

FAREHAM

BOROUGH COUNCIL

AGENDA

POLICY AND RESOURCES SCRUTINY PANEL

Date: Thursday, 3 March 2022

Time: 6.00 pm

Venue: Collingwood Room - Civic Offices

Members:

Councillor Mrs S M Bayford (Chairman)

Councillor N J Walker (Vice-Chairman)

Councillors Miss J Bull
M R Daniells
Miss T G Harper
Mrs C L A Hockley
G Kelly

Deputies: Mrs L E Clubley
R H Price, JP



1. Apologies for Absence

2. Minutes (Pages 5 - 10)

To confirm as a correct record the minutes of the meeting of the Policy and Resources Scrutiny Panel meeting held on 20 January 2022.

3. Chairman's Announcements

4. Declarations of Interest and Disclosures of Advice or Direction

To receive any declarations of interest from members in accordance with Standing Orders and the Council's Code of Conduct and disclosures of advice or directions received from Group Leaders or Political Groups, in accordance with the Council's Constitution.

5. Deputations

To receive any deputations of which notice has been lodged.

6. Daedalus Finance Strategy (Pages 11 - 24)

To consider a report by the Deputy Chief Executive Officer on the Daedalus Finance Strategy.

7. Motion on Live Streaming of Meetings (Pages 25 - 26)

To receive a presentation and a discussion lead by the Head of Democratic Services on the motion regarding the live streaming of committee meetings.

8. Executive Business (Pages 27 - 28)

To consider any items of business dealt with by the Executive since the last meeting of the Panel, that falls under the remit of the Policy and Resources Portfolio. This will include any decisions taken by individual members during the same time period.

(1) Capital Programme and Capital Strategy 2022-23 (Pages 29 - 30)

(2) Finance Strategy, Capital Programme, Revenue Budget & Council Tax 2022-23 (Pages 31 - 32)

(3) Gambling - Review of Statement of Principles (Pages 33 - 34)

(4) Housing Revenue Account 2022-23 (Pages 35 - 36)

(5) Treasury Management Strategy 2022-23 (Pages 37 - 38)

(6) Welborne Delivery - Disposal of Residential Property (Pages 39 - 40)

9. Scrutiny Priorities

To provide an opportunity for Members to consider the scrutiny priorities for the Policy and Resources Panel.



P GRIMWOOD
Chief Executive Officer
Civic Offices
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23 February 2022

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FAREHAM

BOROUGH COUNCIL

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

Date: Thursday, 20 January 2022

Venue: Council Chamber - Civic Offices

PRESENT:

Councillor Mrs S M Bayford (Chairman)

Councillor N J Walker (Vice-Chairman)

Councillors: Miss J Bull, M R Daniells, Miss T G Harper, Mrs C L A Hockley and G Kelly

Also Present: Councillor S D T Woodward, Executive Member for Policy and Resources



1. APOLOGIES FOR ABSENCE

There were no apologies of absence.

2. MINUTES

RESOLVED that the minutes of the Policy and Resources Scrutiny Panel held on 6 October 2021 be confirmed and signed as a correct record.

3. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's announcements made at this meeting.

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. CAPITAL PROGRAMME & CAPITAL STRATEGY 2022-23

The Panel considered a report by the Deputy Chief Executive Officer on the Capital Programme and Capital Strategy 2022-23.

Councillor Kelly enquired as to whether any of the Council's commercial tenants have had issues paying their rent as a result of the Pandemic. The Finance Manager acknowledged that the Pandemic had left some tenants in difficulties and that the Council is working with them to minimise any impact for the Council, and that they would continue to closely monitor them.

Councillor Walker enquired as to whether the Council's Commercial Assets have been affected by the Pandemic. The Finance Manager confirmed that by the end of 2021 the nominal value of the Council's commercial investment portfolio had dropped, but she explained that the actual value of an investment isn't known until the point of sale, and that it is expected for values to fluctuate over time.

RESOLVED that the Panel request that the Executive note the Panel's comments above, at its meeting on 7 February 2022.

7. FEES AND CHARGES 2022-23

The Panel considered a report by the Deputy Chief Executive Officer on the Fees and Charges for 2022-23.

Councillor Miss Bull enquired as to whether there were any proposed increases to the Coastal Parking Charges that were introduced last year. The Finance Manager confirmed that for 2022-23 there are no proposed changes to these. He explained that the scheme was being monitored and it was not

possible to understand the overall financial position for these charges until they have been in operation for a full year, at which point he anticipated a review could take place to inform the budget setting process for the following financial year.

RESOLVED that the Panel request that the Executive note their comments above, at its meeting on 7 February 2022.

8. FINANCE STRATEGY, REVENUE BUDGET AND COUNCIL TAX 2022-23

The Panel considered a report by the Deputy Chief Executive Officer on the Finance Strategy, Revenue Budget and Council Tax 2022-23.

