for the lifetime of the development;
- Education contribution;
- The delivery of affordable housing and contribution;
- No clearance work to be undertaken on the site before 1st February 2019; the Council must be advised in advance of any proposals to undertake clearance work at the site; the Council to be given advance notice of any clearance works to be undertaken at the site and the Council's officers/representatives give unfettered access to view all clearance related works; all clearance work to be overseen by Radian's appointed ecologists in accordance with a scheme first agreed in advance with the Council;

(ii) the receipt of a satisfactory amended plan showing:

- (a) 1 tree rather than 3 adjacent to the boundary of 49 Sissinghurst Road; and
- (b) the Field Maple trees along the southern boundary of the site being retained;

(iii) Condition 20 being amended as follows:

No development shall commence on site until a Construction Management Plan (CMP) has been submitted to and approved in writing by the Local Planning Authority (LPA). The Construction Management Plan shall address the following matters:

a) how provision is to be made on site for the parking and turning of operatives/contractors'/sub-contractors' vehicles and/or construction vehicles;

b) the measures the developer will implement to ensure that operatives'/contractors'/sub-contractors' vehicles and/or construction vehicles are parked within the planning application site;

c) the measures for cleaning the wheels and underside of all vehicles leaving the site;

d) a scheme for the suppression of any dust arising during construction or clearance works;

e) the measures for cleaning Moraunt Drive, Wicor Mill Lane and White Hart Lane to ensure they are kept clear of any mud or other debris falling from construction vehicles; and

f) the areas to be used for the storage of building materials, plant, excavated materials and huts associated with the implementation of the approved development.

The development shall be carried out in accordance with the CMP and areas identified in the CMP for specified purposes shall thereafter be kept available for those uses at all times during the construction period, unless otherwise agreed in writing with the LPA. No construction vehicles shall leave the site unless the measures for leaning the wheels and underside of construction vehicles are in place and operational, and the wheels and underside of vehicles have been cleaned.

REASON: In the interest of highway safety and to ensure that the occupiers of nearby residential properties are not subjected to unacceptable noise and disturbance during the construction period;

(iv) that Members confirm that the reasons for refusal 1(a) and 1(c) in respect of planning application P/17/0920/FP should not be pursued at the forthcoming appeal; and

(v) all conditions in the report,
PLANNING PERMISSION be granted.

(13) P/16/0557/MA/B - IFA2 NATIONAL GRID LAND AT DAEDALUS AIRFIELD LEE-ON-THE-SOLENT PO13 9YA

Councillor Cunningham left the room before this item and was not present for the discuss or vote.

Upon being proposed and seconded the officer recommendation to approve the non-material amendment was voted on and CARRIED.

(Voting: 8 in favour; 0 against)

RESOLVED that the non-material amendment be APPROVED.

(14) Planning Appeals

The Committee noted the information in the report.

(15) UPDATE REPORT

The Update Report was tabled at the meeting and considered with the relevant agenda item.

8. FAREHAM TREE PRESERVATION ORDER NO. 748 2018 - WOODBOURNE CLOSE, TITCHFIELD

The Committee considered a report by the Director of Planning and Regulation on Tree Preservation Order No. 748 to which two objections had been received.

RESOLVED that Tree Preservation Order No. 748 be confirmed.

(The meeting started at 2.30 pm
and ended at 8.00 pm).

FAREHAM

BOROUGH COUNCIL

Minutes of the Planning Committee

(to be confirmed at the next meeting)

Date: Wednesday, 16 January 2019

Venue: Collingwood Room - Civic Offices

PRESENT:

Councillor N J Walker (Chairman)

Councillor I Bastable (Vice-Chairman)

Councillors: F Birkett, T M Cartwright, MBE, P J Davies, K D Evans,
M J Ford, JP, Mrs K Mandry and R H Price, JP

Also Present: Councillors Miss S M Bell (Items 9 (5), 9 (6) and 9 (7)) and
S Cunningham (Items 9 (5), 9 (6) and 9 (7))



1. APOLOGIES FOR ABSENCE

There were no apologies of absence.

2. MINUTES OF PREVIOUS MEETING

The Committee's attention was drawn to the Update Report which contained the following information:-

Following the publication of the minutes of the meeting held on 12 December 2018, minute number 7 (5) has been amended to the following:

(5) P/18/0592/OA – EGMONT NURSERIES BROOK AVENUE WARSASH

The Committee received the deputations referred to in Minute 5 above.

Councillors Walker, Bastable, Cartwright and Ford declared a non-pecuniary interest in this item as the applicant is known to them as he is the Chairman of the Conservative Association.

The Committee's attention was drawn to the Update Report which contained the following information:-

Following the updates to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.2 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this Council currently has a housing land supply of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.3 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have carried out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery Test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings per annum. This in turn would result in a 5-year housing supply of 4.1 years and a shortfall of 527 dwellings.

Upon being proposed and seconded the officer recommendation to grant planning permission subject to:-

(i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure:

a) A financial contribution to secure satisfactory mitigation of the 'in combination' effects that the increase in residential units on the site would cause through increased residential disturbance on the Solent Coastal Special Protection Areas;

b) A financial contribution towards the off-site provision of affordable housing in accordance with Core Strategy Policy CS18;

(ii) the conditions in the report; and

(iii) an additional condition requiring the open space/paddock area to be substantially in accordance with the illustrative layout

Was voted on and CARRIED.

(Voting: 7 in favour; 1 against; 1 abstention)

RESOLVED that subject to:-

(i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure;

a) A financial contribution to secure satisfactory mitigation of the 'in combination' effects that the increase in residential disturbance on the Solent Coastal Special Protection Areas;

b) A financial contribution towards off-site provision of affordable housing in accordance with Core Strategy Policy CS18;

(ii) the conditions in the report; and

(iii) an additional condition requiring the open space/paddock area to be substantially in accordance with the illustrative layout

PLANNING PERMISSION be granted.

A further update was provided by the Head of Development Management in respect of minute item number 7 (12), which should read:

(12) P/18/0654/FP – LAND TO THE WEST OF SEAFIELD ROAD & MORAUNT DRIVE; SOUTH OF TATTERSHALL CRESCENT

The Committee received the deputations referred to in Minute 5 above.

Councillor Walker declared a non-pecuniary interest in this item in that he is the chairman of the Parish Hall Trust Board of which 2 church wardens are also members and who are also member trustees of the Churchlands Trust which owns part of the site.

At the invitation of the Chairman, Councillor R H Price, JP addressed the Committee on this item. He left the room after making his representation and was not present for the debate or vote on this application.

The Committee's attention was drawn to the Update Report which contained the following information:-

Following the updates to the FIVE-YEAR HOUSING LAND SUPPLY POSITION report, the following paragraphs replace those currently published in the report:

1.6 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that this Council currently has a housing land supply position of 4.67 years (a shortfall of 167 dwellings within the 5-year period).

1.7 The Housing Delivery Test results which were due to be published by the Ministry of Housing, Communities and Local Government in November 2018 have not been published. Officers have carried out their own assessment against the same criteria the Government will use and are of the opinion that the Housing Delivery Test results will require this Council to apply a 20% buffer to its local housing need increasing its annual requirement to 575 dwellings per annum. This in turn would result in a 5-year housing supply of 4.1 years and a shortfall of 527 dwellings.

One third party further representation was received following the 14 November committee meeting, this related to concern over reptiles on the site.

With regard to comments since the letter of 29th November from the agent, there have been fifteen letters of representation, some of which raise concern that has already been discussed within the officer report. With regards to the letter of 29th November, the following concerns are raised:

- The Council should be overseeing the appointment of independent ecologists to oversee the project.*
- The letter from Bryan Jezeph does not contain specific solutions for management and maintenance arrangements, the ecology of the site is important and should not be brushed aside from the sake of providing housing.*
- Nothing offered as a solution addresses any of the issues raised by the committee at last month's refusal.*
- Cannot be satisfied that extensive ground clearance, however carefully worded or timed is valid or acceptable or would satisfy or rescind the LPA's grounds for refusal, due in part to the capacity of the southern part of the site for protected species or lizards.*
- With regard to no works until February 2019, reptile species have been recorded above ground in February by reptile specialists both in south Hampshire and on the Isle of Wight.*
- Excavating archaeological trenches from the end of March while undertaking a translocation process from April for two months is unworkable.*
- The Developers Agent proposal fails to address the issues and concerns raised at the previous planning committee to safeguard the southern side of the site.*
- The ecological 'mitigation' or proposed 'benefits' will not outweigh the negative impact and net loss that this proposal will bring, the proposal has not been fundamentally changed.*
- The overriding reasons for refusal still stand.*

- *The ecological issues seem to be clouding the issues and concerns of the residents; traffic issues and impact on services have not been taken into consideration.*
- *Concern over enforcement of planning conditions.*
- *Concern over process and procedure and that the decision notice has not been issued following the meeting of 14 November.*
- *The Public Inquiry is the correct place to resolve the grounds for refusal.*

The planning agent has submitted a revised affordable housing plan which would result in the provision of 20 affordable homes rather than 19.2 and a financial contribution.

As referenced to in paragraph 7.17 of the Committee Report, the Housing Officer advises that the applicant may either provide an additional affordable unit or pay a financial contribution.

Officer advice is that the provision of 20 affordable homes is acceptable in accordance with policy and therefore the recommendation in paragraph 9.0 within the report should reflect the 'provision of 20 affordable housing units' and delete the reference to 'contribution'. The list of recommended approved plans in condition 2 should include reference to this revised plan CB_93_074_A2_104 Rev A.

A revised layout plan and housing schedule to reflect the additional affordable housing unit has been submitted reference CB_074_A1_100 Rev B., the list of recommended approved plans in condition 2 should include reference to this plan.

Officers propose revised wording relating to condition 8, boundary treatment to read:

No dwelling hereby approved shall be occupied until the boundary treatment relating to it has been carried out in accordance with the approved details. The brick wall as shown to the rear of number 49 Sissinghurst Road shall be constructed prior to the occupation of plot 31. The boundary treatment shall thereafter be retained at all times unless otherwise agreed in writing with the Local Planning Authority.

REASON: To protect the privacy of the occupiers of the neighbouring property, to prevent overlooking, and to ensure that the development harmonises well with its surroundings.

The Committee further requested that:

(1) officers secure an amended plan to show:

- (a) 1 tree rather than 3 adjacent to the boundary of 49 Sissinghurst Road; and*
- (b) the Field Maple trees along the southern boundary of the site being retained; and*

(2) Condition 20 being amended as follows:

No development shall commence on site until a Construction Management Plan (CMP) has been submitted to and approved in writing by the Local Planning Authority (LPA). The Construction Plan shall address the following matters:

- a) how provision is to be made on site for the parking and turning of operatives/contractors'/sub-contractors' vehicles and/or construction vehicles;
- b) the measures the developer will implement to ensure that operatives'/contractors./sub-contractors' vehicles and/or construction vehicles are parked within the planning application site;
- c) the measures for cleaning the wheels and underside of all vehicles leaving the site;
- d) a scheme for the suppression of any dust arising during construction or clearance works;
- e) the measures for cleaning Moraunt Drive, Wicor Mill Lane and White Hart Lane to ensure that they are kept clear of any mud or other debris falling from construction vehicles, and
- f) the areas to be used for the storage of building materials, plant, excavated materials and huts associated with the implementation of the approved development.

The development shall be carried out in accordance with the CMP and areas identified in the CMP for specified purposes shall thereafter be kept available for those uses at all times during the construction period, unless otherwise agreed in writing with the LPA. No construction vehicles shall leave the site unless the measures for cleaning the wheels and underside of construction vehicles are in place and operational, and the wheels and undersides of vehicles have been cleaned.

REASON: In the interests of highway safety and to ensure that the occupiers of nearby residential properties are not subjected to unacceptable noise and disturbance during the construction period.

Upon being proposed and seconded the officer recommendation to grant planning permission, subject to:-

- (i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure:
 - Financial contribution to secure satisfactory mitigation on the 'in combination' effects that the increase in residential units on the site would cause through increased recreational disturbance on the Solent Coastal Special Protected Areas;
 - The provision and management of public open space and ecological enhancement area for the lifetime of the development;
 - Educational contribution;
 - The delivery of affordable housing and contribution;
 - No clearance work to be undertaken on the site before 1st February 2019; the Council must be advised in advance of any proposals to

undertake clearance work at the site; the Council to be given advance notice of any clearance works to be undertaken at the site and the clearance works to be undertaken at the site and the Council's officers/representatives give unfettered access to view all clearance related works; all clearance work to be overseen by Radian's appointed ecologists in accordance with a scheme first agreed in advance with the Council;

(ii) the receipt of a satisfactory amended plan showing:

(a) 1 tree rather than 3 adjacent to the boundary of 49 Sissinghurst Road; and

(b) the Field Maple trees along the southern boundary of the site being retained;

(iii) Condition 20 being amended as follows:

No development shall commence on site until a Construction Management Plan (CMP) has been submitted to and approved in writing by the Local Planning Authority (LPA). The Construction Management Plan shall address the following matters:

a) how provision is to be made on site for the parking and turning of operatives/contractors'/sub-contractors' vehicles and/or construction vehicles;

b) the measures the developer will implement to ensure that operatives'/contractors'/sub-contractors' vehicles and/or construction vehicles are parked within the planning application site;

c) the measures for cleaning the wheels and underside of all vehicles leaving the site;

d) a scheme for the suppression of any dust arising during construction or clearance works;

e) the measures for cleaning Moraunt Drive, Wicor Mill Lane and White Hart Lane to ensure they are kept clear of any mud or other debris falling from construction vehicles; and

f) the areas to be used for the storage of building materials, plant, excavated materials and huts associated with the implementation of the approved development.

The development shall be carried out in accordance with the CMP and areas identified in the CMP for specified purposes shall thereafter be kept available for those uses at all times during the construction period, unless otherwise agreed in writing by the LPA. No construction vehicles shall leave the site unless the measures for cleaning the wheels and underside of construction vehicles are in place and operational, and the wheels and underside of vehicles have been cleaned.

