

**AGENDA FOR THE EXECUTIVE**

**Date:** Monday, 11 December 2023

**Time:** 6.00 pm

**Venue:** Collingwood Room - Civic Offices

***Executive Members:***

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

Councillor I Bastable, Streetscene

Councillor Miss J Burton, Health & Public Protection

Councillor D G Foot, Housing

Councillor S D Martin, Planning and Development

Councillor Mrs S M Walker, Leisure and Community

**1. Apologies for Absence**

**2. Minutes (Pages 5 - 12)**

To confirm as a correct record the minutes of the meeting of the Executive held on 09 October 2023.

**3. Executive Leader's Announcements**

**4. Declarations of Interest**

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

**5. Petitions**

**6. Deputations**

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

**7. References from Other Committees**

To receive any references from the committees or panels held.

**Matters for Decision in Public**

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

**8. Housing**

**Key Decision**

**(1) Housing Allocations Policy (Pages 13 - 56)**

A report by the Director of Housing.

**9. Policy and Resources**

**Non-Key Decision**

**(1) Finance Monitoring 2023/24 (Pages 57 - 66)**

A report by the Head of Finance and Audit.

**(2) Treasury Monitoring and Capital Monitoring 2023/24 (Pages 67 - 84)**

A report by the Head of Finance and Audit.

**10. 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 on the grounds that the matters to be dealt with involve the likely disclosure of exempt information, as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act

1972.

### **Exempt Matters for Decision**

*Note: Where urgent items of business are raised in accordance with Part 3 of the Constitution, they will be considered with the relevant service decisions as appropriate.*

#### **11. Policy and Resources**

##### **Non-Key Decision**

**(1) Irrecoverable Debts - Quarter 2 (Pages 85 - 92)**

A report by the Chief Executive Officer.



A WANNELL  
Chief Executive Officer  
[www.fareham.gov.uk](http://www.fareham.gov.uk)  
01 December 2023

**For further information please contact:  
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# FAREHAM

BOROUGH COUNCIL

## Minutes of the Executive

**(to be confirmed at the next meeting)**

**Date:** Monday, 9 October 2023

**Venue:** Collingwood Room - Civic Offices

**Present:**

S D T Woodward, Policy and Resources (Executive Leader)  
I Bastable, Streetscene  
Miss J Burton, Health & Public Protection  
D G Foot, Housing  
S D Martin, Planning and Development  
Mrs S M Walker, Leisure and Community

**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 held on 18 September 2023 be confirmed and signed as a correct record.

**3. EXECUTIVE LEADER'S ANNOUNCEMENTS**

The Executive Leader announced that members of the Executive enjoyed a visit to the Welborne site earlier in the day. He noted that community engagement and support for the scheme has risen dramatically since work on the ground has begun at the site with significant infrastructure preparation. Should the Planning consent be granted for housing, then housebuilding could begin on site as soon as January 2024. The Executive Leader expressed his gratitude to Buckland Development for showing Ward members and Executive members the progress to date.

**4. DECLARATIONS OF INTEREST**

There were no declarations of interest made at this meeting.

**5. PETITIONS**

The Executive Leader confirmed that a petition has been received containing 355 signatures requesting that the car park in Middle Road, Park Gate be reviewed to extend the free parking period from 2 hours to 3 hours.

The Executive Leader confirmed that the petition will be referred to the Health and Public Protection Scrutiny Panel for consideration.

**6. DEPUTATIONS**

There were no deputations made at this meeting.

**7. REFERENCES FROM OTHER COMMITTEES****Policy & Resources Scrutiny Panel – 18 September 2023**Minute 6 – Council Tax Support Fund

The Council considered a report by the Assistant Director (Finance & ICT) on the proposals for the Council Tax Support Scheme.

RESOLVED that the Panel recommends that the Executive endorses the recommendations in the report at its meeting on 9 October 2023.

This was considered at item 11(2) on the agenda.

### Minute 9 – Annual review of Corporate Strategy 2017-2023 and Local Service Agreements

The Panel considered a report by the Assistant Director (Democracy) on the Annual Review of Corporate Strategy 2017-2023 and the Local Service Agreements 2022-2023.

RESOLVED that the Panel: -

- (i) notes the content of the report; and
- (ii) recommends that the Executive endorses the recommendations set out in the report to the Executive at its meeting on 9 October 2023.

This was considered at item 11(3) on the agenda.

### Minute 10 – Corporate Strategy 2023-2029

The Council considered a report by the Assistant Director (Democracy) on the Corporate Strategy for 2023-2029.

Members commented on the disappointing level of response from the public, and asked officers for suggestions on how this could be improved going forward.

The Senior Policy, Research and Engagement Office addressed the Panel and informed them that the Engagement team have already started to address this. She advised them of a new Facebook page “Lets Talk Fareham” which has proved to be popular and has received positive responses to. They have also started to introduce Pop Up Consultation Events which again have been positively received. She stressed that the importance of public engagement is to ensure that that it is meaningful engagement.

RESOLVED that the Panel: -

- (i) notes the content of the report; and
- (ii) recommends that the Executive endorses the corporate Strategy 2023-2029 at its meeting on 9 October 2023.

This was considered at item 11(1) on the agenda.

## **Health & Public Protection Scrutiny Panel – 03 October 2023**

### Minute 7 – Proposed off Street Parking Places (Amendment) Order – Osborn Road and Others

The Panel received a report by the Head of Environmental Health which presented, for consideration, a draft report to the Executive in respect of the proposed regeneration of Fareham Town Centre, including works to Fareham Live and Osborn Road multi-storey car park.