Councillor Mrs Bayford enquired about the Council's need to put money into the reserves and commented that some residents have identified that this adding to the current shortfall. The Deputy Chief Executive Officer explained that the revenue contributions to capital funding is used to replace Council vehicles, IT equipment, park facilities and bus shelters and without these reserves the Council would not be able to undertake these necessary purchases when they are needed. He also explained that in relation to the future forecast surplus of capital resources, this is not guaranteed and it is important that the Council put money aside for when it may be needed in the future.

Members also asked questions about the new Garden Waste collection service, and that there have been comments made about the profit that the Council will be making from it. The Panel were advised that while some individual activities may make surpluses, the Council is unable to make a profit from its broader discretionary service portfolio. The income from garden waste forms part of the broader range of services for the Streetscene portfolio and that this income can be used across any services within that area.

RESOLVED that the Panel request that the Executive note the comments above, at its meeting on 7 February 2022.

9. HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL PLANS 2022-23

The Panel considered a report by the Deputy Chief Executive Officer on the Housing Revenue Account Budget and Capital Plans 2022-23.

RESOLVED that the Panel recommends that the Executive endorses the recommendations in report, at its meeting on 7 February 2022.

10. EXECUTIVE BUSINESS

The Panel considered the Executive items of business which falls under the remit of the Policy and Resources Portfolio, including Executive Member decisions and Officer delegated decisions, that have taken place since the last meeting of the Panel on 6 October 2021.

The Panel considered the decisions at items 10(1) to 10(17) of the agenda.

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

(1) The Council's Approach to the Pandemic - A Review

No comments were received.

(2) Agency Staff Recruitment

No comments were received.

(3) Citizens of Honour Award - Special Group Achievement Category

No comments were received.

(4) Citizens of Honour Award Scheme - Special Achievement Category

No comments were received.

(5) Covid Heroes Award Nominations

No comments were received.

(6) Disposal of Trinity Street Public Conveniences

No comments were received.

(7) Proposal for a New Way of Working

No comments were received.

(8) Annual Review of the Corporate Strategy 2017-2023 and Local Service Agreements 2020-2021

No comments were received.

(9) Medium Term Finance Strategy

No comments were received.

(10) Irrecoverable Debts

No comments were received.

(11) Finance Monitoring Report 2021-22

No comments were received.

(12) Treasury Management and Capital Monitoring Report 2021-22

No comments were received.

(13) Virtual Briefing Meetings

No comments were received.

(14) Fees and Charges 2022-23

No comments were received.

(15) Finance Strategy, Revenue Budget & Council Tax 2022-23

No comments were received.

(16) Member IT Review

No comments were received.

(17) Welborne Delivery - Disposal of Residential Property

No comments were received.

11. SCRUTINY PRIORITIES

The Deputy Chief Executive Officer addressed the Panel on this item and confirmed the items that had been previously agreed upon that will be coming forward to the next meeting of the Panel. He offered Members the opportunity to put forward any new suggestions of items that the Panel would like to add to the priorities.

No suggestions were put forward.

(The meeting started at 6.00 pm
and ended at 6.44 pm).

FAREHAM

BOROUGH COUNCIL

Report to Policy and Resources Scrutiny Panel

Date **3 March 2022**

Report of: **Deputy Chief Executive Officer**

Subject: **DAEDALUS FINANCIAL STRATEGY**

SUMMARY

The Policy and Resources Scrutiny Panel is asked to consider and review the Executive's consideration of the draft Daedalus Financial Strategy which, if approved, will be embedded in the Council's Medium Term Financial Strategy. The Strategy was also considered and reviewed at the Daedalus Scrutiny Panel meeting on 1 March 2022.

The Deputy Chief Executive Officer will refer any proposals or comments of the Panel to the Executive meeting on 7 March 2022.

RECOMMENDATION

That any proposals or comments of the Panel be referred to the Executive at its meeting on 7 March 2022.

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 March 2022

| | |
|------------------------------|--|
| Portfolio: | Policy and Resources |
| Subject: | Daedalus Financial Strategy |
| Report of: | Deputy Chief Executive Officer |
| Corporate Priorities: | A Dynamic, Prudent and Progressive Council |

Purpose: To establish a financial framework for the operation and investment at Solent Airport and the wider Daedalus site, in support of the Council's Vision for Daedalus.

Executive summary:

The Council has an adopted vision and strategy for Daedalus, which not only sets the ambitions for Solent Airport, but also for unlocking the potential of the airfield's land and infrastructure assets for new commercial development. With the scale of investment required to deliver the Vision, a set of financial principles have been developed to assist with investment decisions and operational cost management.

A draft financial strategy has been prepared, (set out in Appendix A), and has been modelled over the medium term to assess the revenue and capital implications.

The forecasts indicate that operational activities at Daedalus have the ability of being financially sustainable in the longer term and providing a return to the General Fund for the investment made in the site.