REASON: In the interest of highway safety and to ensure that the occupiers of nearby residential properties are not subjected to unacceptable noise and disturbance during the construction period;

(iv) that Members confirm that the reasons for the refusal 1(a) and 1(c) in respect of planning application P/17/0920/FP should not be pursued at the forthcoming appeal: and

*(v) all conditions in the report.
Was voted on and CARRIED.
(Voting: 6 in favour; 3 against)*

RESOLVED that, subject to:-

(i) the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure:

- Financial contribution to secure satisfactory mitigation on the ‘in combination’ effects that the increase in residential units on the site would cause through increased recreational disturbance on the Solent Coastal Special Protected Areas;*
- The provision and management of public open space and ecological enhancement area for the lifetime of the development;*
- Educational contribution;*
- The delivery of affordable housing and contribution;*
- No clearance work to be undertaken on the site before 1st February 2019; the Council must be advised in advance of any proposals to undertake clearance work at the site; the Council to be given advance notice of any clearance works to be undertaken at the site and the clearance works to be undertaken at the site and the Council’s officers/representatives give unfettered access to view all clearance related works; all clearance work to be overseen by Radian’s appointed ecologists in accordance with a scheme first agreed in advance with the Council;*

(ii) the receipt of a satisfactory amended plan showing:

- (a) 1 tree rather than 3 adjacent to the boundary of 49 Sissinghurst Road; and*
- (b) the Field Maple trees along the southern boundary of the site being retained;*

(iii) Condition 20 being amended as follows:

No development shall commence on site until a Construction Management Plan (CMP) has been submitted to and approved in writing by the Local Planning Authority (LPA). The Construction Management Plan shall address the following matters:

a) how provision is to be made on site for the parking and turning of operatives/contractors/sub-contractors’ vehicles and/or construction vehicles;

b) the measures the developer will implement to ensure that operatives’/contractors’/sub-contractors’ vehicles and/or construction vehicles are parked within the planning application site;

c) the measures for cleaning the wheels and underside of all vehicles leaving the site;

d) a scheme for the suppression of any dust arising during construction or clearance works;

e) the measures for cleaning Moraunt Drive, Wicor Mill Lane and White Hart Lane to ensure they are kept clear of any mud or other debris falling from construction vehicles; and

f) the areas to be used for the storage of building materials, plant, excavated materials and huts associated with the implementation of the approved development.

The development shall be carried out in accordance with the CMP and areas identified in the CMP for specified purposes shall thereafter be kept available for those uses at all times during the construction period, unless otherwise agreed in writing by the LPA. No construction vehicles shall leave the site unless the measures for cleaning the wheels and underside of construction vehicles are in place and operational, and the wheels and underside of vehicles have been cleaned.

REASON: In the interest of highway safety and to ensure that the occupiers of nearby residential properties are not subjected to unacceptable noise and disturbance during the construction period;

(iv) that Members confirm that the reasons for the refusal 1(a) and 1(c) in respect of planning application P/17/0920/FP should not be pursued at the forthcoming appeal: and

(v) all conditions in the report.

PLANNING PERMISSION be granted.

At the request of Councillor Price, JP, one further amended to be made to minute item no.1 Apologies of Absence, to read:

(2) APOLOGIES OF ABSENCE

Apologies of absence were received from Councillors F Birkett, K D Evans and R H Price, JP. The apology from Councillor Price was due to him having a Disclosable Pecuniary Interest and is therefore unable to sit on the Planning Committee.

RESOLVED that the minutes of the Planning Committee meeting held on 12 December 2018, subject to the changes in the update report, the update from the Head of Development Management and the change from Councillor Price, be confirmed and signed as a correct record.

3. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's announcements.

4. DECLARATIONS OF INTEREST

In accordance with Standing Orders and the Council's Code of Conduct Councillor Cartwright declared a non-pecuniary interest in item 9 (1) – Land Adjacent to 125 Greenaway Lane, Warsash as he has previously expressed his opinion on this application. He left the room after making a representation as Ward Councillor and he took no part in the discussion or vote on this item in order to avoid any pre-determination issues.

5. DEPUTATIONS

The committee received a deputation from the following in respect of the applications indicated and were thanked accordingly.

Name	Spokesperson representing the persons listed	Subject	Supporting or Opposing the Application	Minute No/ Application No/Page No
Mr S Brown	Woolf Bond Planning	Five Year Housing Land Supply Position	Opposing	Item 8
ZONE 1 – 2.30pm				
Mrs H Megginson (Lead Petitioner)		LAND ADJACENT TO 125 GREENAWAY LANE WARSASH SO31 9HT – OUTLINE APPLICATION WITH ALL MATTERS RESERVED (EXCEPT FOR ACCESS) FOR THE CONSTRUCTION OF UP TO 100 RESIDENTIAL DWELLINGS, ACCESS FROM GREENAWAY LANE, LANDSCAPING, OPEN SPACE AND ASSOCIATED WORKS	Opposing	9 (1) P/18/0482/OA Pg 54
Mr R Megginson	Peter Nugent, Gordon Stewart & Rex Holford	-Ditto-	-Ditto-	-Ditto-
Mr M Hawthorne (Agent)		-Ditto-	Supporting	-Ditto-
Mr M Knappett (Agent)		LAND ADJOINING 79 GREENAWAY LANE WARSASH – 6 DETACHED RESIDENTIAL UNITS AND ASSOCIATED DETACHED GARAGES	Supporting	9 (2) P/18/0884/FP Pg 79
ZONE 2 – 3.15pm				

ZONE 3 – 3.15pm				
Mr M Hindry		THE GRANGE OAKCROFT LANE STUBBINGTON – OUTLINE APPLICATION FOR THE PROVISION OF UP TO 16 DWELLINGS AND TWO NEW VEHICULAR ACCESSES ONTO RANVILLES LANE, AND THE RELOCATION OF THE EXISTING ACCESS ONTO OAKCROFT LANE	Opposing	9 (4) P/18/0263/OA Pg 106
Ms S Boyce		-Ditto-	-Ditto-	-Ditto-
Mr M Sennitt (Agent)		-Ditto-	Supporting	-Ditto-
Mrs K Wiltshire		LAND NORTH OF CRANLEIGH ROAD/WEST OF WICOR PRIMARY SCHOOL PORTCHESTER – RESERVED MATTERS IN RELATION TO OUTLINE APPLICATION (P/15/0260/OA): LANDSCAPING RELATING TO 120 DWELLINGS WITH A NEW ACCESS FROM CRANLEIGH ROAD, PUBLIC OPEN SPACE INCLUDING A LOCALLY EQUIPPED AREA OF PLAY	Opposing	9 (5) P/18/0645/RM Pg 128
Mr D Buczynskyj		-Ditto-	Supporting	-Ditto-
Ms L Goodyear (Agent)		CAMS BRIDGE – LAND TO NORTH OF THE THICKET – OUTLINE PLANNING APPLICATION FOR IMPROVEMENTS TO CAMS BRIDGE AND THE APPROACHES	Supporting	9 (6) P/18/0001/OA Pg 137

		TO ENABLE USE BY PEDESTRIAN AND CYCLISTS AND CONTINUED VEHICLE ACCESS TO THE WORKSHOP INCLUDING LIGHTING, RAISING THE BRIDGE PARAPETS, SIGNAGE, RE-SURFACING AND NEW ROAD MARKINGS		
Mr T Wall		-Ditto-	-Ditto-	-Ditto-
Mr M Rees		LAND EAST OF DOWN END ROAD – OUTLINE PLANNING APPLICATION WITH ALL MATTERS RESERVED (EXCEPT THE MEANS OF ACCESS) FOR RESIDENTIAL DEVELOPMENT, DEMOLITION OF EXISTING AGRICULTURAL BUILDINGS AND THE CONSTRUCTION OF NEW BUILDINGS PROVIDING UP TO 350 DWELLINGS; THE CREATION OF NEW VEHICULAR ACCESS WITH FOOTWAYS AND CYCLEWAYS; PROVISION OF LANDSCAPED COMMUNAL AMENITY SPACE; INCLUDING CHILDREN’S PLAY SPACE; CREATION OF PUBLIC OPEN SPACE; TOGETHER WITH ASSOCIATED HIGHWAYS, LANDSCAPING, DRAINAGE AND UTILITIES	Opposing	9 (7) P/18/0005/OA Pg 144
Ms J Young		-Ditto-	-Ditto-	-Ditto-
Mrs T Philips		-Ditto-	-Ditto-	-Ditto-

Mr T Ling		-Ditto-	-Ditto-	-Ditto-
Mrs B Clapperton	The Fareham Society	-Ditto-	-Ditto-	-Ditto-
Ms L Goodyear (Agent)		-Ditto-	Supporting	-Ditto-
Mr T Wall		-Ditto-	-Ditto-	-Ditto-

6. SPENDING PLANS 2019-20

The Committee considered a report by the Director of Finance and Resources on the Spending Plans for 2019/20.

RESOLVED that the Committee:-

- (i) agrees the revised budget for 2018/19 and the base budget for 2019/20;
- (ii) notes the fees and charges for 2019/20; and
- (iii) recommends the budget to Full Council for approval

7. ACTUAL REVENUE EXPENDITURE

The Committee considered a report by the Director Finance and Resources on the actual revenue expenditure for 2017/18.

RESOLVED that the Committee note the content of the report.

8. FIVE YEAR HOUSING LAND SUPPLY POSITION

The Committee received the deputation referred to in Minute 5 above.

The Committee considered a report by the Director of Planning and Regulation on the Five Year Housing Land Supply position.

RESOLVED that the Committee note:-

- (i). the content of the report and the current 5-Year Housing Land Supply position;
- (ii). that the 5-Year Housing Land Supply Position set out in the attached report (which will be updated regularly as appropriate) is a material consideration in the determination of planning applications for residential development;
- (iii). when the Government publishes the Housing Delivery Test results, Officers believe that this Council will be required to apply a 20% buffer to the 5-Year Housing Land Supply position, and Members should make decisions on planning applications on that basis; and
- (iv). that the Government are consulting on adjustments to the new standard method used to calculate Local Housing Need, following publication of the new household growth projections on 20th September 2018. If implemented these adjustments will further increase the Council's

housing requirements, above those arising from the Housing Delivery Test.

9. PLANNING APPLICATIONS AND MISCELLANEOUS MATTERS INCLUDING AN UPDATE ON PLANNING APPEALS

The Committee noted a report by the Director of Planning and Regulation on the development management matter applications and miscellaneous matters including the information on Planning Appeals.

(1) P/18/0482/OA - LAND ADJACENT TO 125 GREENAWAY LANE WARSASH SO31 9HT

The Committee received the deputations referred to in Minute 5 above.

Councillor Cartwright declared a non-pecuniary interest in this item as he has previously expressed his opinion on this application. He left the room after making a representation as Ward Councillor and he took no part in the discussion or vote on this item in order to avoid any pre-determination issues.

The Committee's attention was drawn to the Update Report which contained the following information:-

A third party representation has raised queries over the assessment of Highway matters and considers that even one large vehicle causes havoc when trying to negotiate Greenaway Lane. Reiterates concern that the type and width of the lane struggles with the current volume of traffic and would not cope with the huge increase proposed by this development.

Reiterates concern over flooding on the lane, use of alternative access points already approved for other Warsash cluster sites, and impact on the SPA, Ramsar and SAC and considers these issues have not been addressed.

The Highway Authority sought further clarification on the traffic survey data; the developer's transport consultant undertook video footage and compared this with flows presented in the Transport Assessment. The Highway Authority are satisfied with the submitted information.

A third party representation considers the report is biased and does not reflect the policies applicable to the site, questions the method for calculating the 5 YHLS position and content of the report. Concern that the HRA does not provide a reasonable degree of certainty that the project will not be likely to have an effect on the SPA. The site should form part of the Master plan to reduce the number of site entrances and that the closure of the Vero access track will not materialise.

The CPRE have expressed concern over the cumulative impact of the number of dwellings in Warsash; that applying the 20% buffer is premature (housing delivery test); that the development is out of character and scale and the cumulative effect on the environment and ecology of the area.

Instructed by 'Save Warsash and the Western Wards' A legal opinion has been received on the approach being adopted by Fareham Borough Council

with respect to screening and appropriate assessments in the course of its determination of planning applications. In short, the opinion is that the approach is potentially unlawful and that it would be unlawful for the Planning Committee to resolve to grant outline planning permission for the Greenaway Lane Application as a legally compliant appropriate assessment has not been undertaken.

A verbal update will be provided at the Planning Committee.

The following Verbal Update was provided by the Planning Case Officer:-

Officers have received a further late representation in the form of a QC opinion about the adequacy of the Council's appropriate assessments and the process followed by the Council. Officers are satisfied as to the robustness of the appropriate assessment. For the avoidance of any doubt, officers have carried out an appropriate assessment in relation to all designated European sites including the Ramsar and SAC sites and have concluded that there will be no adverse effect on the integrity of the designated European sites.

A motion was proposed and seconded that the application be deferred in order to allow Officers time to address the following concerns that the Committee raised:

- (i). Whether access to the scheme could solely be achieved via land to the south: Further clarity from HCC Highway Authority regarding the impact of additional traffic on Greenaway Lane and the cumulative impact of development within Warsash and local roads with a request that a HCC Highway Authority officer attend the Planning Committee; and
- (ii). To seek independent legal advice from a QC following the QC opinion that has been submitted by 'Save Warsash and the Western Wards'

Was voted on and CARRIED.

(Voting: 4 in favour; 4 against. With the Chairman having the casting vote)

RESOLVED that the applicant be DEFERRED.

(2) P/18/0884/FP - LAND AJOINING 79 GREENAWAY LANE WARSASH SO31 9HT

The Committee received the deputation referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information:-

The period of '2' years should be inserted into Condition 1.

The agent has submitted further detail in respect of the proposed planning conditions as he would prefer not to have pre-commencement conditions to enable an early start on site.

Drainage (Condition 15): Southern Water and the Lead Local Flood Authority have been consulted. The Lead Flood Authority have no comment, advise informative.

Southern Water comments awaited.

Construction Management Plan (Conditions 3 and 4): The Transport Planner considers these to be acceptable. Therefore condition 3 and 4 deleted, new condition to read:

The development shall proceed in accordance with submitted construction management plan details drawing HGP_18.079.101 SITE/ PLAN_REV.J – Construction Management Plan layout and the Schedule of Works CMP January 2019. The approved measures, areas and facilities shall be fully implemented in accordance with the submitted details and shall be retained for the duration of construction of the development unless otherwise agreed in writing with the Local Planning Authority.

REASON: In the interests of highway safety and amenity of the area and to ensure the health and wellbeing of the trees and vegetation which are to be retained at the site.