At the invitation of the Chairman, Councillor Miss J Burton, Executive Member for Health and Public Protection, addressed the Panel on this item.

During the discussion of this item, Members sought reassurance that there will be the same level of disabled parking available under the new arrangements as there is under current arrangements.

RESOLVED that the Health & Public Protection Scrutiny Panel:

- (a) notes the contents of the report; and
- (b) has no comments to put forward to the Executive for consideration.

This was considered at item 9(1) on the agenda.

## 8. HOUSING

### (1) Facilitating the use of the Local Authority Housing Fund

RESOLVED that the Executive:

- (a) approves the use of the Local Authority Housing Fund to provide three homes for Afghan families and one home for temporary accommodation to be held in the Housing Revenue Account; and
- (b) agrees that, following consultation with the Executive Member for Housing, authority for their purchase be delegated to the Director of Housing.

### (2) Empty Homes Strategy - Adoption

RESOLVED that the Executive agrees that:

- (a) the Empty Homes Strategy, as provided at Appendix A to the report, be adopted; and
- (b) the Director of Housing be authorised to add detail to the Strategy to reflect the adoption date.

### (3) Renewal of the contract for the Housing Department software

RESOLVED that the Executive agrees that:

- (a) the contract for providing the software for the Housing Department is renewed; and
- (b) delegated authority be given to the Director of Housing, following consultation with the Executive Member for Housing, to enter into the contract.

### (4) Town centre property acquisition for affordable housing provision

RESOLVED that the Executive:



- (a) agrees in principle, that the Council seeks to acquire the property, as set out in the Confidential Appendix to the report; and
- (b) delegates authority to the Director of Housing, following consultation with the Executive Member for Housing, to agree the final acquisition cost and terms of purchase, subject to the purchase being within affordable levels.

(5) Affordable Housing at Welborne

RESOLVED that the Executive agrees:

- (a) the principle of further investigation and due diligence on the potential for Fareham Borough Council to be involved in the ownership and management of the affordable housing at Welborne Garden Village; and
- (b) that a maximum figure of £100,000 (to include officer time) be made available from the Welborne Capacity Fund to seek appropriate advice to enable due diligence on all matters, with the appointment of relevant parties to provide advice delegated to the Director of Housing.

## 9. HEALTH AND PUBLIC PROTECTION

- (1) Proposed Off Street Parking Places (Amendment 8) Order - Osborn Road and Others

The comments of the Health and Public Protection Scrutiny Panel were taken into account in considering this item.

RESOLVED that the Executive:

- (a) agrees the enforcement actions and parking places name changes set out in the conclusion of the report;
- (b) agrees a four-week consultation on the adoption of an Off-Street Parking Places (Amendment 8) Order;
- (c) delegates the decision on the making of the TRO, following the outcome of the consultation, to the Executive Member for Health and Public Protection; and
- (d) agrees that Traffic Regulation Orders are consolidated under an Off-Street Parking Places Consolidation Order following the outcome of the Off-Street Parking Places (Amendment 8) Order consultation.

## 10. PLANNING AND DEVELOPMENT

- (1) Self and Custom Build Housing Supplementary Planning document for adoption

RESOLVED that the Executive:

- (a) notes the consultation comments received on the Draft Supplementary Planning Document together with the Council's responses to the representations as set out in the Post Consultation Statement at Appendix A to the report: and
- (b) agrees to adopt the Self and Custom Build Supplementary Planning Document as set out in Appendix B to the report.

## 11. POLICY AND RESOURCES

### (2) The Council Tax Support Fund

This item was brought forward on the agenda and considered before item 11(1).

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

RESOLVED that the Executive agrees that the key principles of the Council Tax Support Fund Policy, as outlined in the report, be approved for adoption in Fareham.

### (1) Corporate Strategy 2023-2029

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

In presenting this item the Executive Leader paid tribute to the officers who had completed a tremendous amount of work in producing the draft of the next Corporate Strategy document.

RESOLVED that the Executive:

- (a) notes the outcomes of the public consultation and agrees the draft Corporate Strategy 2023-2029; and
  - (b) recommends the Corporate Strategy 2023-2029 to Council for approval, subject to any further amendments.
- ### (3) Annual Review of Corporate Strategy 2017-2023 and Local Service Agreements 2022/23

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

RESOLVED that the Executive:

- (a) agrees the proposed revisions to the Corporate Strategy, as set out in Appendix B to the report;
- (b) recommends the Annual Review of the Corporate Strategy 2017-2023 to Council for approval, subject to any further amendments; and
- (c) notes the Council's performance for the 2022/23 financial year.

(The meeting started at 6.00 pm  
and ended at 6.26 pm).

..... Chairman

..... Date



# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 11 December 2023

<b>Portfolio:</b>	Housing
<b>Subject:</b>	<b>Housing Allocations Policy</b>
<b>Report of:</b>	Director of Housing
<b>Corporate Priorities:</b>	Provide Housing Choices

**Purpose:**

To approve the draft Housing Allocations Policy for a six-week period of consultation.

**Executive summary:**

The Housing Act requires that all local authorities have a scheme for determining priorities and procedures in allocating social housing, both owned by themselves and for which they have nomination rights. This covers the allocation of general needs and sheltered accommodation at both social and affordable rents.

The allocation scheme and the associated housing register, often referred to as the housing waiting list, is operated by the Council on behalf of the Registered Providers that own social/affordable rented homes in the Borough. They are used when nominating applicants to available social and affordable rented homes owned by Registered Providers, and those owned by the Council.