Equally, it is anticipated that there are sufficient capital resources to support the proposed investment plan at Daedalus, although in the short term there will need to be some careful consideration of the implications of reinvesting capital resources in Daedalus for the operating position.

Recommendations:

It is recommended that the Executive:

1. Approves the draft Daedalus Financial Strategy, as set out in Appendix A;
2. Incorporates the strategy into the Council's Medium Term Financial Strategy at its next review.

Reason:

To ensure that the operations at Daedalus are financial sustainable, and that investment proposals are affordable.

Cost of proposals:

None.

Appendices: **A: Draft Daedalus Financial Strategy**

Background papers: File of Working Papers

Reference papers: n/a

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

| | |
|---------------------|--------------------------------|
| Date: | 07 March 2022 |
| Subject: | Daedalus Financial Strategy |
| Briefing by: | Deputy Chief Executive Officer |
| Portfolio: | Policy and Resources |

INTRODUCTION

1. In March 2015, Fareham Borough Council acquired the Daedalus site. A Vision and Strategy for its regeneration was developed in the same year and this was further updated in 2018. The Vision is comprehensive and extends across the whole 369-acre site, incorporating not only the airport itself but also unlocking the potential of the airfield's land and infrastructure assets for new commercial development, providing clusters for aviation and non-aviation employment and skills, training and innovation activity areas alongside the Council's partners in the Solent Enterprise Zone. Specifically, the objective for the airfield was to attract more corporate and commercial aviation activities and to be financially self-sustaining.
2. Given the scale and ambition of the vision for Daedalus and Solent Airport, a set of financial principles have been developed to assist with investment decisions and cost management at the site.
3. This report sets out the draft financial strategy for Daedalus which, if approved, will be embedded in the Council's Medium Term Financial Strategy.

DAEDALUS FINANCIAL POSITION

4. The Council recognised that Daedalus is a very significant site, which presents great opportunities to deliver jobs, economic and skills growth, and public amenities, within the borough. To achieve this vision, a significant level of capital investment is required, and good progress has already been made in this regard, with Council-led developments totalling nearly £28m, including
 - Fareham Innovation Centre,
 - Runway improvements,
 - Business and General Aviation Hangars
 - Commercial Units at Faraday Business Park

5. Provision of site-wide infrastructure (roads, utilities, etc) has also enabled numerous third-party developments, including three education facilities, IFA2 and 3 new business units.
6. The Vision for Daedalus set an ambitious objective to achieve a self-sustaining financial position at Daedalus and, prior to the COVID pandemic, good progress was made towards achieving this goal. Like all services, the pandemic impacted on the financial performance at Daedalus, but by working with businesses throughout the pandemic period, the longer-term financial interests were protected with only one tenant ceasing to trade in that time.
7. The table, below, sets out the forecast financial position at Daedalus for the current year, together with the approved budget for 2022/23.

| £'s | Forecast position 2021/22 | Budget 2022/23 |
|--|------------------------------|-------------------|
| Airside Activities | | |
| - Income (incl. service charges recovered) | (1,070,420) | (1,208,480) |
| - Expenditure | 1,394,750 | 1,500,190 |
| NET Expenditure | 324,330 | 291,710 |
| Non-Airside Activities | | |
| - Income (incl. service charges recovered) | (948,640) | (734,180) |
| - Expenditure | 477,280 | 601,550 |
| NET Income | (471,360) | (132,630) |
| OVERALL POSITION (inc)/exp | (147,030) | 159,080 |

8. As can be seen, the current financial year indicates a small surplus being achieved, largely reflecting receipt of rental income for the duration of the IFA2 development. While the 2022/23 budget indicates a small in-year deficit, this assumes that the Council will dispose of at least one income-generating asset in the year. As a result, while service income reduces, the resulting capital receipt would be available for new capital investment, or for investing in treasury funds to generate a long-term interest stream.

DAEDALUS FINANCIAL STRATEGY

9. The wide range of opportunities, and risks, associated with Daedalus mean that the financial performance could generate a significant financial benefit to the Council, and could equally create a revenue or capital burden on the Council's financial resources.
10. In developing the financial strategy for Daedalus, the following guiding principles have been applied:-
 - a) The Council will recognise the three distinct elements of Daedalus in shaping the strategy; these being the Airside activities, Business Park activities, and Community facilities.
 - b) While there may be variations from year to year, Daedalus should be financially self-sustaining in both capital and revenue terms over the long term. This will ensure that activities at Daedalus (other than community facilities) are not a financial burden on the General Fund and council tax.