Upon being proposed and seconded the Officer Recommendation to Grant Planning Permission subject to:-

- (i). the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure:
 - i) A financial contribution to secure satisfactory mitigation of the ‘in combination’ effects that the increase in residential units on the site would cause through increased residential disturbance on the Solent Coastal Special Protection Areas;
 - ii) A financial contribution of 40% towards the off-site provision of affordable housing or provision of 40% on site affordable housing under planning reference P/18/0107/OA in accordance with Core Strategy Policy CS18;
 - (ii). Delegate to the Head of Development Management in consultation with the Solicitor to the Council to make modifications to the proposed conditions or heads of terms or any subsequent minor changes arising out of detailed negotiations with the applicant which may necessitate the modification which may include the variation addition or deletion of the conditions and heads as drafted to ensure consistency between the two sets of provisions;
 - (iii). The conditions in the report; and
 - (iv). The amended conditions set out in the update report
- Was voted on and CARRIED.
(Voting: 9 in favour; 0 against)

RESOLVED that, subject to:-

- (i). the applicant/owner first entering into a planning obligation under Section 106 of the Town and Country Planning Act 1990 on terms drafted by the Solicitor to the Council to secure:

- i) A financial contribution to secure satisfactory mitigation of the 'in combination' effects that the increase in residential units on the site would cause through increased residential disturbance on the Solent Coastal Special Protection Areas;
 - ii) A financial contribution of 40% towards the off-site provision of affordable housing or provision of 40% on site affordable housing under planning reference P/18/0107/OA in accordance with Core Strategy Policy CS18;
- (ii). Delegate to the Head of Development Management in consultation with the Solicitor to the Council to make modifications to the proposed conditions or heads of terms or any subsequent minor changes arising out of detailed negotiations with the applicant which may necessitate the modification which may include the variation addition or deletion of the conditions and heads as drafted to ensure consistency between the two sets of provisions;
- (iii). The conditions in the report; and
- (iv). The amended conditions set out in the update report PLANNING PERMISSION be granted.

(3) P/18/1222/TO - 79 KILN ROAD FAREHAM PO16 7UL

Upon being proposed and seconded the officer recommendation to grant consent for works to 3 scots pine and 1 monterey cypress was voted on and CARRIED.

(Voting: 9 in favour; 0 against)

RESOLVED that CONSENT for works to 3 scots pine and 1 monterey cypress be granted.

(4) P/18/0263/OA - THE GRANGE OAKCROFT LANE FAREHAM PO14 2EB

The Committee received the deputations referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information:-

Two additional conditions inserted into the recommendation as follows:

20. The landscaping scheme, submitted under Condition 1 shall be implemented in accordance with a scheme to be submitted (including a delivery timetable) or as otherwise agreed in writing with the Local Planning Authority and shall be maintained following commencement of the development or as otherwise agreed in writing with the Local Planning authority and shall be maintained in accordance with the agreed schedule. Any trees or plants, which, within a period of five years from first planting, are removed, die or, in the opinion of the Local Planning Authority, become

seriously damaged or defective, shall be replaced, within the next available planting season, with others of the same species, size and number as originally approved.

REASON: To ensure the provision, establishment and maintenance of a standard of landscaping.

21. A landscape management plan, including long term design objectives, management responsibilities and maintenance schedules for all landscape areas, other than small, privately owned, domestic gardens, shall be submitted to and approved by the Local Planning Authority prior to the occupation of the development. the landscape management plan shall be carried out as approved and retained for the lifetime of the development.

REASON: To ensure the long-term maintenance and management of the open spaces.

A motion was proposed and seconded that the application be refused and was voted on and CARRIED.

(Voting: 5 in favour; 4 against)

RESOLVED that PLANNING PERMISSION be REFUSED.

Reasons for Refusal

The development would be contrary to Policies CS14, CS17, CS18 and CS22 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP6, DSP15 and DSP40 of the Adopted Local Plan Part 2: Development Sites and Policies Plans and is unacceptable in that:

- a) The application site lies outside the defined urban settlement boundary where the introduction of residential development would fail to respond positively to and be respectful of the key characteristics of the area, particularly its predominantly undeveloped nature. In addition the proposed development would adversely affect the integrity of the strategic gap and the physical and visual separation of settlements. Notwithstanding the Council's 5-year housing land supply position, the provision of dwellings in this location would not outweigh the harm;
- b) Had it not been for the overriding reasons for refusal the Council would have sought to secure the on-site provision of affordable housing and a commuted sum for an off-site provision at a level in accordance with the requirements of the Local Plan; and
- c) In the absence of a legal agreement to secure such, the proposal would fail to provide satisfactory mitigation of the 'in combination' effects that the proposed increase in residential units on the site would cause through increased recreational disturbance on the Solent Special Protection Areas.

(5) P/18/0645/RM - LAND NORTH OF CRANLEIGH ROAD/WEST OF WICOR PRIMARY SCHOOL PORTCHESTER

The Committee received the deputations referred to in Minute 5 above.

At the invitation of the Chairman, Councillor Cunningham addressed the Committee on this item.

At the invitation of Chairman, Councillor Miss Bell addressed the Committee on this item.

The Committee's attention was drawn to the Update Report which contained the following information:-

Southern Water raise no objection. Advise informative: Southern Water's publication "A Guide to Tree Planting near Water Mains and Sewers" and Sewers for Adoption (SFA) with regards to any landscaping proposals and restrictions and maintenance of tree planting adjacent to sewers and rising mains.

Upon being proposed and seconded the officer recommendation to grant planning permission subject to:-

- (i). The receipt of the comments of Hampshire County Council (Flood and Water Management Team) and the imposition of any additional conditions or modification to the plans they may require;
- (ii). the conditions in the report; and
- (iii). an additional condition requiring the developer to submit details to demonstrate that the scheme has been fully undertaken in accordance with the permission.

Was voted on and CARRIED.
(Voting: 9 in favour; 0 against)

RESOLVED that, subject to:-

- (i). The receipt of the comments of Hampshire County Council (Flood and Water Management Team) and the imposition of any additional conditions or modification to the plans they may require;
- (ii). the conditions in the report; and
- (iii). an additional condition requiring the developer to submit details to demonstrate that the scheme has been fully undertaken in accordance with the permission.

PLANNING PERMISSION be granted.

(6) P/18/0001/OA - CAMS BRIDGE - LAND TO THE NORTH OF THE THICKET FAREHAM

The Committee received the deputations referred to in Minute 5 above.

At the invitation of the Chairman, Councillor Cunningham addressed the Committee on this item.

At the invitation of the Chairman, Councillor Miss Bell addressed the Committee on this item.

The Committee's attention was drawn to the Update Report which contained the following information:-

A further condition is inserted into the recommendation as follows:

5. The development hereby permitted shall be carried out strictly in accordance with the following drawings/documents:

a) Site location plan – drawing no. 249501 JC001 A

REASON: To avoid any doubt over what has been permitted.

The officer recommendation to grant planning permission, subject to:-

- (i). The conditions in the report;
- (ii). The addition of Condition 5, as set out in the Update Report; and
- (iii). Written confirmation from the applicant that any reference to use of the bridge by emergency vehicles is deleted.

Was voted on and CARRIED.

(Voting: 8 in favour; 1 against)

RESOLVED that, subject to:-

- (i). The conditions in the report;
- (ii). The addition of Condition 5, as set out in the Update Report; and
- (iii). Written confirmation from the applicant that any reference to use of the bridge by emergency vehicles is deleted.

PLANNING PERMISSION is granted.

**(7) P/18/0005/OA - LAND TO THE EAST OF DOWN END ROAD
FAREHAM**

The Committee received the deputations referred to in Minute 5 above.

At the invitation of the Chairman, Councillor Cunningham addressed the Committee on this item.

At the invitation of the Chairman, Councillor Miss Bell addressed the Committee on this item.

The Committee's attention was drawn to the Update Report which contained the following information:-

Four further representations have been received in objection to the proposal but raising no new material planning considerations.

A motion was proposed and seconded to defer the application to allow the applicant to further consider the proposed improvement to the railway bridge on Down End Road, and was voted on and CARRIED.
(Voting: 8 in favour; 1 against)

RESOLVED that the application be DEFERRED.

(8) Planning Appeals

The Committee noted the information in the report.

(9) UPDATE REPORT

The Update Report was tabled at the meeting and considered with the relevant agenda item.

(The meeting started at 2.30 pm
and ended at 8.50 pm).

FAREHAM

BOROUGH COUNCIL

Minutes of the Licensing and Regulatory Affairs Committee

(to be confirmed at the next meeting)

Date: Wednesday, 6 February 2019

Venue: Collingwood Room - Civic Offices

PRESENT:

Councillor Mrs P M Bryant (Chairman)

Councillor T M Cartwright, MBE (Vice-Chairman)

Councillors: I Bastable, Miss S M Bell, F Birkett, T Davies, M J Ford, JP,
Mrs C Heneghan, L Keeble, Mrs K Mandry, Ms S Pankhurst,
R H Price, JP and S Cunningham (deputising for J S Forrest)

**Also
Present:**



1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs S M Bayford and J Forrest.

2. MINUTES

RESOLVED that the minutes of the meeting of the Licensing and Regulatory Affairs Committee held on 27 November 2018 be confirmed and signed as a correct record.

3. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's announcements.

4. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

5. DEPUTATIONS

There were no deputations made at this meeting.

6. ACTUAL REVENUE EXPENDITURE 2017/18

The Committee considered a report by the Director of Finance and Resources which contained details of the actual revenue expenditure for 2017/18 in respect of the services for which the Committee is responsible.

RESOLVED that the Licensing and Regulatory Affairs Committee notes the content of the report.

7. FEES AND CHARGES 2019/20

The Committee considered a report by the Director of Finance and Resources which sets out the level of fees and charges for the Committee's services to seek agreement for them before being recommended to Council for approval.

RESOLVED that the Licensing and Regulatory Affairs Committee:-

(a) agrees the fees and charges for 2019/20; and

(b) recommends the fees and charges to Council for approval.

8. SPENDING PLANS 2019/20

The Committee considered a report by the Director of Finance and Resources which sets out the overall level of revenue spending on this Committee's services and seeks agreement for the revised revenue budget for 2018/19 and the base budget for 2019/20 before being recommended to Council for approval.

RESOLVED that the Licensing and Regulatory Affairs Committee:-

- (a) agrees the revised budget for 2018/19;
- (b) agrees the base budgets for 2019/20; and
- (c) recommends the budget to Council for approval.

9. GAMBLING - REVIEW OF STATEMENT OF PRINCIPLES

The Committee considered a report by the Head of Environmental Health which brought forward a draft revised Statement of Gambling Principles for Committee approval and recommendation to the Executive so that it can be adopted by the Council.

It was noted that the Appendices to the Draft Statement need to be renamed and that the 3-year period that the statement will be in force, as detailed in paragraph 1.8 of the statement, needs to cover a full 3 years.

RESOLVED that the Licensing and Regulatory Affairs Committee recommends to the Executive that the final draft Gambling Act 2005 Statement of Principles 2019-2022 be recommended for adoption by the Council.

10. PRELIMINARY REVIEW OF WORK PROGRAMME 2018/19 AND DRAFT WORK PROGRAMME 2019/20

The Committee considered a report by the Head of Environmental Health which contained details of the Work Programme for the current year in order to allow an early assessment of progress. It also gave background information to assist Members in drawing up the Committee's Work Programme for 2019/20.

RESOLVED that:-

- (a) the progress on actions arising from the meeting of the Licensing and Regulatory Affairs Committee held on 27 November 2018, attached as Appendix A to the report, be noted;
- (b) the Update on Taxis and Wheelchair Accessibility scheduled to take place at the next meeting include the viewing of the Accessibility video guidance that is given to taxi drivers; and
- (c) that the draft Work Programme for 2019/20, attached as Appendix C to the report be agreed.

(The meeting started at 6.00 pm
and ended at 6.45 pm).

FAREHAM

BOROUGH COUNCIL

Minutes of the Planning and Development Scrutiny Panel (to be confirmed at the next meeting)

Date: Tuesday, 15 January 2019

Venue: Collingwood Room - Civic Offices

PRESENT:

Councillor T Davies (Chairman)

Councillor P J Davies (Vice-Chairman)

Councillors: K A Barton, J E Butts, S Cunningham, J S Forrest and
N J Walker

**Also
Present:**



1. APOLOGIES FOR ABSENCE

There were no apologies of absence received at this meeting.

2. MINUTES

It was AGREED that the Minutes of the Planning and Development Scrutiny Panel held on the 12 November 2019 be confirmed and signed as a correct record.

3. CHAIRMAN'S ANNOUNCEMENTS

There were no announcements made at this meeting.

4. DECLARATIONS OF INTEREST AND DISCLOSURES OF ADVICE OR DIRECTIONS

There were no declarations of interest made at this meeting.

5. DEPUTATIONS

There were no deputations made at this meeting.

6. EXECUTIVE BUSINESS

The Panel considered the Executive items of business which falls under the remit of the Planning and Development Portfolio, including individual Executive Member decisions, that have taken place since the last meeting of the Panel on 12 November 2018.

The Panel considered the decisions shown at items 6(1) to 6(3) of the agenda.

RESOLVED that the Planning and Development Scrutiny Panel considered the following items of Executive Business:

(1) Self Build & Custom Housebuilding Register

No comments were received.

(2) Council's Response to the Government's 'Technical consultation on updates to national planning policy guidance'

The Panel discussed this item in detail and fully support the Council's response to the Government's Technical consultation on the updates to the National Planning Policy and Guidance. Members asked whether the Government had responded to the consultation. The Head of Planning Strategy and Regeneration addressed the Panel to inform Members that, at this time the Government had not issued its response to this consultation.

During the discussions Members asked several questions surrounding the ONS (Office of National Statistics) household projections to gain better understanding of the method used in calculating local housing need. The

conclusion of this discussion was that Officers suggested an item be brought to a future meeting of the Panel to assist in informing Members of this Government process. Members agreed that this would be very useful.

(3) Provision of Highway Development Planning Advice

No comments were received.

7. WELBORNE RAILWAY STATION

The Panel considered a report by the Welborne Strategic Lead on the potential to deliver a railway station at the Welborne Garden Village.

At the invitation of the Chairman, Councillor J Forrest addressed the Panel to introduce the item.

An in-depth discussion took place between Members and Officers, with Members keen to ensure that the Council's vision to provide a railway station at Welborne be delivered.

Members raised concerns over the degree of certainty around Network Rail funding a review which would include the potential for a station for Welborne. The Welborne Strategic Lead addressed the Panel to confirm that Network Rail had existing plans to review the Eastleigh to Fareham line as part of their strategic focus on improving connectivity in the Solent area. Officers will take all the Members comments to their next meeting with National Rail.