The current allocations policy (Optimising Social Housing: Applications and Allocations Policy) was adopted in 2020. The policy must be reviewed regularly in order to ensure it meets all legislative requirements. In addition, it is recognised that there is a need for more transparency and better information for customers, and also to better reflect the needs of the community and meet local priorities.

A review of the current adopted allocations policy has now been undertaken by Officers and a revised draft Allocations Policy is included at Appendix A to this report. Subject to consultation and agreement by the Executive, it is anticipated that this would supersede the Optimising Social Housing: Applications and Allocations Policy (2020).

If approved, this draft policy will be published for a six-week period of public consultation. Following this period, and once any necessary amendments are incorporated, it is intended that the Housing Allocations Policy will be presented to the Executive for adoption (replacing the current Housing Allocations Policy).

An Equality Impact Assessment (EIA) of the policy has been undertaken and is included as Appendix C to the report. No detrimental impacts have been identified as a result of the proposed changes.

The draft Allocations Policy will be discussed at Housing Scrutiny Panel on 30<sup>th</sup> November 2023. Due to the short amount of time between the two meetings, verbal updates on the Panel feedback will be provided to the Executive meeting as required.

**Recommendation/Recommended Option:**

It is recommended that the Executive agree to public consultation for a period of six weeks on the draft Housing Allocations Policy, as provided in Appendix A to the report.

**Reason:**

To provide a review of the existing allocations policy to ensure it meets with legislative requirements, to improve transparency/information for customers, and contribute to the Corporate Priority to Provide Housing Choices.

**Cost of proposals:**

The costs of publication and consultation are covered in the existing Housing Options operational budget.

**Appendices:**

**A:** Draft Allocations Policy

**B:** Priority Banding Criteria (Appendix 1 of the draft Allocations Policy)

**C:** Equality Impact Assessment

**Background papers:** None

**Reference papers:** Optimising Social Housing: Applications and Allocations Policy - 2020

# FAREHAM

## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	11 December 2023
<b>Subject:</b>	Housing Allocations Policy
<b>Briefing by:</b>	Director of Housing
<b>Portfolio:</b>	Housing

#### INTRODUCTION

1. The Housing Act requires that all local authorities have a scheme for determining priorities and procedures in allocating social housing, both owned by themselves and for which they have nomination rights. This covers the allocation of general needs and sheltered accommodation at both social and affordable rents.
2. The allocation scheme and the associated housing register, often referred to as the housing waiting list, is operated by the Council on behalf of the Registered Providers that own social/affordable rented homes in the Borough. They are used when nominating applicants to available social and affordable rented homes owned by Registered Providers, and those owned by the Council.
3. The current allocations policy (Optimising Social Housing: Applications and Allocations Policy) was adopted in 2020. The policy must be reviewed regularly in order to ensure it meets all legislative requirements. In addition, it is recognised that there is a need for more transparency and better information for customers, and also to better reflect the needs of the community and meet local priorities.
4. A review of the current adopted allocations policy has now been undertaken by Officers and a revised draft Allocations Policy is included at Appendix A to this report. Subject to consultation and agreement by the Executive, it is anticipated that this would supersede the Optimising Social Housing: Applications and Allocations Policy (2020).

#### GENERAL CHANGES

5. Some general changes are proposed as part of the draft Allocations Policy.
6. More information has been included to explain the process of application (paragraph 23 of Appendix A), prioritisation of applicants on the housing register (paragraphs 35 and 36 of Appendix and Appendix B) and the allocation of properties (paragraph 40 of Appendix A).
7. There is also clarification on qualification criteria to join the housing register, which now

explains more about local connections through work and the need to give or receive essential care and support.

8. Information has been provided confirming that Registered Provider policies may differ from our own, especially with regard to sharing of bedrooms. Registered Providers allocate a separate bedroom for any child aged 16 years or more, whereas the Council policy allows for same sex siblings to share a bedroom until the age of 20 years of age.
9. General information is included to explain the types of Council owned sheltered accommodation schemes available in the borough and the level of care provided/not provided within these schemes. Sheltered schemes are available for applicants aged 55 or more and offer a variety of different levels of assistance. However, there are no extra care schemes within the borough. The Council is able to refer applicants needing extra care to Gosport Borough Council where there is a suitable scheme.
10. The requirement for an annual review of applicants has also been reinstated. Applicants who do not respond can be removed from the housing register. Paragraph 31 of the draft policy provides detail on the number and type of contacts made with applicants and the process involved. This was included in an earlier allocation policy published in 2013 and is considered a useful tool to understand the changes in housing need, so has been brought back.

## **SPECIFIC CHANGES**

11. In addition to general changes, more specific changes are proposed as part of the draft Allocations Policy.
12. The policy now confirms that applicants who do not meet any of the priority categories do not qualify to join the list. It also confirms that all management moves will need to go through the Housing Options assessment process. A management move involves transferring an existing social housing tenant from one property to another because of an identified need. Examples include the property becoming unsuitable following a reduction in mobility or tenants being significantly affected by anti-social behaviour or harassment. A report will be required from the social housing landlord to support the need for a move. More details can be found in paragraph 32 of the draft policy at Appendix A, and in Appendix B, High band, category 3.
13. Some home-owners under the age of 55 are now able to join the housing register, for example, people who are in significant and unsustainable negative equity or for whom it is not safe to remain in their homes. People in privately rented accommodation that is of adequate size and is affordable will not be able to join the housing register unless they have dependent children and are living in accommodation where they share facilities such as bathrooms or kitchens.
14. The priority banding has been reviewed to provide more clarity, additional criteria and to give a higher priority to some categories of applicants, such as homeless people for whom we have accepted a main duty. This will help to move them on faster from B&B and temporary accommodation into more settled accommodation and reduce the high cost of emergency accommodation.
15. In order to ensure high demand properties are recycled more frequently, a higher priority has been given to those needing to downsize by two or more bedrooms and also to customers who have a property with structural adaptations which are no longer needed. To assist with the above, it is intended that flexible tenancies will be issued for



all applicants who are allocated a Council owned property with 4 or more bedrooms or with structural adaptations. The tenancies are likely to be issued for five years and reviewed in the six month period prior to expiry in order to determine whether the property size and type is still required for the occupying household. A standard process will be followed to ensure that a household needing a smaller property or one without adaptations can be moved to alternative suitable accommodation as quickly as possible, while taking account of the sensitivity needed around changes in family circumstances. Tenants who move through this process will not lose any security of tenure.