- c) Applying the “user pays” principle, the cost of airside operations should be recouped through airside fees and charges, as far as reasonably possible. It is, however, recognised that the airside activities are likely to require some ongoing financial support from non-airside activities.
 - d) Non-airside activities are recognised as a corporate investment asset, and should therefore generate a return for the General Fund as well as sufficient income to offset any ongoing airside deficit
 - e) Capital investments in Daedalus infrastructure/facilities should be funded from available capital resources generated from the Daedalus site.
 - f) Prudential borrowing could be available to finance commercial property investments at Daedalus, where they meet the appropriate criteria.
 - g) All capital expenditure will be subject to a robust business case and risk assessment.
11. These principles have been used to develop the draft Financial Strategy, set out in Appendix A. The aim of the strategy is to provide a financial framework within which decisions can be made to enable the necessary investment in the strategic site while protecting the overall financial position of the Council

FINANCIAL IMPLICATIONS

12. The strategy principles have been applied to the current and future operations at Daedalus to assess whether a longer-term sustainable position can be achieved. The results are set out in the table below.

| £000's | Budget 2022/23 | Forecast 2023/24 | Forecast 2024/25 | Forecast 2025/26 |
|---|-------------------|---------------------|---------------------|---------------------|
| Airside Activities | | | | |
| - Income (incl. service charges recovered) | (1,208) | (1,263) | (1,315) | (1,369) |
| - Expenditure | 1,500 | 1,512 | 1,524 | 1,538 |
| NET Expenditure | 292 | 249 | 209 | 169 |
| Non-Airside Activities | | | | |
| - Income (incl. service charges recovered) | (734) | (878) | (860) | (860) |
| - Expenditure | 601 | 529 | 541 | 553 |
| NET Income | (133) | (349) | (319) | (308) |
| OVERALL POSITION (inc)/exp | 159 | (100) | (110) | (139) |
| <i>Note: Investment interest growth due to plot/asset sales</i> | +(87) | +(113) | +(113) | +(113) |

13. The forecast takes account of assumed site development, growth in usage of the facilities, as well as assumed plot and building sales. It also assumes a steady increase to full occupation of commercial property over the strategy period.

14. As previously noted, the forecast also takes account of an assumed building sale in 2022/23, which results in a short-term reduction in income (thus producing a small net deficit in year). This will be mitigated in part through retaining the balance of Daedalus capital receipts and investing them in longer term treasury funds, to increase the Council's investment income.
15. This forecast demonstrates that the site as a whole is affordable and has the ability to generate sufficient resources to support the ongoing operations and maintenance as well as a reasonable prospect of achieving a return on investment in the longer term.
16. Separate modelling has been undertaken to assess the availability of capital resources to support continued investment to deliver the vision for Daedalus. Capital forecasting is inherently more challenging as assumptions are made in relation to plot and property sales, which are heavily influenced by market pressures and demands. It also takes account of the potential to recover costs in part through service charge arrangements, which reduces the demand on the Council's resources but conversely impacts on tenants' total occupation costs where charges are levied.

| SUMMARY CAPITAL POSITION £000 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|--|----------------|----------------|----------------|----------------|----------------|
| Forecast Capital Resources available | 6,277 | 847 | 4,921 | 1,424 | 1,124 |
| Daedalus Investment Programme | -1,300 | -2,600 | -1,000 | -200 | -1,000 |
| | | | | | |
| Shortfall (-) / Surplus (+) Capital resources | 4,977 | -1,753 | 3,921 | 1,224 | 124 |
| <i>Cumulative shortfall (-) / surplus (+)</i> | <i>4,977</i> | <i>3,224</i> | <i>7,145</i> | <i>8,369</i> | <i>8,493</i> |
| | | | | | |
| Revenue Shortfall to be Funded (prior to investment interest growth) | -272 | -272 | -272 | -272 | -272 |

17. An important point to note from the capital forecasting is the interplay between capital and revenue resources. Typically, the forecast capital receipts are achieved from the sale of income generating assets, and therefore each sale has the effect of reducing revenue income. This can be partly offset by placing the receipt in treasury funds to generate interest and mitigate the impact, but this would limit the ability of the Council to deliver its investment plan for the site.
18. Careful consideration will therefore be required when assessing asset and plot sales, to ensure that the decision does not create an unaffordable revenue pressure, or equally does not undermine the ability to fund future capital investment plans.
19. Forecast indicates enough resources to fund the investment plan in the longer term, but this would leave insufficient balance for treasury investments. If the revenue position were protected, then the investment plan would need to be deferred, or alternative revenue/capital source found in the short term.

CONCLUSION

20. The Council has set an ambitious vision for Daedalus, and the extensive financial modelling undertaken has demonstrated that the site has the ability to achieve a financially sustainable position in revenue terms. It is also clear that there are sufficient capital resources in the longer term to finance the capital investment plans at Daedalus, although this is heavily affected by market sentiment and demand for plots and units at Daedalus.

21. The short-term forecast indicates that there is a competing pressure between protecting the revenue position and providing enough capital resources to fund the proposed investment plan. Decisions will therefore need to prioritise these issues or identify alternative sources of income (capital or revenue), to achieve all element in the desired timeframe.