Funding the project was also discussed at great length and Members asked that Officers commit to investigating funding and that potential funding partners are engaged at the earliest possible opportunity.

RESOLVED that the Planning and Development Scrutiny Panel considered and discussed at length the contents of the report.

8. PLANNING AND DEVELOPMENT SCRUTINY PANEL PRIORITIES

Members considered the tabled item - Planning and Development Scrutiny Priorities Plan, attached to these Minutes. The Panel asked for guidance on items for pre-scrutiny and requested that Officers provide Members with a better understanding of items which fall under the Planning and Development Portfolio which could be future items for consideration.

As discussed at item 6(2) officers suggested that an item on the ONS (Office of National Statistics) Household Projections be brought to a future meeting of the Panel. This will be investigated as a possible option to be brought to the 12 March 2019 meeting.

Members also requested sight of the Authority Monitoring Report as this gives a detailed overview and performance update on the planning and development components which are of interest to the Planning and Development Scrutiny Panel.

RESOLVED that the Planning and Development Scrutiny Panel: -

- (a) considered the tabled, Scrutiny Priorities Plan; and
- (b) asked that Officers investigate the possibility of an item on the ONS (Office of National Statistics) Household Projections being brought to the 12 March 2019 Planning and Development Scrutiny Panel meeting.

(The meeting started at 6.00 pm
and ended at 7.45 pm).

FAREHAM

BOROUGH COUNCIL

Minutes of the Policy and Resources Scrutiny Panel (to be confirmed at the next meeting)

Date: Thursday, 17 January 2019

Venue: Collingwood Room - Civic Offices

PRESENT:

Councillor M J Ford, JP (Chairman)

Councillor N J Walker (Vice-Chairman)

Councillors: I Bastable, Mrs P M Bryant, T Davies and Mrs C L A Hockley

Also Present: Councillor S D T Woodward, Executive Member for Policy and Resources (Item 10)



1. APOLOGIES FOR ABSENCE

An apology of absence was received from Councillor S Cunningham.

2. MINUTES

RESOLVED that the minutes of the Policy and Resources Scrutiny Panel held on 19 November 2018 be confirmed and signed as a correct record.

3. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's announcements.

4. DECLARATIONS OF INTEREST AND DISCLOSURES OF ADVICE OR DIRECTION

There were no declarations of interest made at this meeting.

5. DEPUTATIONS

There were no deputations made at this meeting.

6. EXECUTIVE BUSINESS

The Panel considered the Executive items of business which fall under the remit of the Policy and Resources Portfolio, including Individual Executive Member decisions and Officer delegated decisions, that have taken place since the last meeting of the Panel on 19 November 2018.

The Panel considered the decisions shown at items at 7(10 to 7 (2) of the agenda.

RESOLVED that the Policy and Resources Scrutiny Panel considered the following items of Executive Business.

(1) Financial Forecasts & Budget

No comments were received.

(2) Capital Funding for the Construction of Industrial / Business Units at Faraday Business Park, Daedalus

No comments were received.

7. VANGUARD PROGRESS UPDATE

The Panel considered a report by the Head of Leisure and Corporate Services on a Vanguard Progress Update, who then took questions from members.

At the Invitation of the Chairman, Councillor T M Cartwright addressed the Panel on this item.

RESOLVED that the Panel agreed that they had no comments to make to the Executive.

8. FINANCE STRATEGY, CAPITAL PROGRAMME, REVENUE BUDGET AND COUNCIL TAX 2019-20

The Panel considered a report by the Director of Finance and Resources, and received a presentation, (attached as Appendix A to these minutes), from the Head of Finance and Audit and the Finance Manager which focused on the key areas of interest from the report.

The Panel commented on the fees and charges set out in Appendix D to the Executive report. It was noted that in some instances that percentage increase did not seem to be in-line with other similar fees or charges, and that it would be useful for additional information to be provided with each set of figures as to what the actually monetary increase would be for the Council from these increased fees and charges.

RESOLVED that the Panel:-

(a) thank the Head of Finance and Audit, and the Finance manager for their informative presentation;

(b) support the resolutions reached by the Executive at it's meeting on 7 January 2019.

9. HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL PLANS 2019-20

The Panel considered a report by the Director of Finance and Resources on the Housing Revenue Account Budget and Capital Plans 2019-20.

RESOLVED that the Panel had no proposals or comments to make to the Executive.

10. REVIEW OF THE COUNCIL'S VISION AND OUTLINE STRATEGY FOR DAEDALUS

The Panel considered a report and received a presentation by the Director of Finance and Resources on a review of the Council's vision and outline strategy for Daedalus.

The presentation (attached as Appendix B to these minutes) outlined the objectives that were originally set out in the strategy, outlined the changes that has taken place since the Vision was adopted in 2015 and the plans for the future.

At the Invitation of the Chairman, Councillor S D T Woodward, Executive Member for Policy and Resources addressed the Panel on this item.

Members congratulated everyone who has been involved with the development of Daedalus and note the continued success that Daedalus is achieving.

RESOLVED that:-

- (a) the Director of Finance and Resources be thanked for his informative presentation;
- (b) the Executive be asked to note that the panel expressed support for the vision for Daedalus and the priorities for the next 5 years, and hope that this continues to be a success in the future.

11. SCRUTINY PRIORITIES

The Director of Finance and Resources addressed the Panel on this item and directed them to item 10 of the previous minutes, which contained a list of the priorities identified by the Panel at the last meeting that they would like to be included within the Scrutiny Priorities 5 Year Plan. He asked members if they had any further suggestions for items that they would like to be included in the Scrutiny Priorities plan.

Members agreed that they had already put together a comprehensive list of items to be considered and at present no member had any further suggestions that they wanted to bring forward, but were happy to bring any suggestions to the Chairman, should they have any between now and the next scheduled meeting in June.

RESOLVED that the Chairman and the Director of Finance and Resources discuss the list of suggested priorities in order to determine the items that will come forward for the next meeting.

(The meeting started at 6.00 pm
and ended at 8.01 pm).

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 February 2019

Portfolio:	Policy and Resources
Subject:	Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2019/20
Report of:	Director of Finance and Resources
Corporate Priorities:	A dynamic, prudent and progressive Council

Purpose:

This report seeks final confirmation of the recommendations to be made to Council, on 22 February 2019, in respect of the revenue budget, capital programme and council tax for 2019/20.

Executive summary:

On 7 January 2019, the Executive reviewed the Council's overall finance strategy and considered proposals relating to the capital programme, revenue budgets and the council tax for 2019/20. This report updates the Council's budgets to reflect the decisions taken on 7 January 2019.

The capital programme for the years 2018/19 to 2022/23 will be £39,229,000.

The revenue budget for 2019/20 will be £8,666,400. With retained business rates estimated to be £1,897,692 and a deficit to be paid to the collection fund of £106,236, the total amount due from the council tax payers will be £6,874,944.

Taking these changes into consideration, the council tax for 2019/20 will be £160.22 per Band D property. This represents an increase from the council tax set for 2018/19 but would be within the referendum limit set by the Government.

Recommendation/Recommended Option:

It is recommended that the Executive approves and recommends to the meeting of the Council to be held on 22 February 2019:

- (a) the capital programme and financing of £39,973,000;
- (b) an overall revised revenue budget for 2018/19 of £8,440,500;
- (c) a revenue budget for 2019/20 of £8,666,400;
- (d) the remainder of the surplus in the spending reserve remains in the reserve to cover the anticipated future funding shortfalls as set out in paragraphs 16-19;
- (e) a council tax for Fareham Borough Council for 2019/20 of £160.22 per band D property, which represents a £5.00 increase when compared to the current year and is within referendum limits; and
- (f) an unchanged Council Tax Support scheme for 2019/20.

Reason:

To allow the Council to approve the Council Tax for 2019/20.

Cost of proposals:

Not applicable

Appendices: **A:** Overall Total Budget for 2019/20

Background papers: None

Reference papers: None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	04 February 2019
Subject:	Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2019/20
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

- On 7 January 2019 the Executive reviewed the Council's overall finance strategy and considered proposals relating to:
 - The capital programme for 2018/19 to 2022/23;
 - The revised revenue budget for 2018/19;
 - Fees and charges for 2019/20;
 - The revenue budget for 2019/20; and
 - The council tax for 2019/20.
- The purpose of this report is to update the Council's spending plans to take account of the decisions taken by the Executive in relation to these various issues.

THE CAPITAL PROGRAMME 2018/19 TO 2022/23

- The capital programme for the period 2018/19 to 2022/23 as reported to the 7 January 2019 Executive meeting was £39,229,000. There has been an amendment to the programme to include the Daedalus Faraday Business Park scheme approved at the January Executive along with the removal of the Daedalus West Large Hangar and Office scheme. The updated programme is shown in the following table:

	£000s
Health and Public Protection	100
Streetscene	839
Leisure and Community	1,526
Housing	3,127
Planning and Development	63
Policy and Resources	34,318
TOTAL	39,973

4. It is anticipated that the programme will be financed from the following sources:

	£000s
Capital Receipts	3,406
Government Grants	4,298
Revenue Contribution to Capital schemes	3,793
Capital Fund Account	4,888
External Contributions	536
Community Infrastructure Levy	1,145
Borrowing	21,907
TOTAL	39,973

5. The programme and projected resources indicate that, by 31 March 2023, there could be a small surplus of capital resources of £2,254,000, which represents a contingency of 5.6% on the overall capital programme.
6. Importantly, the surplus assumes an estimate of future capital receipts as well as continued revenue contributions towards capital investment, totalling £7.8m. In the event that these resources do not materialise, the programme will become partly unfunded.

REVISED BUDGET 2018/19

7. In January, the Executive considered in detail the revised budget for 2018/19, which totalled £8,440,500 and is no change when compared to the base budget for the current year.

SERVICE BUDGETS 2019/20

8. The following table shows the service budgets resulting from the decisions of the Executive on 7 January 2019.

	Base Budget 2019/20
Committees	£
Planning Committee	485,700
Licensing and Regulatory Affairs Committee	516,800
Executive - Portfolio Budgets	
- Leisure and Community	1,668,800
- Housing	1,381,300
- Planning and Development	-307,300
- Policy and Resources	-589,300
- Health and Public Protection	2,332,200
- Streetscene	5,814,000
SERVICE BUDGETS	11,302,200

OTHER BUDGETS 2019/20

9. After the January Executive one change was made to the Other Budgets total which will now be -£2,635,800.

THE OVERALL BUDGET POSITION FOR 2019/20

10. Taking account of the information referred to in the preceding paragraphs, the overall total budget for 2018/19, detailed in Appendix A, is confirmed as £8,666,400 which is £225,900 above the base budget for 2018/19.

THE AUTUMN STATEMENT AND GOVERNMENT SUPPORT

11. In the 2015 Autumn Statement the Government announced funding plans for local authorities for the lifetime of this parliament which will see further reductions to funding of around 40% when compared to the support received in 2015/16.
12. As part of the statement the Government proposed a four-year settlement agreement that local authorities were encouraged to accept in order to give some certainty to financial planning through to 2019/20. Fareham accepted the proposal by demonstrating to the Government that there were efficiency plans in place to close the gap caused by reduced funding. 97% of local authorities accepted the four-year settlement.
13. Under the proposals, in 2018/19 and 2019/20, Fareham's Revenue Support Grant will be zero leaving only support from business rates and council tax available to fund revenue services.
14. In the Local Government Finance Settlement 2018 the referendum limits for local authorities were set out and council tax increases that exceed 3% would trigger a referendum. However, the government has also allowed shire districts to raise their council tax by a maximum of £5 when compared to the previous level, before a referendum is triggered.
15. The Finance Settlement 2017 also announced a Fair Funding Review that commenced in January 2018 with a view to implementing the new arrangements from the 2020/2021 financial year. With the outcome of this review unclear, it is important that the Council continues to identify and secure cash-releasing efficiencies each year in order to maintain the high level of service currently provided and continue to achieve its corporate priority to minimise council tax increases.

SPENDING RESERVE

16. The spending reserve exists to cover unforeseen changes in revenue expenditure.
17. The current balance on the reserve stands at £4,330,200 which is £1,924,800 over the minimum required balance of 5% of Gross Expenditure as set out in the

approved Medium Term Finance Strategy.

18. The Finance Strategy covers the period through to 2022/23 and is showing a projected shortfall of £0.5m in the final 3 years of the strategy. It would be prudent, and it is recommended, that the remaining surplus over the minimum 5% is left in the spending reserve in order that a balanced budget can be set for the next 4 years.
19. This position will be reviewed once the outcome of the Fair Funding Review is known for the 2020/21 financial year.

COUNCIL TAX AND NATIONAL NON-DOMETIC RATE BASE

20. The council tax base for 2019/20 is 42,909.6 Band D equivalent properties.
21. The net rates payable from National Non-Domestic Rates for 2019/20 (after Transitional arrangements and reliefs) is £42,307,239.

COUNCIL TAX FOR 2019/20

22. With a net budget for 2019/20 of £8,666,400, government support of £1,897,692 and the need to make a payment into collection fund balances of £106,269, the Executive recommends a council tax increase for 2019/20 of £5. This is shown in the following table:

	Base Budget 2018/19	Base Budget 2019/20	Variation
	£	£	£
Total Budget	8,440,500	8,666,400	225,900
Less:			
Government Support	1,852,843	1,897,692	-44,849
Use of Collection Fund surplus	-25,538	-106,236	80,698
Total due from Council Tax Payers	6,613,195	6,874,944	+261,749
Council Tax base	42,605.3	42,909.6	
Council Tax (Band D)	£155.22	£160.22	
Cash Increase	+ £5.00	+ £5.00	

23. The proposed council tax increase is within government referendum limits.
24. The overall income from taxpayers of £6,874,944 represents approximately 15% of the gross spend by the council for 2019/20 of £47.1million.

ASSURANCE STATEMENT BY THE CHIEF FINANCIAL OFFICER (CFO)

25. Section 25 of the Local Government Act 2003 states that when the Council sets a budget for the forthcoming financial year, the CFO must report to the authority on the robustness of the budgets and the adequacy of the financial reserves.

26. The CFO is able to confirm that the Council's co-ordinated finance strategy allows the availability of resources to finance both capital and revenue expenditure to be considered at the same time. It provides the necessary flexibility to allow resources to be allocated to both capital and revenue and this has enabled the delivery of balanced budgets for both capital and revenue.
27. The CFO can also confirm the robustness of the approved budgets and therefore major variations in expenditure and income are not anticipated. However, a risk assessment has been carried out to highlight the impact of possible variations in the level of expenditure and income and by maintaining the spending reserve at a minimum of 5% of gross expenditure, resources should be in place to meet any variations that cannot be met from within the Council's overall budget.