16. There are currently no confirmed local lettings plans, but the policy allows for these to be created in the future, as needed (paragraph 46). These would enable the Council to allocate particular accommodation to people of a particular description, whether or not they fall within the reasonable preference categories. The intention is to create mixed and balanced communities in new development areas. For example, the development to the East of Newgate Lane has to submit a Community Letting Plan to ensure the vacancies are sensitively filled.

### **HOUSING SCRUTINY PANEL**

17. The draft Allocations Policy will be discussed at Housing Scrutiny Panel on 30<sup>th</sup> November 2023. Due to the short amount of time between the two meetings, verbal updates on the Panel feedback will be provided to the Executive meeting as required.

### **CONSULTATION**

18. The Housing Act 1996, section 166A(13) requires local authorities to consult on a draft allocation scheme or proposed alterations to an existing scheme which reflect a change in policy. Every Registered Provider with which the authority has nomination arrangements must be consulted, along with any other parties who may be affected by the changes.
19. Subject to Executive approval, it is expected that the draft policy will go out for consultation in January 2024 for a period of six weeks. Consultees will include Registered Providers, Hampshire County Council Adult Services and Children's Services, NHS Hampshire, Probation Service, partner agencies, other appropriate referral agencies, people on the housing register and members of the public. The consultation documents will be sent out to organisations as listed above and will also be available in the Civic Offices and on the Council website.

### **RESOURCE IMPLICATIONS**

20. If all proposed changes are brought in, a review of the housing register will be required in order to ensure that all existing applicants are within the correct priority band. It is anticipated that a considerable number of applicants will need to have their priority increased, for example, many of the homeless applicants. With around 600 applicants on the housing register at present and a number in the process, this will take a significant amount of time and Officers will be considering the most appropriate way to resource this work, whilst minimising disruption to the process of allocating homes. There is no proposal to increase staffing resources to manage this work.

### **IMPACT OF THE CHANGES**

21. A random 20% sample of the current housing register has been reviewed to determine how many applicants may change priority banding if the proposed changes are brought in. Within the sample, 40% of applications would remain in the same priority band, 24% would have an increased priority and 2.5% would have a decreased priority. The remaining 33.5% would no longer qualify to join the housing register. This last figure relates mainly to applicants living in privately rented accommodation which is of adequate size for their household, is affordable and does not require families with children to share facilities with other households. These households who can manage in the private rented sector are considered not to have a need for social housing.
22. An Equality Impact Assessment (EIA) of the policy has been undertaken and is included as Appendix C to the report. This will be updated as the consultation progresses. No detrimental impacts have been identified as a result of the proposed changes to date.

### **ENVIRONMENTAL CONSIDERATIONS/CARBON IMPACT ASSESSMENT**

23. The subject matter of this report is not anticipated to have an impact on the Council's carbon footprint, nor is it expected to have a detrimental or beneficial impact to the wider environment.

#### **Enquiries:**

For further information on this report please contact Andrea Howells, 01329 824370

# Allocations Policy

Review 2023

## Contents

1	Introduction	3
2	Strategic fit	3
3	Policy statement	3
4	Legal framework	3
5	Tenancy types	4
6	Definition of an allocation	4
7	Properties not allocated under this policy	4
8	Allocations not made under this policy	5
9	Who must comply	5
10	The Housing Register	5
11	Who can join	5
12	Eligibility	6
13	Qualification criteria	6
14	Exclusions	8
15	Income	9
16	Savings and assets	9
17	Reasonable preference	9
18	Additional preference	9
19	Positive contribution	10
20	Other forms of positive contribution	10
21	Positive contribution and disability	10
22	Positive contribution exceptions	11
23	How to apply	10
24	Joint applicants	12
25	Applicants no longer wishing to apply jointly	12
26	Pregnant applicants	12
27	Change of circumstances	12
28	Who to include on the application	12
29	Foster carers and prospective adopters	13
30	Right to review	13
31	Retention on the list	14
32	Allocations to existing tenants	14
33	Applications from people who are homeless	14
34	Choice and preference	15
35	How applicants are prioritised	15
36	Band dates	16
37	Deliberately worsening housing situation	16
38	Medical and welfare priority	16
39	How the application is processed	17
40	Assigning accommodation	18
41	Size of property	19
42	Accessibility and suitability	19
43	Rents	19
44	Verification	20
45	Offer	20

46	Local letting plans	21
47	Refusals	21
48	Equality and diversity	21
49	False or misleading claims	21
50	EU General Data Protection Regulation (GDPR)	22
51	Decision making process	22
52	The involvement of elected members in nomination decisions	22
53	Applications from relatives of Council employees and Members	23
54	Amendments	23