Enquiries:

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

Daedalus Financial Strategy

Purpose

The purpose of this document is to set out a framework that will determine the Council's approach to managing the financial implications of its interest in the Daedalus site, reflecting the ongoing revenue position and capital investment requirements both on the airside and non-airside areas.

Overarching Strategy

The overarching principle is that the Council's interest in the whole Daedalus site should make a sustained positive contribution to the Council's overall financial position. As a minimum, the revenue costs associated with operating and investing in Daedalus should be cost neutral to council taxpayers.

AIRSIDE ACTIVITIES

Airport Operations

It is recognised that airport operations will always run at a deficit. However, the cost of operating the airport will be offset in the following ways:-

- Fees and charges for airport users, set at a level which reflects the aviation market, and are commensurate with the facilities available and location of the airfield on the South coast;
- Service charges for airport tenants;
- Net rents from airside properties.

Any residual cost of airport operations, including ad-hoc repairs and maintenance, will be funded net income from non-airside activities.

Airside commercial property

Rents derived from airside property will be set at market levels, commensurate with the standard and quality of the buildings.

- The first priority for rental income will be to repay the Council's cost of financing the capital investment in the airport (including the financing of the hangars/buildings).
- The second priority for rental income will be to offset any operating costs incurred by the Council that cannot be recovered through service charges, including any "ownership" costs of the airport (such as hangar marketing costs).
- The balance of airside property rents will be available to finance the cost of repairs, maintenance and new airside infrastructure investment.
- Once sufficient contribution to airside operating and investment plans, the balance of revenue will be treated as a corporate income source, like all other commercial property.

Airside tenants will pay an airside service charge, that will seek to recover full airport estate costs, and will be calculated in line with professionally recognised service charge protocols. This will also provide for contributions to a Sinking Fund where that it deemed appropriate.

Investment in Airside Infrastructure

The following principles will apply when considering investment in new airside property and infrastructure.

- *Airside property:* Supported by a full business case, investment proposals must be affordable, provide a return on investment within acceptable timeframes (e.g. not more than 50% of the assets useful life) and align with the Council's "cautious" risk appetite to commercial property.
- *Airside Infrastructure:* Also supported by a full business case, all proposals will clearly articulate the initial cost of the investment, the impact on operating costs and the potential to generate further revenue.
- Where airside investment is funded by prudential debt finance, then it must be fully self-sustaining (i.e. through new revenue generation or through airside property rental surpluses) and will be limited to the capitalised value of forecast net airside surpluses.
- The Council may consider using capital receipts to invest in airside infrastructure, but the extent of this will be limited to the value of capital receipts generated at the Daedalus site. Use of capital receipts for such projects will be considered alongside other corporate capital priority schemes in other services (such as community and leisure facilities) when the annual capital programme is approved.

NON-AIRSIDE BUSINESS PARKS AND FACILITIES

Non-airside activities

Beyond Solent Airport, the Daedalus site includes business parks, education and innovation space, community space and the associated infrastructure.

Community uses

Community spaces (such as play areas, Daedalus Common, Gate Guardian, etc) will be managed as part of the relevant portfolio, such as Community, or Streetscene. As such they do not fall within the remit of the Daedalus Financial Strategy.

Investment in non-Airside Property and Infrastructure

The general principle is that investment in non-airside commercial property is treated in the same way as FBC's wider commercial property portfolio. This means that net rents generated from non-airside property will reside within the General Fund Commercial Estates Service.

- Rents derived from commercial property will be set at market levels, commensurate with the standard and quality of the buildings.
- Rental income will be used to cover the Council's full cost of financing the capital investment in the non-airside estate, and will also offset any operating costs incurred

by the Council that cannot be recovered through service charges, including any “ownership” costs of the airport (such as commercial property marketing costs).

- Non-airside property rents will not be ring-fenced for reinvestment in the Daedalus site.
- Supported by a full business case, new property investment proposals must be affordable, provide a positive return on investment within acceptable timeframes and must align with the Council’s “cautious” risk appetite to commercial property. (For example, rental property may need to achieve a payback period of not more than 50% of the assets useful life).
- Also supported by a full business case, infrastructure investment proposals will clearly articulate the initial cost of the investment, the impact on operating costs and the potential to generate further revenue.
- Council-led development will only be considered where there is clear, evidenced, demand in the market, and the approach to letting or disposal of units will be driven by market conditions in order to minimise the Council’s risk profile.

Disposal of land and property interests in the business parks

There will be circumstances where the Council decides to dispose of parcels of land, or particular properties, at Daedalus. When this is considered appropriate, disposal will be treated in the same way as all other council-owned property interests.

- Land and property disposals at Daedalus will be at prevailing market rates.
- Capital receipts derived from the disposal will be recognised as a corporate capital resource, available to finance all aspect of the corporate capital programme and will not be ring-fenced for any specific site or purpose.
- New capital investment in Daedalus may draw from capital receipts but will be evaluated alongside other corporate projects in the General Fund when the Council approves the capital programme annually.