COUNCIL TAX SUPPORT 2019/20

28. The national Council Tax Benefit scheme was abolished by Central Government on 31 March 2013. Under that scheme, claimants on low incomes could get up to 100% of their council tax paid and Central Government reimbursed local authorities for this expenditure via the Council Tax Benefit subsidy arrangements.
29. Since 1 April 2013, all billing authorities have been responsible for developing their own means-tested schemes, called Local Council Tax Support, to assist working-age people on low incomes pay their council tax. The Government has continued to prescribe in legislation the support to be provided to pensioner-age claimants.
30. Legislation requires that Local Council Tax Support schemes are considered by Full Council on an annual basis even if no major changes are to be made. In previous years and following public consultation, the Council has agreed and implemented a scheme based on the following principles:
 - Every working-age claimant should pay something towards their council tax
 - The amount of Council Tax Support to be capped to a Band C for those claimants living in larger properties
 - All non-dependents (such as adult sons or daughters living in the claimant's property) should pay something towards the household's council tax bill
 - Provide additional financial support to the most vulnerable claimants (such as those receiving a War Pension or who are severely disabled)
31. For 2019/20, it is proposed to retain these key principles and to administer an unchanged scheme.
32. There are currently 4,152 households in the borough receiving Council Tax Support. The caseload and expenditure for the current financial year can be seen below:

	Number of claimants	Cost of Council Tax Support
Pension-age caseload	2,103	£1,952,531.18
Working-age caseload (vulnerable group)	800	£795,831.19
Working-age caseload (employed)	423	£232,505.94
Working-age caseload (other*)	826	£618,787.79
Total	4,152	£3,599,656.10

*In receipt of an out-of-work benefit such as Job Seekers Allowance or Income Support

33. It is anticipated that an unchanged Council Tax Support scheme for 2019/20, which provides the same level of assistance and protection to claimants as the current scheme, will continue to be contained within available resources.

34. A public consultation ran from 5 November 2018 to 17 December 2018 and 142 respondents completed the questionnaire. 115 respondents (81%) thought the current Council Tax Support scheme was fair and 124 respondents (87%) agreed that claimants with severe disabilities or in receipt of war pensions should continue to receive additional financial support.

RISK ASSESSMENT

35. While all spending plans can be met from within existing resources, growing financial pressures increase the risk that spending plans exceed desirable levels.

36. Also, the budget reflects the implications of the changing funding position from central Government as well as other more local budget pressures. These changes will continue to affect the Council's finances and it remains an important part of the overall Medium Term Finance Strategy to retain sufficient balances to cater for the unexpected in these uncertain times.

37. The council will continue to explore opportunities to increase income sources for the Council as well as review other opportunity plans in order that balanced budgets can be made in future years.

CONCLUSION

38. In making a recommendation to Council on the council tax for 2019/20, the Executive has evaluated the Council's overall financial position in relation to existing commitments, the level of resources and the projected financial position in the future; not just the overall budget position for next year.

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

REVENUE BUDGET FOR COUNCIL TAX 2019/20

	Budget 2018/19 £	Revised 2018/19 £	Variation Base to Rev £	Budget 2019/20 £	Variation Base to base £
Committees					
Planning Committee	565,100	597,800	32,700	485,700	-79,400
Licensing and Regulatory Affairs Committee	501,500	522,500	21,000	516,800	15,300
Executive - Portfolio Budgets					
- Leisure and Community	1,526,300	1,858,800	332,500	1,668,800	142,500
- Housing	1,317,900	1,251,300	-66,600	1,381,300	63,400
- Planning and Development	-46,300	-149,500	-103,200	-307,300	-261,000
- Policy and Resources	-1,224,500	-877,300	347,200	-589,300	635,200
- Health and Public Protection	2,398,800	2,313,100	-85,700	2,332,200	-66,600
- Streetscene	5,730,600	5,656,200	-74,400	5,814,000	83,400
SERVICE BUDGETS	10,769,400	11,172,900	403,500	11,302,200	532,800
Capital Charges	-2,232,900	-2,390,300	-157,400	-2,390,300	-157,400
Capital Financing Costs					
- Use of Housing Capital Receipts	-60,000	-165,000	-105,000	0	60,000
- Direct Revenue Funding	1,125,000	1,125,000	0	1,125,000	0
Minimum Revenue Position	680,900	700,000	19,100	905,700	224,800
Interest on Balances	-459,900	-463,900	-4,000	-515,900	-56,000
Portchester Crematorium	-150,000	-150,000	0	-150,000	0
New Homes Bonus	-962,000	-962,000	0	-820,900	141,100
Contribution to(+)/from(-) Reserves	-270,000	-426,200	-156,200	-789,400	-519,400
OTHER BUDGETS	-2,328,900	-2,732,400	-403,500	-2,635,800	-306,900
BUDGET TOTAL	8,440,500	8,440,500		8,666,400	225,900
NET BUDGET	8,440,500	8,440,500		8,666,400	225,900

	Budget 2018/19 £	Budget 2019/20 £
NET BUDGET	8,440,500	8,666,400
EXTERNAL SUPPORT		
Non-Domestic Rates	1,852,843	1,897,692
Revenue Support Grant	0	0
	<u>1,852,843</u>	<u>1,897,692</u>
USE OF COLLECTION FUND BALANCE	-25,538	-106,236
AMOUNT DUE FROM COUNCIL TAX PAYERS	6,613,195	6,874,944
COUNCIL TAX BASE	42,605.3	42,909.6
COUNCIL TAX PER BAND D PROPERTY (ROUNDED)	£155.22	£160.22
CASH INCREASE	£5.00	£5.00
PERCENTAGE INCREASE	3.33%	3.22%

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 February 2019

Portfolio:	Policy and Resources
Subject:	Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2019/20
Report of:	Director of Finance and Resources
Corporate Priorities:	A dynamic, prudent and progressive Council

Purpose:

This report seeks final confirmation of the recommendations to be made to Council, on 22 February 2019, in respect of the revenue budget, capital programme and council tax for 2019/20.

Executive summary:

On 7 January 2019, the Executive reviewed the Council's overall finance strategy and considered proposals relating to the capital programme, revenue budgets and the council tax for 2019/20. This report updates the Council's budgets to reflect the decisions taken on 7 January 2019.

The capital programme for the years 2018/19 to 2022/23 will be £39,229,000.

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24. The overall income from taxpayers of £6,874,944 represents approximately 15% of the gross spend by the council for 2019/20 of £47.1million.

ASSURANCE STATEMENT BY THE CHIEF FINANCIAL OFFICER (CFO)

25. Section 25 of the Local Government Act 2003 states that when the Council sets a budget for the forthcoming financial year, the CFO must report to the authority on the robustness of the budgets and the adequacy of the financial reserves.

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 February 2019

Portfolio:	Policy and Resources
Subject:	Housing Revenue Account Budget and Capital Plans 2019/20
Report of:	Director of Finance and Resources
Corporate Priorities:	Providing Housing Choices

Purpose:

This report seeks Executive approval for the revised budget for the Housing Revenue Account for 2018/19, the base budgets and rent increases for 2019/20 and the capital programme with its financing for the years 2018/19 to 2022/23.

Executive summary:

The Executive recommended, and the Council approved, in February 2018, the base budget and rent increase for 2018/19, for Housing Revenue Account (HRA) services.

This report sets out the Housing Revenue Account revised budget for 2018/19 and base budget for 2019/20 along with the capital programme and financing for the years 2018/19 to 2022/23. The report examines the issues affecting the Housing Revenue Account including rent changes with effect from 1 April 2019.

A new Affordable Housing Strategy is currently being developed and is expected to be consulted on in early 2019. This, together with any findings and outcomes arising from the 2019 Stock Condition Survey, will inform future revisions to the 2019/20 revenue and capital budgets for future financial years.

Council budgets are susceptible to change in the level of expenditure and income caused by factors inside and outside the Council's control. A risk assessment has been carried out to indicate the effect on housing balances of changes in the level of expenditure and income. This can be used to estimate the account balances needed to provide a prudent level of reserves and a working balance.

Recommendation/Recommended Option:

It is recommended that the Executive approves and recommends to the meeting of the Council to be held on 22 February 2019 that:

- (a) rents be approved for Council Dwellings as set out in paragraph 17 with effect from 1 April 2019;
- (b) rents for Council garages be increased by 4.2% with effect from 1 April 2019;
- (c) the revised budget for 2018/19 be approved;
- (d) the base budget for 2019/20 be approved; and
- (e) the capital programme and financing for 2018/19 to 2022/23 be approved;

Reason:

To allow the Council to approve the Housing Revenue Account budgets for 2019/20.

Cost of proposals:

As detailed in the report.

Appendices:

- A: Capital Programme and Financing**
- B: Examples of Rent**
- C: Fees and Charges**
- D: Detailed Revenue Budgets**

Background papers: None

Reference papers:

- (a) Executive 5 February 2018 – Housing Revenue Account Spending Plans including Capital Programme 2018/19
- (b) Executive 9 July 2018 – General Fund and Housing Revenue Account Outturn 2017/18
- (c) Executive 7 January 2019 – Finance Strategy, Capital Programme, Revenue Budget and Council Tax – Appendix A Medium Term Finance Strategy
- (d) Executive 3 December 2018 – Fareham Housing Development Sites
- (e) [DCLG - Guidance on Rents for Social Housing](#) May 2014

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	04 February 2019
Subject:	Housing Revenue Account Budget and Capital Plan 2019/20
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. This report brings together the revenue and capital spending plans for the Housing Revenue Account for 2018/19 and 2019/20 for the Executive to consider. On 7 January 2019, the Executive approved the Council's Finance Strategy for 2018/19 and later years. The budget guidelines contained within the Strategy have been used as a basis for the Housing Revenue Account (HRA) spending plans.
2. It is noted that a new Affordable Housing Strategy is currently being developed and is expected to be consulted on in early 2019. This, together with any findings and outcomes arising from the 2019 Stock Condition Survey, will inform future revisions to the 2019/20 revenue and capital budgets for future financial years.

CAPITAL PROGRAMME

3. The five-year capital programme has been updated and is summarised in the following table. More details of the capital schemes and its financing can be found in Appendix A.

Year	£'000
2018/19	4,441
2019/20	8,575
2020/21	5,552
2021/22	4,079
2022/23	3,429
Total	26,076

4. The capital budget for 2018/19 has been reduced by £1,057,000 to reflect a small reduction in planned capital works and the correct phasing of construction works at Bridge Road and Highlands Road. The following schemes planned for 2018/19 have been moved to 2019/20:

- Heating at Garden Court
- Fire door replacements

5. The major schemes in 2018/19 and 2019/20 are 5 new houses at 123 Bridge Road, 18 new flats at Highlands Road along with acquisitions of existing houses and improvements to existing stock.
6. The financing of the capital programme is from the Major Repairs Reserve, Revenue Contributions to Capital Outlay, the Capital Housing Development Fund and 1:4:1 Capital Receipts from Right to Buy sales.
7. In addition to these internal resources a grant bid of £1,278,000 has been approved by Homes England in respect of the Highlands Road development (£71k per property).
8. There are currently six further potential development sites as set out in the table below. these were the subject of a report to the Executive on 3rd December which set out site ownership and scheme progress.

Site
Hampshire Rose/96 Highlands Road (Fareham North West)
123 Bridge Road (Park Gate)
Station Road/Merjen engineering, Portchester (Portchester East)
Stubbington Lane (Hill Head)
Sea Lane, Stubbington (Hill Head)
Coldeast Scout Hut Site (Park Gate)
Wynton Way (Fareham North West)
335-337 Gosport Road (Fareham East)

9. New build Fareham Housing homes could be funded from a combination of the following: -
 - (a) Capital Development Fund;
 - (b) Section 106 monies for the purpose of affordable housing provision;
 - (c) Right to Buy receipts;
 - (d) Homes England grant funding (not combined with Right to Buy receipts); and/or
 - (e) Additional borrowing on the Housing Revenue Account.
10. In October 2018 the Government abolished the cap on Housing Revenue Account (HRA) borrowing. This followed a £1billion programme for local authorities in high affordability pressure areas (such as Fareham Borough) to bid for additional borrowing. FBC submitted several bids covering all the sites outlined in this report. The extent of bids made from different Local Authorities demonstrated the scale of ambition ahead of the complete abolition of the cap by the Government. The removal of the cap is welcome as the previous borrowing headroom together with the other forms of funding referred to above would have been insufficient to deliver the potential housing sites referred to in this report and any rolling programme of further sites thereafter.
11. Although welcome news there needs to be caution highlighted. The additional available funds are borrowing, and any additional debt will need to be serviced without undermining the financial stability of the Council's HRA. Careful consideration of the borrowing implications along with flexibility in how the various funding sources are used will be required.

REVENUE BUDGETS

12. The following table summarises the base and revised budgets for 2018/19, and the base budget for 2019/20, of the Housing Revenue Account. A more detailed breakdown is provided in Appendix D.