Appendix 1 – Priority banding criteria

Appendix 2 – List of registered providers

## 1. **Introduction**

- 1.1. This document, agreed by the Executive XXXX on DATE sets out the allocation scheme run by Fareham Borough Council in partnership with housing associations (also known as Registered Providers) operating in the Fareham borough. A list of housing associations that are part of the scheme can be found at Appendix 2
- 1.2 The policy explains who is eligible to be included in the scheme and which groups of people will not qualify to be included.
- 1.3 The policy also explains the priority band which an applicant will be placed in based on their housing need, once assessed.
- 1.4 A copy of this document can be found at [www.fareham.gov.uk/xxxx](http://www.fareham.gov.uk/xxxx) and can also be requested from the Fareham Borough Council Civic Offices, Civic Way, Fareham, PO16 7AZ

## 2 **Strategic fit**

This allocation policy is fully aligned with the aims and objectives of the Council's other strategies and policies:

[www.fareham.gov.uk/about\\_the\\_council/strategies/keystrategies.aspx](http://www.fareham.gov.uk/about_the_council/strategies/keystrategies.aspx)

## 3 **Policy statement**

- 3.1 This policy aims to:
  - Comply with the Council's statutory duties in Part 6 of the Housing Act 1996, as amended
  - Make efficient and best use of the available social and affordable housing stock in the area
  - Be clear, transparent and balanced in applying the policy
  - Assess applications according to the applicant's needs, ensuring priority is awarded in accordance with the policy
  - Respond to the housing needs of local people
  - Ensure that vacant Council and housing association homes are let as soon as possible
  - Reduce the use of emergency and temporary accommodation for homeless applicants
  - Provide a high quality service for customers in need of advice and assistance

## 4 **Legal framework**

- 4.1 The Fareham allocation scheme has regard to the Allocation of accommodation: guidance for local housing authorities in England 2012 (as amended) and complies with the requirements of Parts 6 and 7 of the Housing Act 1996, as amended, and has regard to the following:
  - Allocation of accommodation: guidance for local authorities in England 2012 (as amended)
  - Allocation of Housing and Homelessness (Eligibility) (England) regulations 2006, SI 2006/1294 as amended
  - The Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations 2012

- The Housing Act 1996 (Additional Preference for Armed Forces) (England) Regulations 2012, SI 2012/2989
- Immigration (European Economic Area) Regulations 2006, SI 2006/1003 as amended
- Allocation of housing (Qualification Criteria for Right to Move) (England) (Regs 2015/967
- The Localism Act 2011
- Housing and Planning Act 2016
- Homelessness Reduction Act 2017
- Providing social housing for local people: December 2013 statutory guidance on social allocations for local authorities in England
- Equality Act 2010
- Human Rights Act 1998

## 5. **Tenancy types**

- 5.1 The type of tenancy offered will vary. Each Registered Provider will have a tenancy policy which sets out their approach, which complies with the Council's Tenancy Strategy. Applicants will be informed which tenancy type is being offered at the point of an offer of accommodation being made. Flexible tenancies will be issued and reviewed for Council owned high demand properties to ensure that best use is made of the available housing stock. This refers to properties of 4 or more bedrooms and properties with structural adaptations which are no longer required for the current household make up.

## 6. **Definition of an allocation**

- 6.1 The Council allocates accommodation when it:
- Selects a person to be a secure or introductory tenant of accommodation held by the Council. This includes converting temporary accommodation tenancies into introductory tenancies at the point where they would ordinarily come up for a permanent offer of accommodation. It also includes converting successful sublet tenancies to introductory tenancies and converting successful Housing First tenancies to introductory tenancies.
  - Nominates a person to be a secure or introductory tenant of accommodation held by another authority
  - Nominates a person to be an assured tenant of accommodation held by a Registered Provider
- 6.2 The properties allocated in this policy include:
- General needs housing, such as houses and flats
  - Retirement living accommodation, also known as sheltered housing - properties for older people who need support in line with the accommodation they are applying for
  - Specially adapted properties for people with disabilities

## 7. **Properties not allocated under this policy**

- 7.1 The Council will use selected units as temporary accommodation to fulfil statutory duties owed to homeless households and when necessary to prevent homelessness from occurring. In these circumstances the right to occupy will be offered as a non-

secure tenancy and will not constitute an allocation of accommodation under this policy or under section 159 of the Housing Act 1996.

7.2 Transfers at the request of an existing social housing tenant, who does not have reasonable preference do not fall under this policy. See paragraph 17 for information on reasonable preference.

7.3 Where a managed move is necessary and meets the criteria set out in Appendix 1 (High band), or where a new or existing housing scheme or development is subject to a Local Lettings Plan the Council and local Registered Providers may nominate to housing accommodation outside of the terms of this policy.

## 8. **Allocations not made under this policy**

8.1 The following are not considered as allocations under this policy:

- An offer made under exceptional circumstances to someone not meeting reasonable preference criteria
- Individual circumstances which may include those defined under other legislation
- A succession to tenancy under The Housing Act 1985, section 86a
- A tenancy granted through mutual exchange (HomeSwapper.co.uk)
- An Introductory Tenancy becoming a Flexible or Secure Tenancy
- Temporary decants – where the Council initiates moves to alternative accommodation to allow for major repair works

## 9 **Who must comply**

9.1 The Council and all staff employed by the Council must comply with this policy when processing applications for all social and affordable accommodation that becomes available.

## 10 **The Housing Register**

10.1 The housing register is a record of all households which have registered with the Council to be considered for vacancies that arise in all of the social or affordable rented housing in the borough. The Council maintains the housing register on behalf of the whole scheme.

## 11 **Who can join**

11.1 The Council will consider all applicants over the age of 16 who meet the eligibility criteria and are a qualifying person. Any applicant who is homeless or is threatened with homelessness should contact the Council at the earliest opportunity to discuss their housing options.