THE CORPORATE PICTURE

Treasury Management

The Council’s capacity to borrow money to finance new development is finite, and this is approved each year within the Treasury Management Strategy. Consequently, an overview of borrowing capacity is maintained, to ensure that the Council does not breach its borrowing limits and its debt-financing capacity is appropriately reflects the demands from all portfolio services (such as leisure services, housing, etc)

So, notwithstanding the viability of any proposal at Daedalus, it is recognised that the corporate borrowing capacity may constrain the Council’s ability to invest further in new developments at Daedalus.

Reporting

Monitoring and reporting the financial performance at Daedalus will reflect the principles within this strategy, recognising the Airport cluster, (non-airside) business park cluster and the overall performance across the site.

Financial monitoring will also recognise the obligations of the Council, in relation to the original acquisition agreement with the Homes and Communities Agency at the time. This includes overage obligations if financial performance exceeds pre-determined levels.

Strategy Review

Daedalus is a key Council-owned site, and the scale of investment there is significant. This strategy will therefore form a key pillar to the Council-wide Medium-Term Finance Strategy, and Capital Strategy, and as such will be kept under periodic review. This may lead to a greater focus on generating capital resources, or alternatively revenue income, depending on the needs of the Council.

FAREHAM

BOROUGH COUNCIL

Presentation to The Policy and Resources Scrutiny Panel

Date: 3 March 2022

Report of: Deputy Chief Executive Officer

Subject: MOTION ON LIVE STREAMING OF MEETINGS

SUMMARY

Following the motion made to Council on 21 October 2021 by Councillor Forrest which requested that:

“This Council endorse the policies set out in the LGA publication Improving Digital Citizenship: a practical guide for councillors which encourages councillors to avoid ‘the spread of unverified rumours, misinformation and disinformation’, as well as acknowledging that a key factor in limiting misinformation is to make accurate information as widely available as possible, by encouraging public engagement in its business, and providing easy access to the fullest possible record of its meetings;

That the Council notes that the live streaming of meetings during the Covid lockdown was a step forward in improving access to meetings and provided a fuller record of debate than is possible through the Council’s minutes; and

That the Council resolves to resume live streaming of meetings of the Council, Scrutiny Panels and main committees as soon as possible, taking advantage of the current review of Ways of Working to do so as cost-effectively as possible.”

Members will be invited to consider a presentation and take part in a discussion lead by the Head of Democratic Services on the above motion.

RECOMMENDATION

It is recommended that Members consider the contents of the presentation and make any comments or raise any questions for clarification.

FAREHAM

BOROUGH COUNCIL

Report to Policy and Resources Scrutiny Panel

Date **3 March 2022**

Report of: **Deputy Chief Executive Officer**

Subject: **EXECUTIVE BUSINESS**

SUMMARY

One of the key functions of this Scrutiny Panel is to hold the Executive Portfolio Holder and Senior Officers to Account in the delivery of the Service and the Improvement Actions identified in the Council's Corporate Priorities and Corporate Vision.

Members are therefore invited to consider the items of business which fall under the remit of the Policy and Resources portfolio and have been dealt with by the Executive since the last meeting of the Panel. This includes any decisions taken by Individual Executive Members.

The relevant notices for decisions taken are attached for consideration.

RECOMMENDATION

It is recommended that Members consider the items of Business discharged by the Executive and make any comments or raise any questions for clarification.

FAREHAM

BOROUGH COUNCIL

2021/22
Decision No.
2347

Record of Decision by Executive

Monday, 7 February 2022

| | |
|----------------------------|---|
| Portfolio | Policy & Resources |
| Subject: | Capital Programme and Capital Strategy 2022/23 |
| Report of: | Deputy Chief Executive Officer |
| Corporate Priority: | Dynamic, prudent and progressive Council |

Purpose:

This report considers the Capital Strategy for 2022/23, prior to its submission to the Council for approval.

Regulations require the Council to prepare and formally approve a Capital Strategy. The document for 2022/23 is attached as Appendix A to the report for consideration by the Executive before being submitted to Council for approval.

The 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.

The main highlights in the Capital Strategy are:

- i. The level of capital expenditure estimate for 2022/23 is £19.9 million.
- ii. The current estimate is that £9.8 million of this will be met by new borrowing.
- iii. A new section about Environmental Sustainability has been added.
- iv. A high-level review of future funding requirements has identified a capital funding requirement of £229 million.
- v. The Council's commercial property portfolio has an estimate value of £61.5 million.

A separate report proposing the Treasury Management and Investment Strategy for 2022/23 is also being presented at the February meeting of the Executive.

Options Considered:

The comments of the Policy and Resources Scrutiny Panel were taken into account in considering this item.

As recommendation.