	Base Budget 2018/19 £'000	Revised Budget 2018/19 £'000	Base Budget 2019/20 £'000
HOUSING REVENUE ACCOUNT			
Income	-12,497	-12,238	-12,321
Tenancy Management & Running Costs	2,760	2,830	2,892
Net Interest	1,729	1,669	1,669
Transfer to Debt Repayment Fund	1,140	1,140	1,140
	-6,868	-6,599	-6,620
Revenue Repairs Expenditure	3,709	2,670	2,705
Depreciation set aside into the Major Repairs Reserve	1,569	2,538	2,538
Revenue Contribution to Capital Programme	1,455	1,374	1,377
Transfer to(-)/from HRA Reserve	-135	-17	0

13. The revised budget for 2018/19 for revenue repairs has been reduced to reflect the projected decrease in repairs costs for this year which is expected to be sustained in 2019/20, whilst allowing for inflationary increases. There are a number of factors which have been affecting the decrease in costs such that the number of appointments for the responsive repairs service have decreased from an average of 60 to 49 appointments a day over the past two years. For example, improvements continue to be made when properties become void which are resulting in fewer demands for work earlier in the tenancy and costs are being closely monitored and managed.
14. The proposed budgets also include a clear set aside of reserves to repay the £49 million housing debt taken on in 2012 when the government changed the national subsidy scheme to a self-financing scheme. This debt becomes repayable in 40 to 50 years.
15. A summary of all the reserves projected to be at the end 2018/19 is set out below:

Reserve	Purpose of Reserve	2017/18 Closing Balance £'000	2018/19 Transfers In £'000	2018/19 Transfers Out £'000	2018/19 Closing Balance £'000
HRA Revenue Reserve	To fund unexpected operating costs	1,824	17	0	1,841
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	984	2,538	-2,551	971
Capital Housing Development Fund	To fund new developments	3,520	0	-200	3,320
Debt Repayment Fund	To repay debt	1,140	1,140	0	2,280
Leaseholder Reserve	To fund major repairs on blocks containing	263	0	0	263

Reserve	Purpose of Reserve	2017/18 Closing Balance £'000	2018/19 Transfers In £'000	2018/19 Transfers Out £'000	2018/19 Closing Balance £'000
	leasehold properties				
1:4:1 Receipts	To fund 30% of costs of new acquisitions	1,345	464	-315	1,494
Total Reserves		10,576	4,159	-3,066	11,669

RENTS

16. In the Summer Budget of July 2015, the Government announced that Social Housing Rents will fall by 1% a year for four years from April 2016. This is provided for in legislation within the Welfare Reform and Work Bill.
17. For 2016/17, rents for low cost home ownership accommodation (shared-owner) and sheltered housing were excluded from this direction. However, for 2017/18, 2018/19 and 2019/20, it is only shared owner properties that are excluded from this direction.
18. It is therefore proposed that the following rent changes are applied:
 - (a) Rents for shared-ownership properties increase by CPI (2.4%) plus 1%.
 - (b) General needs and sheltered housing dwellings decrease by 1%.
19. Rents for Council garages are not covered by the Government's direction applying to dwellings. It is therefore proposed that garage rents for 2019/20 increase by 50p per week (4.2%).
20. Examples of proposed rents can be seen in Appendix B and the effect on the total rents collected can be seen in Appendix D.

FEES AND CHARGES

21. The current fees and charges for the HRA and the charges for 2019/20, approved at the 7 January 2019 Executive, are set out in Appendix C.
22. The statutory charge is subject to the control and advice of Government. The current level of charge has been set at the maximum allowed.

RISK ASSESSMENT

23. The following list of potential risks indicates that it is essential to preserve the account balance held for the Housing Revenue Account. Reserves are held so the Council can:
 - Continue to manage and maintain homes
 - Improve and redevelop estates
 - Cover any unexpected expenditure
 - Take advantage of new opportunities to meet housing needs
 - Repay the debt
 - Meet the challenges of any change in Government policy
24. Key risks include changes to the rent policy, an increase in void properties and an increase in the cost of repairs. In particular, if the Government further amend their current rent policy so that rents will continue to reduce post 2020, this will put further

pressure on the HRA finances.

25. However, in October 2017 the government announced that their social housing rent policy is likely to be that increases will be permitted but should be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020.

Examples of Potential and Actual Changes	Effect on Expenditure in Year £'000	Effect on Income in Year £'000
Change in rent policy to decrease rents by 1% beyond 2020		-109
Loss of income if void rate rises to 2.5% from 1.26%		-177
Increase of 10% on supplies and service costs	46	
Increase of 10% in the number of void properties	120	
Increase of 10% in the depreciation charge	254	
Increase on rent arrears by 10%	35	
Increase of 10% in cost of responsive repairs	270	

Enquiries:

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

CAPITAL PROGRAMME AND FINANCING

Housing Capital Programme	2018/19	2019/20	2020/21	2021/22	2022/23
Improvements to Existing Stock	£	£	£	£	£
Improvements	2,019,000	1,900,000	2,165,000	2,241,000	2,326,200
Voids	700,000	700,000	723,800	751,300	779,800
Modifications	275,000	275,000	281,000	286,600	297,500
Heating - Garden Court		50,000			
Frosthole Fire Alarms	100,000				
Fire Door Replacement		100,000			
Stock Condition Survey	40,000				
Asset Management System	40,000				
Vehicles		90,000			
Off Road / Vehicle Parking	15,000	15,000	25,000	25,000	25,000
Acquisitions and New Builds					
Acquisitions	1,052,000	1,073,000	2,357,000	775,000	
New Build – Bridge Road	100,000	1,281,600			
New Build – Highlands Road	100,000	3,090,000			
TOTAL CAPITAL EXPENDITURE	4,441,000	8,574,600	5,551,800	4,078,900	3,428,500
Funded by:					
Improvements to Existing Stock					
RCCO	-637,800	-626,000	-639,000	-660,800	-685,700
Major Repairs Reserve	-2,551,200	-2,504,000	-2,555,800	-2,643,100	-2,742,800
Acquisitions and New Builds					
RCCO	-736,400	-751,100	-1,649,900	-542,500	
1:4:1 Capital Receipts	-315,600	-321,900	-707,100	-232,500	
Capital Development Fund	-200,000	-2,847,000			
Grants		-1,278,000			
S106		-246,600			
Total Funding	-4,441,000	-8,574,600	-5,551,800	-4,078,900	-3,428,500

HRA EXAMPLES OF RENT

	Property Type	2018/19 Actual Rent £	2019/20 Proposed Rent £	Change per week £	Change per week %
Foster Close	1 Bed Flat	80.24	79.44	-0.80	-1.00
Grebe Close	2 Bed Bungalow	106.8	105.73	-1.07	-1.00
Collingwood Court	1 Bed Flat	100.36	99.36	-1.00	-1.00
Foxbury Grove	2 Bed Flat	89.57	88.67	-0.90	-1.00
Garden Court	1 Bed Maisonette	80.24	79.44	-0.80	-1.00
Sicity House	2 Bed Maisonette	86.89	86.02	-0.87	-1.00
Fairfield Avenue	3 Bed House	104.08	103.04	-1.04	-1.00
Churchill Close	3 Bed House (shared owner)	86.88	89.83	2.95	3.4
Jubilee Court	4 Bed House	118.94	117.75	-1.19	-1.00
Average for total stock		90.44	89.53	-0.91	-1.00
Garages		12.00	12.50	0.50	4.2

FEES AND CHARGES

	Notes	Fee 2018/19 £	Fee 2019/20 £	% Increase
Sales of Council Houses				
Maximum legal and administration fees in connection with granting a service charge loan	Statutory Charge	100.00	100.00	NIL
Recharge of Officer time in agreeing any consent to freeholders	Fee per occurrence	100.00	100.00	NIL
Repairs to Council Houses				
Abortive visit by Officer, Surveyor or Tradesman	Charge per visit	50.00	50.00	NIL
Rechargeable works	These will be assessed individually at the time the work is carried out.			
Sheltered Accommodation for the Elderly – Guest Room Charges				
Single occupancy per night	Inclusive of VAT	9.00	9.25	2.7
Per couple per night	Inclusive of VAT	13.00	13.25	1.9
Collingwood Court per room	Inclusive of VAT	23.00	23.50	2.2
Sylvan Court per room	Inclusive of VAT	23.00	23.50	1.8

DETAILED REVENUE BUDGET

	Base 2018/19 £'000	Revised 2018/19 £'000	Base 2019/20 £'000
Income			
Rents - Dwellings	-11,140	-10,882	-10,928
Rents – Garages	-330	-315	-321
Rents – Other	-18	-18	-18
Service Charges (Wardens, Extra Assistance, Heating)	-647	-640	-656
Cleaning	-179	-189	-197
Grounds Maintenance	-88	-98	-104
Other Fees and Charges	-48	-45	-43
Leaseholder Service Charges and Insurance	-47	-51	-54
	-12,497	-12,238	-12,321
Expenditure			
Tenancy Management & Running Costs			
General Administrative Expenses	1,470	1,511	1,526
Corporate and Democratic Core	43	43	44
Corporate Management	73	73	74
Communal Heating Services	76	86	86
Communal Lighting	25	25	25
Rents, Rates and Other Taxes	-7	69	73
Communal Cleaning	186	217	224
Grounds Maintenance	220	204	204
Sheltered Housing Service	576	504	538
Bad Debts Provision	13	13	13
Bad Debts Written off	50	50	50
Debt Management Expenses	35	35	35
	2,760	2,830	2,892
Long Term Debt Management			
Interest Payable	1,795	1,795	1,795
Interest Earned on Internal Balances	-66	-126	-126
Transfer to Debt Repayment Fund	1,140	1,140	1,140
Property Repairs and Maintenance			
Revenue Repairs Expenditure	3,709	2,670	2,705
Depreciation	1,569	2,538	2,538
Revenue Contribution to Capital Programme	1,455	1,374	1,377
Surplus(-)/Deficit for Year	-135	-17	0

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 February 2019

Portfolio:	Policy and Resources
Subject:	Treasury Management Strategy & Capital Strategy 2019/20
Report of:	Director of Finance and Resources
Corporate Priorities:	A dynamic, prudent and progressive Council

Purpose:

This report considers the draft Treasury Management Strategy and the new Capital Strategy for 2019/20, prior to its submission to the Council for approval.

Executive summary:

Regulations require the Council to prepare and formally approve both an annual Treasury Management Strategy and Capital Strategy. The documents for 2019/20 are attached as Appendix A and B to this report for consideration by the Executive before being submitted to Council for approval.

The main highlights in the Treasury Management Strategy are:

- i) The level of capital expenditure estimated for 2019/20 is £28.8 million. The current estimate is that £16.2 million of this will be met by new borrowing.
- ii) The strategy includes a new investment strategy which covers commercial property investments. The Council has £59 million of investment properties.

The new Capital Strategy gives a high-level overview of how capital expenditure, capital financing, asset management and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Recommendation:

It is recommended that the Executive:

- (a) endorses the draft Treasury Management Strategy and Capital Strategy for 2019-20, attached as Appendix A and B to this report; and
- (b) agrees to submit the report to Council for approval.

Reason:

In accordance with the Code of Practice for Treasury Management in the Public Services, the Prudential Code and guidance from the Ministry of Housing, Communities and Local Government (MHCLG), the Treasury Management Strategy and Capital Strategy to be approved by full Council.

Cost of proposals:

Not applicable

Appendices: **A:** Treasury Management Strategy and Investment Strategy 2019/20
 B: Capital Strategy 2019/20

Background papers: None

Reference papers:

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services 2017

CIPFA The Prudential Code 2017

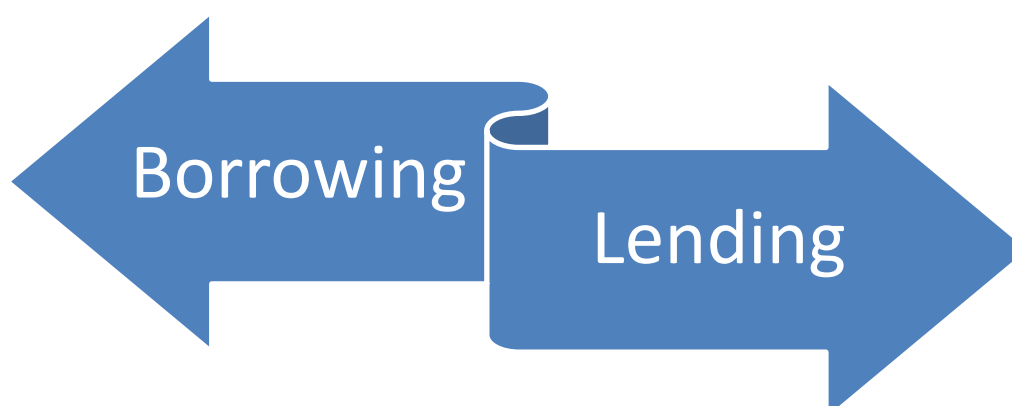
Statutory Guidance on Local Government Investments issued under section 15(1)(a) of the Local Government Act 2003 from the Ministry of Housing, Communities and Local Government (MHCLG)

Arlingclose Treasury Management Strategy and Investment Strategy 2019-20 Template

FAREHAM

BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY AND INVESTMENT STRATEGY 2019/20



INTRODUCTION

WHAT IS TREASURY MANAGEMENT?

1. Treasury Management is defined as:

The management of the organisation's cash flows, its banking, money market and capital market transactions;

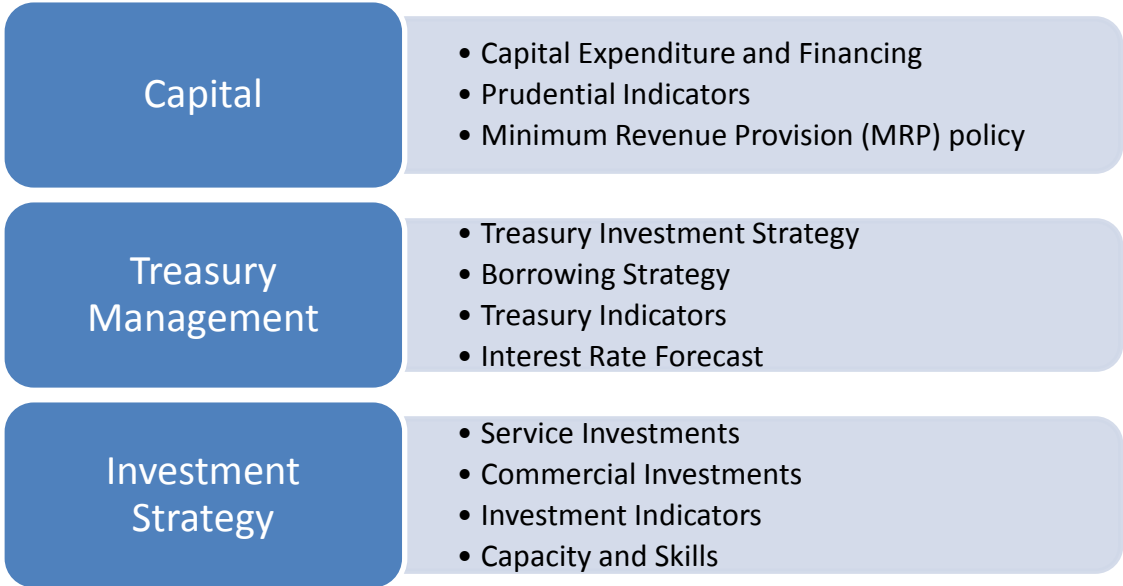
the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

2. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. There are two aspects to the treasury management service:

- a) To ensure the cash flow is adequately planned, with **cash being available when it is needed**. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- b) To ensure the cash flow meets the Council's **capital plans**. These capital plans provide a guide to the **borrowing need** of the Council. Essentially this is the longer term cash flow planning to ensure that the Council can meet its capital spending requirements. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CONTENT OF THE TREASURY MANAGEMENT AND INVESTMENT STRATEGIES

3. These strategies set out the expected approach to capital, treasury management and investment activities for 2019/20. It covers three main areas:



4. The content of the Strategy
5. is designed to cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

REPORTING REQUIREMENTS

6. The Council receives and approves three main reports each year in relation to Treasury Management, which incorporate a variety of policies, estimates and actuals. The three reports are:



7. The Executive Committee is responsible for the implementation and monitoring of these reports whilst the Audit and Governance Committee is responsible for the effective scrutiny of the treasury management strategy and policies.