11.2 The law restricts the granting of a tenancy to people who are at least 18 years old. Therefore, if an applicant is aged between 16 and 18 years, one of the following will be required:

- a guarantor over the age of 18 will need to hold the tenancy in trust until the applicant reaches 18 years of age, or
- a licence to occupy premises will be given to applicants under 18 and a secure tenancy can then be granted when the person turns 18.



## 12 Eligibility

- 12.1 Eligibility for inclusion on the housing register and allocation of accommodation is set out in the Housing Act 1996, s.160ZA and as amended in the Localism Act 2011.
- 12.2 Ineligible applicants (those that are not able to join the housing register) comprise of:
- A person subject to immigration control within the meaning of the Asylum and Immigration Act (1996) unless they are in a class prescribed in regulations by the Secretary of State.
  - Other persons from abroad who are in a class prescribed by the Secretary of State as being ineligible for assistance. The Regulations setting out which classes of persons from abroad are eligible or ineligible for an allocation are the Allocation of Housing and Homelessness (Eligibility) (England) Regulations 2006 (SI 2006/1294)
- 12.3 In cases where a joint application is made and one of the applicants is a person from abroad who is ineligible, a joint tenancy will not be granted. However, a single tenancy may be granted to the person who is eligible. While ineligible family members will not be granted a tenancy, they may be considered when determining the size of accommodation required.

## 13 Qualification criteria

- 13.1 The following groups of people qualify to join the housing register under the Housing Act (1996) (s.160ZA) (7):
- A person for whom the Council has accepted a duty under the Housing Act (1996) s.189B, s.193 or s.195
  - Those who are currently serving in the Armed Forces or who were serving in the Armed Forces within 5 years of their application for an allocation of housing. Defined in the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations 2012 (p.3)
  - Bereaved spouses or civil partners of those serving in the Armed Forces where:
    - the bereaved spouse of civil partner has recently ceased, or will cease to be entitled, to reside in Ministry of Defence accommodation following the death of their service spouse or civil partner, and;
    - the death was wholly or partly attributable to their service
  - Existing or former members of the reserve forces who are suffering from a serious injury, illness, or disability which is wholly or partly attributable to their service
  - Divorced or separated spouses or civil partners of Armed Forces personnel who are required to move out of accommodation provided by the Ministry of Defence
  - Referrals made through Hampshire County Council Adult Services
  - Those with an established local connection to the Borough of Fareham where one or more of the following applies:
    - They live in the Borough in settled housing arrangements and have done so continuously for at least 2 years immediately prior to their application
    - They are employed in the Borough. Employment must be permanent in nature, for a minimum of 16 hours per week and have lasted for at least 12 months at the point of application. Where an applicant's sole local connection was by virtue of employment and that employment is lost, they will no longer qualify to be on the housing register

- They need to move to the area to be near to a close member of their family to give or receive essential care and support. The family member must live in the Borough and have been resident continuously for 5 years or more. A close family member is defined as being a parent, sibling (includes half siblings and step-siblings), child, or other relative who has previously acted as a guardian. Care and support in this context may be defined as similar to that provided in an Adult Services commissioned care and support package, as described in the Care Act and associated statutory guidance. [www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance](http://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance) This could be practical and/or emotional support and assistance with managing the home and undertaking any duties that the person cannot perform independently, on a regular basis. This definition would not apply if the close family member connection is to a dependent child.
- They can demonstrate a strong local connection to the Borough. Strong local connection is defined as follows: the applicant must have been born in the Borough or born at a Hampshire hospital when their mother was living in the borough. They must also have lived in the Borough for the majority of their lives (a minimum of 70%) and have a close family member residing in the Borough who has been resident continuously for 5 years or more at the point of application. A close family member is defined as being a parent, sibling, or other relative who has previously acted as a guardian.
- They need to move to receive specialist care and support, which can only be accessed within the Borough of Fareham

13.2 Certain groups who are exempt from the local connection criteria and may still apply:

- Young People leaving the care of Hampshire County Council or other care authority whether or not they currently live in Fareham as specified in the Housing Act (1996) (s.199) (8) (b) (Is this only relevant to young people or should others leaving care be included)
- Verified rough sleepers, where there is evidence that they are homeless and have been sleeping in the borough regularly in the last 6 months
- Persons in prison who were continuously living in the borough for 5 years immediately before going into prison
- Those living in a refuge or other form of safe temporary accommodation having escaped domestic abuse, harassment or violence, where the Police, Independent Domestic Violence Advocates (IDVA) or Multi-Agency Risk Assessment Conference (MARAC) supports a move to the Borough for the safety of a permanent member of the household. as specified in the Statutory guidance on social housing allocations for local authorities in England: Improving Access to Social Housing for Victims of Domestic Abuse in Refuges or Other Types of Temporary Accommodation (November 2018)
- Existing social housing tenants who reside in another borough but need to move to the Borough because their main place of work is in the Borough, or to take up an offer of work and failure to do so would cause hardship. This applies only to an employment contract of more than 12 months. (Statutory guidance on social housing allocations for local housing authorities in England: Right to Move)

- Applicants accepted under the main homelessness duty under section 193 of the Housing Act 1996 and who have been placed outside of the borough by the Council
- Applicants needing to move on from supported accommodation in the borough where they are ready to live independently but may not otherwise have an established local connection

13.3 An applicant may not join the housing register if they do not meet any of the priority band factors. However, there may be circumstances that do not meet any of the above criteria but on consideration the applicant is deemed to have a local connection. These will on be determined on a case by case basis. Where this is the case the Head of Housing will consider the application before a decision is made.