Decision:

RESOLVED that the Executive:

- (a) endorses the draft Capital Strategy for 2022/23, attached as Appendix A to the report;
- (b) approves the capital programme for the period 2021/22 to 2025/26, amounting to £73.8million as set out in Annex 1 of the Capital Strategy; and
- (c) agrees to submit the Capital Strategy for 2022/23 to Council for approval.

Reason:

To allow the Council to approve the Capital Strategy in accordance with the Prudential Code.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Monday, 7 February 2022

FAREHAM

BOROUGH COUNCIL

2021/22
Decision No.
2343

Record of Decision by Executive

Monday, 7 February 2022

| | |
|----------------------------|--|
| Portfolio | Policy & Resources |
| Subject: | Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2022/23 |
| Report of: | Deputy Chief Executive Officer |
| Corporate Priority: | Dynamic, prudent and progressive Council |

Purpose:

This report seeks final confirmation of the recommendations to be made to Council, on 25 February 2022, in respect of the revenue budget, capital programme and council tax for 2022/23.

On 10 January 2022, the Executive reviewed the Council's overall finance strategy and considered proposals relating to the revenue budgets and the council tax for 2022/23. This report updates the Council's budgets to reflect the decisions taken and other known changes since 10 January 2022.

The capital programme for the years 2021/22 to 2025/26 will be £44,990,900.

The revenue budget for 2022/23 will be £10,788,000. With retained business rates and grants estimated to be £3,117,262 and a payment to the collection fund of £39,398, the total amount due from the Council taxpayers will be £7,710,136.

Taking these changes into consideration, the council tax for 2022/23 will be £175.22 per band D property. This represents an increase of £5 per year from the council tax set for 2021/22 but would be within the referendum limit set by the Government.

Options Considered:

A revised page 46 of the agenda pack was tabled at the meeting in respect of this item to provide the net rates payable from National Non-Domestic rates for 2022/23 (after Transitional arrangements and reliefs).

The comments of the Policy and Resources Scrutiny Panel were taken into account in considering this item.

As recommendation.

Decision:

RESOLVED that the Executive approves and recommends to the meeting of the Council to be held on 25 February 2022:

- (a) the capital programme and financing of £44,990,900;
- (b) an overall revised revenue budget for 2012/22 of £10,494,800;
- (c) a revenue budget for 2022/23 of £10,788,000;
- (d) a council tax for Fareham Borough Council for 2022/23 of £175.22 per band D property, which represents a £5.00 per year increase when compared to the current year and is within referendum limits; and
- (e) an unchanged Council Tax Support scheme for 2022/23

Reason:

To allow the Council to approve the Council Tax for 2022/23.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Monday, 7 February 2022

FAREHAM

BOROUGH COUNCIL

2021/22
Decision No.
2345

Record of Decision by Executive

Monday, 7 February 2022

| | |
|----------------------------|---|
| Portfolio | Policy & Resources |
| Subject: | Gambling - Review of Statement of Principles |
| Report of: | Director of Leisure and Community |
| Corporate Priority: | Strong, safe, inclusive and healthy communities |

Purpose:

This report sets out the Gambling Act 2005 Statement of Policy (Gambling Policy) that details the Council's approach to the provision of Gambling in the Borough. The Policy is reviewed every three years and this review has taken account of any changes in legislation, regulations and guidance. The revised Policy is attached as Appendix A and is being presented to the Executive for recommendation to Council for adoption.

The Council has an existing Gambling Policy which, during this review, has been rewritten for ease of understanding. There have not been any substantive policy changes. The Policy sets out the standards and criteria for applications received according to the Gambling Act and how those applications will be determined, and the licensing objectives promoted.

Options Considered:

The comments of the Licensing and Regulatory Affairs Committee were taken into account in considering this item.

As recommendation.

Decision:

RESOLVED that having considered the revised Gambling Policy, as detailed in Appendix A to the report, the Executive recommends the policy to Council for adoption.

Reason:

Section 349 of the Gambling Act 2005 ('the Act') requires the licensing authority to prepare and publish a Statement of Licensing Policy every three years. This outlines the general approach of the licensing authority when making licensing decisions under the Act and can be reviewed and revised by the Authority at any time.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Monday, 7 February 2022

FAREHAM

BOROUGH COUNCIL

2021/22
Decision No.
2344

Record of Decision by Executive

Monday, 7 February 2022

| | |
|----------------------------|--|
| Portfolio | Policy & Resources |
| Subject: | Housing Revenue Account 2022/23 |
| Report of: | Deputy Chief Executive Officer |
| Corporate Priority: | Providing housing choices |

Purpose:

This report seeks Executive approval for the revised budget for the Housing Revenue Account for 2021/22, the base budgets and rent increases for 2022/23.

The Executive recommended, and the Council approved, in February 2021, the base budgets and rent increase for 2021/22, for Housing Revenue Account (HRA) services.