CAPITAL

CAPITAL EXPENDITURE AND FINANCING

8. The objectives of the CIPFA Prudential Code are to ensure that capital investment plans are **affordable**, **prudent** and **sustainable**, and that treasury decisions are taken in accordance with good professional practice.
9. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the following **three prudential indicators**, which are designed to assist member's overview and confirm capital expenditure plans.

1) Level of Planned Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans and shows how these plans are being financed by capital or revenue resources.

Capital Expenditure and Financing	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	Total £'000
Public Protection	100	0	0	0	0	100
Streetscene	107	574	0	0	158	839
Leisure and Community	348	378	100	100	600	1,526
Housing	1,098	500	500	500	529	3,127
Planning and Development	63	0	0	0	0	63
Policy and Resources	8,370	18,726	5,899	0	1,323	34,318
Total General Fund	10,086	20,178	6,499	600	2,610	39,973
HRA	4,441	8,575	5,552	4,079	3,429	26,076
Total Expenditure	14,527	28,753	12,051	4,679	6,039	66,049
Capital Receipts	1,294	322	3,106	232	29	4,983
Capital Contributions	1,771	3,823	600	600	758	7,552
Capital Reserves	3,134	6,356	5,556	2,644	3,243	20,933
Revenue	2,626	2,047	2,789	1,203	2,009	10,674
Borrowing	5,702	16,205	0	0	0	21,907
Total Financing	14,527	28,753	12,051	4,679	6,039	66,049

2) The Council's Borrowing Need (Capital Financing Requirement)

This prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure financed by borrowing will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing in line

with the asset's life.

The CFR projections are as follows:

£'000	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
General Fund	44,487	59,846	58,610	57,336
HRA	51,141	51,141	51,141	51,141
Total CFR	95,628	110,987	109,751	108,477

3) Financing Costs as % of Net Revenue Stream

This is an indicator of affordability and identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

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

	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
General Fund	3%	6%	10%	10%
HRA	15%	14%	14%	13%
Total	10%	11%	12%	12%

HOUSING REVENUE ACCOUNT (HRA) RATIOS

10. 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.

	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
HRA Debt £'000	49,268	49,268	49,268	49,268
HRA Revenues £'000	12,238	12,321	12,760	13,079
Number of HRA Dwellings	2,401	2,417	2,407	2,397
Ratio of Debt to Revenues %	4.03:1	4.00:1	3.86:1	3.77:1
Debt per Dwelling £	£20,518	£20,382	£20,467	£20,552

MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

11. Where the Council finances capital expenditure by debt, it must **put aside resources to repay that debt** in later years. The amount charged to the revenue budget for the repayment of debt is known as **Minimum Revenue Provision (MRP)**.

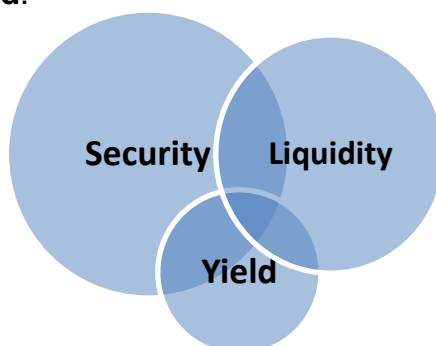
12. The Council is required to set an annual policy on the way it calculates the prudent provision for the repayment of General Fund borrowing. The main policy adopted is that MRP will be determined by charging the expenditure over the **expected useful life** of the relevant assets on an **annuity basis** starting in the year after the asset becomes operational. This calculation will be reviewed on a case by case basis depending on the circumstances and with a view to minimising the impact on the council tax payer.
13. Where expenditure is on an asset which will be held on a short-term basis (up to 5 years), no MRP will be charged. However, the capital receipt generated by the sale of the asset will be used to repay the debt instead.
14. No MRP will be charged in respect of assets held within the HRA, in accordance with MHCLG Guidance and capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.

TREASURY MANAGEMENT

INVESTMENTS

Treasury Investment Strategy

15. The CIPFA Code requires 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**.



16. The Council's objective when investing money is to strike an appropriate balance between **risk and return**, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
17. If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to **negative interest rates** on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
18. Given the increasing risk and very low returns from short-term unsecured bank

investments, the Council where practical and reasonable, aims to further **diversify into more secure and/or higher yielding asset classes**. This is especially the case for the estimated £10m that is available for longer-term investment. The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits and money market funds. This diversification will represent a continuation of the strategy adopted in 2017/18.

19. Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's **business model** for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved Counterparties

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

Credit Rating	Banks Unsecured	Banks Secured	Government
UK Govt	n/a	n/a	£Unlimited 50 years
AAA	£2m 5 years	£4m 20 years	£4m 50 years
AA+	£2m 5 years	£4m 10 years	£4m 25 years
AA	£2m 4 years	£4m 5 years	£4m 15 years
AA-	£2m 3 years	£4m 4 years	£4m 10 years
A+	£2m 2 years	£4m 3 years	£2m 5 years
A	£2m 13 months	£4m 2 years	£2m 5 years
A-	£2m 6 months	£4m 13 months	£2m 5 years
BBB+	£1m 100 days	£2m 6 months	£1m 2 years
None	£1m 6 months	n/a	£4m 25 years
Pooled Funds	£4m per fund		

21. Investment limits are set by reference to the lowest published **long-term credit rating** from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.
22. Summary of counterparty types:

- a) **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- b) **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- c) **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- d) **Pooled Funds:** Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

- 23. The Council may also invest its surplus funds in corporates (loans, bonds and commercial paper issued by companies other than banks), registered providers (loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing and registered social landlords, formerly known as Housing Associations) and real estate investment trusts, subject to meeting the minimum credit rating criteria and time limits recommended by the Council's treasury advisers.

Operational Bank Accounts

- 24. The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £4m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of

the Council maintaining operational continuity.

Risk Assessment and Credit Ratings

25. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
26. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments

27. The Council understands that credit ratings are good, but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the Council treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above credit rating criteria.
28. The following **internal measures** are also in place:
- Investment decisions formally recorded and endorsed using a Counterparty Decision Document.
 - Monthly officer reviews of the investment portfolio and quarterly reviews with the Chief Executive Officer.

Investment Limits

29. The Council's revenue reserves available to cover investment losses are forecast to be £13 million on 31st March 2019. In order to minimise risk, in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £4 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

	Cash limit
Any single organisation, except the UK Central Government	£4m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£4m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£4m per country
Unsecured investments with Building Societies	£2m in total
Money Market Funds	£20m in total

Liquidity Management

30. The Council uses a purpose-built cash flow forecasting spreadsheet to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

Investment Treasury Management Indicator

31. **Principal sums invested for longer than a year.** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the year end will be:

£M	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Limit on principal invested beyond year end	10	10	10	10

BORROWING

Current Portfolio Position

32. The Council's treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement), highlighting any under or over borrowing.

£'000	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt at 1 April	52,017	58,017	74,017	74,017

£'000	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Expected change in debt	6,000	16,000	0	0
Gross Debt at 31 March	58,017	74,017	74,017	74,017
Capital Financing Requirement (CFR)	95,628	110,987	109,751	108,477
Under/(Over) Borrowing	37,611	36,970	35,734	34,460
CFR for last, current and next 2 years	406,922	424,843	436,380	431,206

33. The Council is currently maintaining **an under-borrowed position**. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure.
34. Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years.
35. The Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans and the proposals in the budget report.

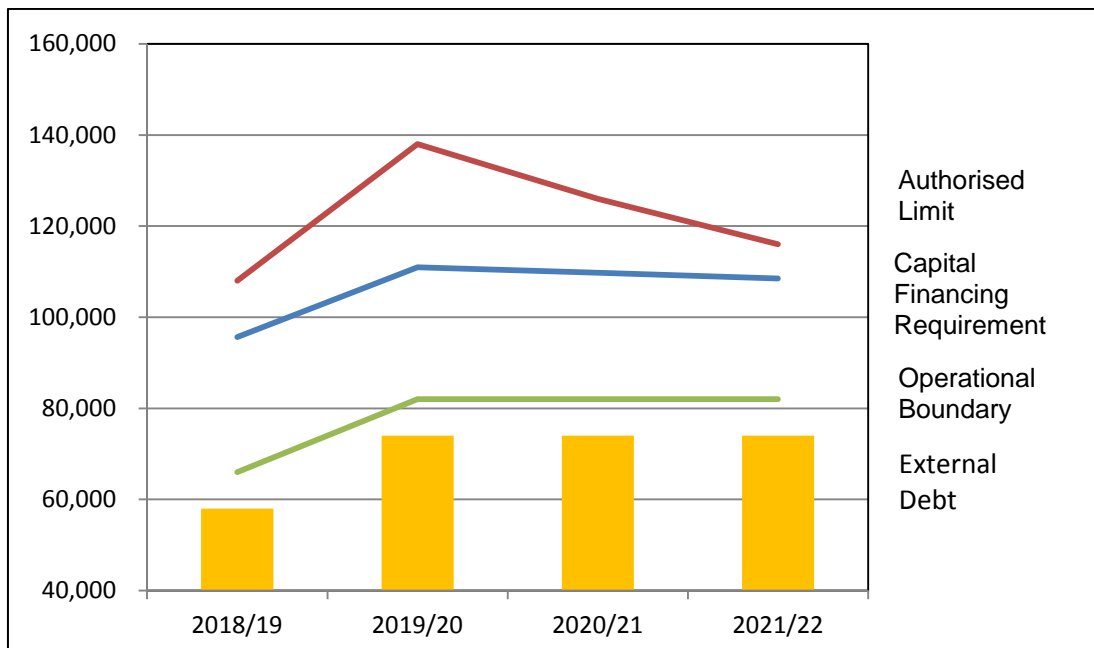
Treasury Indicators: Limits to Borrowing Activity

36. The treasury indicators include two limits to borrowing activity:
- 1) 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. This is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.
 - 2) 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.
37. The limits are:

£'000	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Operational Boundary				
Borrowing	62,000	78,000	78,000	78,000
Other long-term liabilities	4,000	4,000	4,000	4,000
Total	66,000	82,000	82,000	82,000
Authorised Limit				
Borrowing	102,000	132,000	120,000	110,000

Other long-term liabilities	6,000	6,000	6,000	6,000
Total	108,000	138,000	126,000	116,000

38. The graph below shows the projections for the CFR and borrowing limits:



Treasury Indicator: Maturity Structure of Borrowing

39. This treasury indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Maturity structure of borrowing	Upper Limit	Lower Limit
	%	%
- Loans maturing within 1 year	25	0
- 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	100

40. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Borrowing Strategy

41. The Council's main objective when borrowing money is to strike an appropriately low risk balance between **securing low interest costs** and achieving **certainty of those costs** over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

42. The Council has been in a debt free position for the General Fund for many years mainly due to having sufficient capital reserves to meet the Council's capital

programme. However, this position will change over the coming years as borrowing is required for large capital schemes at Daedalus and new property investment opportunities.

43. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short term to either **use internal resources**, or to **borrow short-term** loans instead.
44. By doing so, the Council can reduce net borrowing costs (despite foregone investment income) and **reduce overall treasury risk**. The benefits of internal borrowing or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly.
45. Our treasury advisers will assist the Council with this '**cost of carry**' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
46. Alternatively, the Council may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
47. In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

Sources of Borrowing

48. The approved sources of long-term and short-term borrowing are:
 - Public Works Loan Board (PWLB) and any successor body.
 - Any institution approved for investments.
 - Any other bank or building society authorised to operate in the UK.
 - Any other UK public sector body.
 - UK public and private sector pension funds (except the Hampshire County Council Pension Fund).
 - Capital market bond investors.
 - UK Municipal Bonds Agency plc (see below) and other special purpose companies created to enable local authority bond issues.
49. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
 - Leasing
 - Hire purchase
 - Private Finance Initiative
 - Sale and leaseback

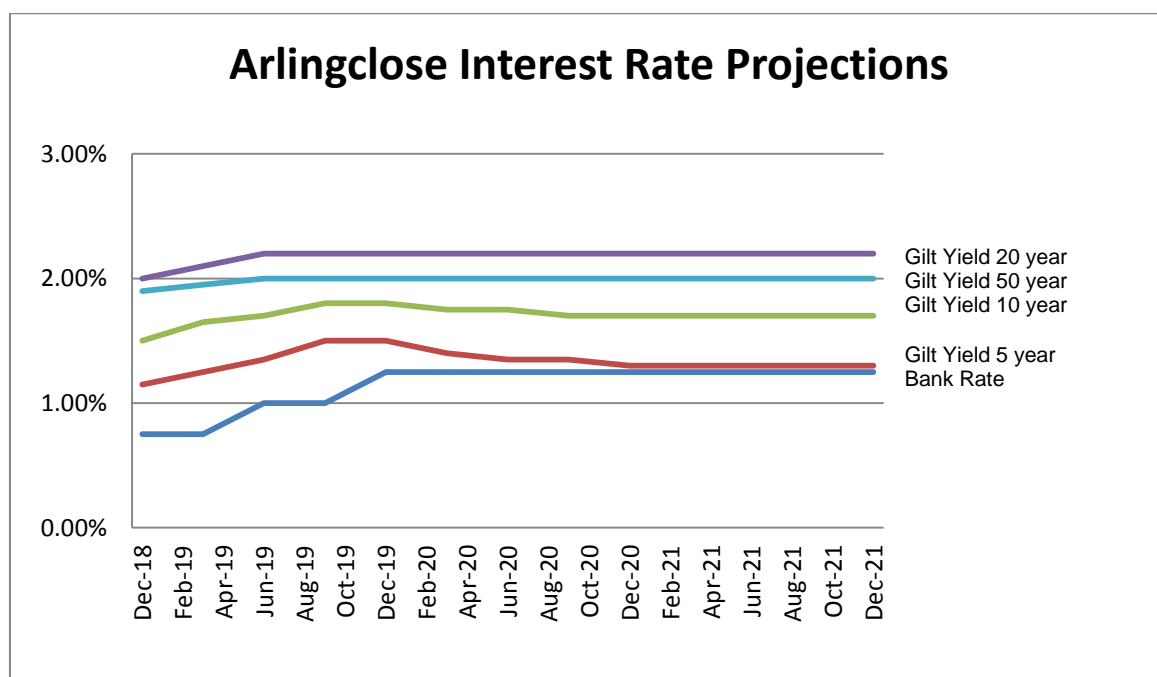
50. The Council has previously raised all of its long-term borrowing from the PWLB but it will investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.
51. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

Debt Rescheduling

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

PROSPECTS FOR INTEREST RATES

53. The Council's treasury management advisers assist the Council to formulate a view on interest rates. The latest detailed economic and interest rate forecast provided by Arlingclose is attached at Annex A.
54. The following graph and commentary gives the Arlingclose's central view on interest rates.