## 14 Exclusions

14.1 Under the qualifying criteria guidelines as set out in the Housing Act 1996, s160ZA, applicants will not be able to join the housing register if they are categorised below:

- Permanent Council or Housing Association Tenants that are assessed as being adequately housed
- Applicants who have assets, savings or income over the prescribed threshold, as set out in paragraphs 15 and 16
- Have no established local connection unless paragraph 13 applies
- Applicants who own their own home in the UK or abroad if that home is affordable to them, they are not in negative equity, it meets their needs in terms of their health and/or disability and it is safe for them to remain. Home may be defined as a house, flat, bungalow, static caravan or houseboat.
- Applicants not currently residing in the UK. Once living in the UK they can be included on the housing register if they meet the qualifying criteria.
- Applicants living in privately rented accommodation who are adequately housed and for whom the accommodation is affordable and suitable for their needs, unless they have a dependent child/children and share facilities with other households.

14.2 Applicants may also be excluded from joining the housing register if it is established that:

- False statements have been made or information has been withheld at any stage of the application
- They have debts with the Council or a Registered Provider where it is evident that they are not making arrangements to repay these arrears
- They, or a member of their household are assessed as being unsuitable to sustain a tenancy or otherwise unsuitable to be considered as a prospective tenant, this may be due to (but not limited to):
  - Serious anti-social behaviour , nuisance or annoyance to neighbours
  - Illegal or immoral use of the property
  - Serious deterioration of property owned by the Council or Registered Provider resulting from the actions of the applicant, a member of their household or a visitor
  - The applicant or a member of their current or proposed household obtaining a tenancy fraudulently

- If it is evident that the applicant owes a high level of arrears to a social or private landlord and a payment plan has not been adhered to

14.3 Ineligible applicants or those excluded from the housing register will be notified in writing and have the right to a review as set out in paragraph 30.

## 15 **Income**

15.1 Applicants who are considered to have sufficient financial resources to source suitable accommodation through renting privately, shared ownership or owner-occupation will not qualify. This includes income in the UK or from abroad. Officers will guide applicants on best meeting their housing needs in the initial stages of application. This qualification criterion does not apply to existing social housing tenants.

## 16 **Savings and assets**

16.1 Applicants with savings, capital or assets in excess of £16,000, who own or part own accommodation, or who have a legal interest in home ownership (for example through marriage or civil partnership in accommodation owned by their spouse or civil partner) do not qualify to join the Housing Register and will normally be considered to be able to meet their housing need through other avenues. This includes savings, assets and home ownership in the UK and abroad.

16.2 Current or former members of the Armed Forces, who have left service within 5 years, with savings in excess of £16,000 may still qualify where a lump sum has been paid as compensation.

## 17 **Reasonable preference**

17.1 In establishing priorities for housing, the Council must give reasonable preference to the following groups of people:

- People who are homeless as defined by Part 7 of the Housing Act (1996), including those who are intentionally homeless and those not in priority need.
- People who are owed a duty under the Housing Act (1996), sections 190(2), 193(2) or 195(2) (or under section 65(2) or 68(2) of the Housing Act 1985) or who are occupying accommodation secured by any housing authority under s193(3)
- People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory conditions
- People who need to move to a particular locality in the district of the authority where failure to meet that need would cause hardship to themselves or others
- People who need to move on medical or welfare grounds

Further details can be found in Appendix 1.

## 18 **Additional preference**

18.1 Additional preference must be given to members of the Armed and Reserve Forces who have fall within the reasonable preference categories and who have urgent housing needs, as specified in section 166A(3) of the Housing Act 1996.

18.2 Under the same legislation the Council is able to give additional preference to further applicants who fall within the reasonable preference categories and have urgent housing needs. This may include applicants who need to move urgently due to a

sudden disability, where severe overcrowding poses a health hazard, or where homeless applicants require urgent re-housing as a result of violence or threats of violence.

18.3 The legislation also permits the Council to award priority to other groups of applicants in order to meet local priorities. The following groups will receive some priority when applying even if they are not in one of the reasonable preference categories:

- Existing Council or Registered Provider tenants who wish to downsize. Incentive payments may be payable to Council tenants in some circumstances and will be offered in line with the associated Transfer Incentive Scheme. Registered Providers do not generally offer incentive payments for downsizing but it is recommended that tenants contact their landlord to confirm this if they wish to downsize.
- Households occupying temporary accommodation provided by Fareham Borough Council
- Existing tenants who have property adaptations and no longer require them
- Applicants making a positive contribution – see below.

## 19 **Positive contribution**

19.1 Local authorities are encouraged to consider how their allocation policies can support those in paid employment or who otherwise make positive contributions to their community in other ways. Due priority will be given as set out in Appendix 1

19.2 For the purpose of this policy employment is defined as where the applicant or their partner has a formal contract of employment, is working as a temporary member of staff, or is self-employed. Applicants will only qualify if they can supply evidence that they have been employed for 9 out of the last 12 months, are in current employment, and are working for a minimum of 16 hours per week.

## 20 **Other forms of positive contribution**

20.1 In addition to paid employment, applicants can be assessed as making a positive contribution where they can demonstrate that they are undertaking voluntary work, are active foster carers, or are full time carers and so unable to undertake paid work.

20.2 Those doing volunteer work will need to have been volunteering for a continuous period of at least 6 months up to the point of application and the same at point of offer. Volunteering must be for a not-for-profit organisation or charity and must be for a minimum of 7 hours per week.