This report sets out some revisions to the Housing Revenue Account revised budget for 2021/22 and base budget for 2022/23 along with the capital programme and financing for the years 2021/22 to 2025/26. The report examines the issues affecting the Housing Revenue Account including rent changes with effect from 01 April 2022.

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.

Options Considered:

The comments of the Policy and Resources Scrutiny Panel were taken into account in considering this item.

As recommendation.

Decision:

RESOLVED that the Executive approves and recommends to the meeting of the Council to be held on 25 February 2022 that:

- (a) rents be approved for Council Dwellings as set out in paragraph 23 with effect from 01 April 2022;
- (b) rents for Council garages be increased by 3.8% with effect from 01 April 2022;
- (c) the revised budget for 2021/22 be approved; and
- (d) The base budget for 2022/23 be approved.

Reason:

To allow the Council to approve the Housing Revenue Account budgets for 2022/23.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Monday, 7 February 2022

FAREHAM

BOROUGH COUNCIL

2021/22
Decision No.
2346

Record of Decision by Executive

Monday, 7 February 2022

| | |
|----------------------------|---|
| Portfolio | Policy & Resources |
| Subject: | Treasury Management Strategy 2022/23 |
| Report of: | Deputy Chief Executive Officer |
| Corporate Priority: | Dynamic, prudent and progressive Council |

Purpose:

This report considers the draft Treasury Management Strategy and Investment Strategy for 2022/23, prior to its submission to the Council for approval.

Regulations require the Council to prepare and formally approve both an annual Treasury Management Strategy and Investment Strategy. The document for 2022/23 is attached as Appendix A to the report for consideration by the Executive before being submitted to Council for approval. There have been no significant changes proposed to the strategies.

CIPFA published revised versions of its Treasury Management Code of Practice and the Prudential Code in late December 2021. Due to the late publications, CIPFA recognises that changes may not be fully implemented until 2023/24 due to the lead-in time to produce the strategy. Therefore, this strategy is based on the 2017 version of both Codes.

In the past 12 months, the Council's investment balance has ranged between £16 million and £25 million and similar levels are expected to be maintained in the forthcoming year. The majority of the Council's investments is expected to be invested in short-term unsecured bank deposits and money market funds with approximately £16 million available for longer-term investment.

Borrowing levels are expected to increase to a projected £72.7 million at the end of 2022/23 to fund the capital programme. The Council has previously raised all of its long-term borrowing from the Public Works Loan Board (PWLb) but will consider long-term loans from other sources. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield.

Recognising the Council's commitment to climate change mitigation, a new Environmental, Social and Governance (ESG) Policy identifying investment considerations has been added.

Options Considered:

The comments of the Policy and Resources Scrutiny Panel were taken into account in considering this item.

As recommendation.

Decision:

RESOLVED that the Executive:

- (a) endorses the draft Treasury Management Strategy and Investment Strategy for 2022/23, attached as Appendix A to the 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 and guidance from the Ministry for Housing Communities and Local Government (MHCLG), the Treasury Management Strategy and Investment Strategy have to be approved by full Council.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Monday, 7 February 2022

FAREHAM

BOROUGH COUNCIL

2021/22
Decision No.
2338

Record of Decision by Executive

Monday, 10 January 2022

| | |
|----------------------------|--|
| Portfolio | Planning and Development |
| Subject: | Welborne Delivery - Disposal of Residential Property |
| Report of: | Director of Planning and Regeneration |
| Corporate Priority: | Providing housing choices; Strong, safe, inclusive and healthy communities |

Purpose:

This report seeks approval to delegate authority to the Director of Planning and Regeneration to enter into an Option Agreement with Welborne Land Limited for the disposal of residential property at Welborne Garden Village.

At the Executive Meeting of 22 February 2016, authority was given for the purchase of two residential owner-occupied properties affected by the Welborne development. On 06 February 2017, the Executive agreed the terms for the purchase of one further residential owner-occupied property affected by the Welborne development.

It was the Council's expressed intention to sell the properties to the master developer of Welborne Garden Village at the appropriate time, to maximise their control of the land and simplify the mechanics of bringing the development forward.

This report outlines the draft terms of the Option Agreement for their disposal to support the delivery of Welborne Garden Village, which are being negotiated with Welborne Land Limited, and seeks approval to delegate authority to enter into the Agreement to the Director of Planning and Regeneration. In making this delegated decision, expert advice will be provided by both the Asset Management Service and Fareham & Southampton Legal Services.

Options Considered:

As recommendation.

Decision:

RESOLVED that the Executive agrees to delegate authority to the Director of Planning and Regeneration, following consultation with the Executive Member for Policy and Resources, to enter into an Option Agreement with Welborne Land Limited for the disposal of three residential properties at Welborne Garden Village.

Reason:

To support the delivery of Welborne Garden Village, as agreed by the Executive in February 2016 and February 2017.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Monday, 10 January 2022