55. Following the increase in Bank Rate to 0.75% in August 2018, the Council's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.
56. The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.
57. Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

Other Items

58. The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.
59. **Policy on Use of Financial Derivatives:** The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
60. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
61. **Policy on Apportioning Interest to the HRA:** On 28 March 2012, the Council borrowed £40 million from the Public Works Loan Board (PWLB) to buy itself out of the HRA subsidy System. The monies were borrowed by the General Fund on behalf of the HRA. The interest on these loans is charged to the HRA on a half-yearly basis at the rate charged by PWLB. A further £9.268 million was

lent by the General Fund to the HRA to complete the buyout. Interest on this element is charged at the average weighted rate of the PWLB loans.

62. The unfunded HRA capital financing requirement is also charged to the HRA at the average weighted rate of the PWLB loans.
63. The General Fund credits the HRA with interest earned on HRA credit balances calculated on the monthly movement in reserve balances and applied at year end. The rate used is the weighted interest rate on General Fund investments and cash balances.
64. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Financial Implications

65. The budget for interest received in 2019/20 for the General Fund is £500,600 and the HRA is £126,300 and the budget for debt interest paid in 2019/20 is £35,000 for the General Fund and £1,794,900 for the HRA. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

66. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset

long-term fixed rates		by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater

INVESTMENT STRATEGY

67. The Council invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and
 - to earn investment income (known as **commercial investments** where this is the main purpose).
68. This investment strategy is a **new part of this document for 2019/20**, meeting the requirements of statutory guidance issued by the Government in January 2018, and focuses on the second and third of these categories.

Service Investments

69. The Council does not currently lend to or buy shares in other organisations.

Commercial Investments

70. The Council invests in local and some regional UK commercial property with the intention of making a profit that will be spent on local public services.
71. Since the Executive approval of a Commercial Property Investment Acquisition Strategy in January 2013, the Council has purchased 8 commercial investment properties, as summarised below, averaging a return of 6.98%.

Property Type	Purchase Cost £'000	Value at 31 March 2018 £'000
Retail	23,705	23,475
Commercial	1,721	1,980
Other	1,890	1,980
Total	27,316	27,435

72. The Council's total investment property portfolio is shown below and includes Fareham Shopping Centre, Faretec and industrial estates at Palmerston Business Park and Newgate Lane.

Property Type	Value at 31 March 2018 £'000
Retail	39,741
Commercial	9,775
Other	3,666
Office	4,652
Leisure	1,138
Total	58,972

73. In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
74. A fair value assessment of the Council's more recent commercial property purchases has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.
75. The Council assesses the risk of loss before entering into and whilst holding property investments. These risks are managed by ensuring:
- funds available for new purchases are disaggregated to limit the overall impact that any single investment would have on the Council's finances;
 - new purchases are only considered with existing tenants of "high quality" and sufficiently long tenancy term;
 - appropriate checks are carried out to ascertain the tenant's reliability;
 - other "due diligence" is undertaken to protect the Councils investment as far as possible such as checks on planning conditions, land contamination issues and planning policy issues.

Proportionality

76. The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Strategy.

£'000	2017/18 Actual	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
Gross service expenditure	46,124	46,131	46,627	46,696	46,986
Investment income	3,807	4,246	4,555	4,555	4,555
Proportion	8.3%	9.2%	9.8%	9.8%	9.7%

Investment Indicators

77. The Council has set the following quantitative indicators to assess the Council's total risk exposure as a result of its investment decisions.
78. **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses.

	2017/18 Actual £'000	2018/19 Forecast £'000	2019/20 Forecast £'000
Treasury Management Investments	12,000	14,000	12,000
Commercial Investments	58,972	64,082	64,082
Total	70,972	78,082	76,082

79. **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Investments funded by borrowing	2017/18 Actual £'000	2018/19 Forecast £'000	2019/20 Forecast £'000
Treasury Management Investments	0	0	0
Commercial Investments	18,840	18,412	17,972
Total	18,840	18,412	17,972

Capacity and Skills

TRAINING

80. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.
81. Treasury management officers regularly attend training courses, seminars and conferences provided by the Council's treasury management advisers and CIPFA.
82. Property services officers also regularly attend training courses, seminars and conferences provided RICS (Royal Institution of Chartered Surveyors) accredited/approved providers.

USE OF TREASURY MANAGEMENT CONSULTANTS

83. The Council has appointed Arlingclose as treasury management advisers and receives specific advice on investment, debt and capital finance issues.
84. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
85. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

ARLINCLOSE ECONOMIC AND INTEREST RATE FORECAST DECEMBER 2018

Economic Background

The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

Credit Outlook

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Underlying assumptions:

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening –

previous hikes and heightened expectations will, however, slow economic growth.

- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

FAREHAM

BOROUGH COUNCIL

CAPITAL STRATEGY 2019/20



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INTRODUCTION

WHAT IS THE CAPITAL STRATEGY?

1. The capital strategy is a **new document for 2019/20**, following the introduction of the revised Prudential Code 2017. It gives a high-level overview of how **capital expenditure, capital financing, asset management and treasury management** activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
2. The capital strategy compliments other Council strategies, including those in the diagram below:



3. The Capital Strategy covers:

Capital Expenditure	<ul style="list-style-type: none"> • Estimates of Capital Expenditure • Major Schemes - General Fund & HRA • Prioritisation
Capital Financing	<ul style="list-style-type: none"> • External Sources • Own Resources • Debt
Asset Management	<ul style="list-style-type: none"> • Asset Management Plan • Asset Disposals
Treasury Management	<ul style="list-style-type: none"> • Investment Strategy • Borrowing Strategy • Commercial Activities

CAPITAL EXPENDITURE

- Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this also includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.
- The Council is planning capital expenditure of £66m in the 5-year capital programme as summarised below:

Capital Expenditure	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	Total £'000
Total General Fund	10,086	20,178	6,499	600	2,610	39,973
HRA	4,441	8,575	5,552	4,079	3,429	26,076
Total Expenditure	14,527	28,753	12,051	4,679	6,039	66,049

- The main General Fund capital projects include schemes at Daedalus totalling £13.4m. The Council also plans to incur £5.1m of capital expenditure on the purchase of additional commercial property.
- The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of 23 new homes at Highlands Road and Bridge Road, totalling £4.6m over the forecast period. Other housing developments are also in the pipeline.

GOVERNANCE

- To ensure the Council is able to meet the financial challenges ahead, priority is given to the following:
 - Corporate priorities
 - Providing for future liabilities
 - Maintaining and protecting public assets
 - Investing in the future by ensuring assets are sustainable, encourage economic growth and regeneration, and meet the needs of the community.
- This will be achieved by:

- Building up finances for the future, such as the allocation of windfall income to the Capital Fund Account.
- Maximising external funding opportunities to reduce the reliance on internal resources.
- Effective project planning and management to ensure schemes are completed on time and within budget.

CAPITAL FINANCING

11. All capital expenditure must be financed, either from **external sources** (government grants and other contributions), the Council's **own resources** (revenue, reserves and capital receipts) or **debt** (borrowing and leases). The planned financing of the above expenditure is as follows:

Capital Financing	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	Total £'000
External Sources	1,771	3,823	600	600	758	7,552
Own Resources	7,054	8,725	11,451	4,079	5,281	36,590
Debt	5,702	16,205	0	0	0	21,907
Total Financing	14,527	28,753	12,051	4,679	6,039	66,049

12. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually by putting aside revenue resources to repay debt which is known as **minimum revenue provision (MRP)**. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Minimum Revenue Provision	690	906	1,296	1,334	1,372
Future Capital Receipts	-	1,800	-	-	-

13. The Council's full MRP statement is available in the Council's Treasury Management Strategy.

14. The Council's cumulative outstanding amount of debt finance is measured by the **capital financing requirement (CFR)**. This increases with new debt-financed capital expenditure and reduces when MRP and capital receipts are used to replace debt.

15. The CFR is expected to increase by £5m during 2019/20 due to the purchase of a commercial property funded by debt. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

£'000	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
General Fund	44,487	59,846	58,610	57,336
HRA	51,141	51,141	51,141	51,141
Total CFR	95,628	110,987	109,751	108,477

ASSET MANAGEMENT

16. To ensure that capital assets continue to be of long-term use, the Council has an **Asset Management Plan** in place which sets out the overall direction and framework for the management and development of the Council's assets pulling together cross service issues into a Council-wide plan.

17. It also provides clear, forward-looking strategic goals for its property assets that show how the Council's land and buildings will be used and developed to help deliver the Council's priority actions and service delivery needs, now and in the future. The plan shows how property assets will be maintained, modernised and rationalised to ensure that they are fit for purpose.

18. The Asset Management Plan sets out the property asset requirements for the achievement of the Council's corporate objectives and therefore is consistent with this strategy which seeks to ensure that the necessary capital resources are available to achieve these objectives. To fulfil the Council's obligations to maintain its assets to a good standard, it is highly likely that substantial capital funding will be required.

ASSET DISPOSALS

19. When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt.

20. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £3.2m of capital receipts in the coming financial year as follows:

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Right to Buy Houses	900	900	900	900
Other Housing Property	1,266	16	16	16
General Fund Property	1,060	0	2,400	0
Total	3,226	916	3,316	916

TREASURY MANAGEMENT

21. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

22. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

23. At 31 March 2018, the Council had £52m borrowing at an average interest rate of 2.87% and £12m treasury investments at an average rate of 1.09%.

BORROWING STRATEGY

24. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

25. Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement.

	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Debt at 1 April	52,017	58,017	74,017	74,017
Capital Financing Requirement (CFR)	95,628	110,987	109,751	108,477

26. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from the table above, the Council expects to comply with this in the medium term.

AFFORDABLE BORROWING LIMIT

27. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

£'000	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Operational Boundary				
Borrowing	62,000	78,000	78,000	78,000
Other long-term liabilities	4,000	4,000	4,000	4,000
Total	66,000	82,000	82,000	82,000
Authorised Limit				
Borrowing	102,000	132,000	120,000	110,000
Other long-term liabilities	6,000	6,000	6,000	6,000
Total	108,000	138,000	126,000	116,000

28. Further details on borrowing are in the Council’s Treasury Management Strategy.

INVESTMENT STRATEGY

29. The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose

30. The Council does not currently have service investments but does have commercial investments.

Treasury Investments Policy

31. The Council’s policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss.

32. Money that will be held for longer terms is invested more widely, currently in property but could also include bonds and shares, to balance the risk of loss against the risk of receiving returns below inflation.
33. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.
34. Further details on treasury investments are in the Council's Treasury Management Strategy.

Treasury Investments Governance

35. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and Resources and staff, who must act in line with the treasury management strategy approved by full council. Half-yearly reports on treasury management activity are presented to the Executive. The Audit and Governance Committee is responsible for scrutinising treasury management decisions and therefore is presented with the annual Treasury Management Policy for comment, and a half yearly-report on adherence to this Policy.

Commercial Investments Policy

36. With central government financial support for local public services declining, the Council invests in commercial property purely or mainly for financial gain. Total commercial investments that have been purchased in accordance with the Council's Commercial Property Investment Acquisition Strategy are currently valued at £27.4 million with the largest being property at Southampton Road Retail Park providing a net return after all costs of 6.98%.
37. The Council's total investment portfolio is valued at £59 million and includes Fareham Shopping Centre, Faretec and industrial sites at Palmerston Business Park and Newgate Lane.
38. With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. Investing in property is not risk-free, so it is important that any acquisitions reflect the Council's risk appetite in terms of maintaining the capital value of the asset and extent to which rental income is guaranteed.
39. The principal risk exposures include vacancies and the resultant loss of income, added costs of holding a vacant property and cost of marketing and re-letting the property.

40. These risks are managed by ensuring:

- funds available for new purchases are disaggregated to limit the overall impact that any single investment would have on the Council's finances;
- there is a mix of property types in the portfolio e.g. retail, industrial
- new purchases are only considered with existing tenants of "high quality" and sufficiently long tenancy term;
- appropriate checks are carried out to ascertain the tenant's reliability before the investment is made and periodically afterwards;
- other "due diligence" is undertaken to protect the Council's investment as far as possible such as checks on planning conditions, land contamination issues and planning policy issues.

41. The majority of investments will be held for a medium to long term in order to achieve the required return and to justify the cost of the acquisition. However, as part of the investment decision, consideration is also given to the potential ways in which the Council could "exit" from the investment, such as sale to another investor, sale for redevelopment, etc. An investment only proceeds where there is a clear exit strategy, should it be required.

Commercial Investments Governance

42. The Executive approved a Commercial Property Investment Acquisition Strategy on 7th January 2013.

43. The steps taken before a decision to purchase a property are clearly documented and tested via a challenge process involving the Head of Property Services, Director of Finance and Resources and the Executive portfolio holder for Policy Strategy and Finance.

44. Decisions on commercial investments are made by the Executive in line with the criteria outlined in the Commercial Property Investment Acquisition Strategy.

45. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

LIABILITIES

46. In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £61.2m as at 31 March 2018). It has also set aside provisions of £1.9m mainly to cover business rate appeals.

47. Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Director of Finance and Resources. The risk of liabilities

crystallising and requiring payment is monitored by Finance and reported as necessary.

48. Further details on liabilities in the 2017/18 Statement of Accounts.

REVENUE BUDGET IMPLICATIONS

49. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable.

50. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Financing costs	226,077	440,060	830,329	867,903
Proportion of net revenue stream	3%	5%	9%	9%

SUSTAINABILITY

51. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 30 years into the future. The Director of Finance and Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable.

KNOWLEDGE AND SKILLS

52. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council also pays for junior staff to study towards relevant professional qualifications including CIPFA.

53. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs **Arlingclose Limited** as treasury management advisers and a number of property consultants. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

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

Document is Restricted