20.3 Carers and foster carers will need to have been providing care for a minimum period of six months up to point of application and the same at point of offer.

20.4 In all instances the onus shall remain on applicants to supply sufficient evidence to support their claim for making a positive contribution.

## 21 **Positive contribution and disability**

21.1 The Council recognises that not all members of the community are able to undertake paid employment or voluntary work. Therefore, anyone who is proven to have a chronic disability, is in receipt of Personal Independence Payment or 'limited capability for work related activity' element of Universal Credit will be awarded this

priority so that they stand an equal chance of securing accommodation as those in paid employment/undertaking voluntary work.

## **22 Positive contribution exceptions**

22.1 There may be instances where someone is serving a 'Community Order' or 'Community Service Order' which requires them to undertake unpaid work. Such circumstances do not constitute either paid employment or volunteering and so are not included in the definitions set out above.

22.2 The criteria for placement within each band can be found in Appendix 1.

## **23 How to apply**

23.1 Wherever possible the Council aims to prevent homelessness from occurring. Therefore, the Council operates a drop-in service at the Civic Offices where customers can easily access the assistance they need. When applicants approach the Council, the Housing Options team will offer support and advice so that the applicant can make an informed choice to best meet their housing needs. This can include determining whether they could remain in their current home, how to secure private accommodation, routes to low-cost home ownership and accessing affordable or social rent housing.

23.2 Officers will explore all available options before an applicant is added to the housing register. Care will be taken to ensure that the applicant understands how the application will be treated under the scheme, whether they are likely to have any reasonable preference and how long before accommodation suitable to their needs is likely to become available. Waiting times vary for different property types and areas, and will only be a guide, based on the priority banding, length of time on list, and the number of properties offered within each priority band in the previous 12 months.

23.3 Through face-to-face discussions, applicants who may require additional assistance in accessing information or applying to the housing register will not be disadvantaged as support will be tailored to their requirements. Where required, applicants will also be given the opportunity to discuss their needs through telephone interviews or home visits.

23.4 Applicants are requested to bring any relevant supporting documentation with them to ensure that their case can be accurately assessed and further verification may also be required to confirm eligibility in some cases. Details of the relevant supporting documentation can be found in paragraph 44.2 regarding verification checks. Supporting information must be provided within 30 days of submitting an application to the Council. If applicants fail to do this, the application may be cancelled unless there are reasons for the delay outside of the applicant's control.

23.5 Applications can also be made online by completing the application form on the Council's website at [www.fareham.gov.uk/xxxxx](http://www.fareham.gov.uk/xxxxx) Supporting documents can be uploaded for submission with the form. Customers applying online may be contacted by a member of the Housing Options team to obtain additional information if required during the assessment process.

## 24 **Joint applicants**

24.1 Joint applications should be from adults who have a long term commitment to live together. While this will usually be as partners, other relationships (e.g. siblings) will be considered in line with the Registered Providers' policies. All joint applicants must agree that they are applying together in order to be accepted as joint applicants. Where one of the applicants is ineligible a joint application will not be accepted – see paragraph 12.3

## 25 **Applicants no longer wishing to apply jointly**

25.1 If one/both applicants in a joint application no longer wish to apply jointly and want to be considered on their own, separate applications can be made from the original joint application.

25.2 When a request to split a joint application is received, the circumstances of both parties will be reassessed separately to see if they remain eligible and qualify to join the housing register. If they do, an appropriate priority band will be awarded.

25.3 If the separate applicant is awarded the same or a lower priority band as the joint application, they will retain the same registration and priority band date as in the original application.

25.4 If the separate applicant's circumstances have changed such that they are awarded a higher priority band than the original joint application, the registration date will remain the same but their new priority band start date will commence on the date they are placed in the higher band.

## 26 **Pregnant applicants**

26.1 Applicants who are pregnant will be considered for an allocation which suitable for their family size including the unborn child, after the pregnancy reaches 20 weeks.

## 27 **Change of Circumstances**

27.1 Applicants who have previously been deemed not to qualify may make a fresh application to join the housing register if their circumstances have changed. The applicant will be required to provide the relevant supporting documentation for their application.

27.2 When the Council is made aware of a change in circumstances further investigation may be required to ensure that the applicant is still eligible. Written confirmation of the outcome will be sent to the applicant.

27.3 A change in circumstances can include, but is not limited to:

- A change of address
- Any additions to or departures from the household
- Any change in income, savings or assets
- A change in medical conditions
- Expiry of a specified exclusion period

## 28 **Who to include on the application**

28.1 Applications can include any member of the immediate family who would normally reside with them or would have an extenuating need to reside with them. This also

includes those in the immediate family, who would normally live with the applicant should circumstances allow. Immediate family includes the applicant's spouse, civil partner or partner; anyone who lives with the applicant as their partner or would if circumstances allowed, and any dependent children living with them.

- 28.2 The Council will not include family members on the housing register who do not reside in the UK at the time the application is submitted. Inclusion will only be considered once the family have been reunited and evidence of UK residence can be provided.
- 28.3 In cases where parents share the residency of children, the Council will classify them as living with the person who provides their main home, i.e. over 50% of the time.
- 28.4 People who are not immediate family but have an exceptional need to live with the applicant may be considered in the application and may consist of the following people:
- A dependant aged 16 or over who has lived with the applicant for over 6 months and is unable to live independently due to a disability or care requirement
  - A carer for any member of the household who may need to stay overnight

## 29 **Foster carers and prospective adopters**

- 29.1 Consideration will be given to applicants who may require an additional bedroom to accommodate a foster or adopted child, where they have been confirmed as approved for fostering/adoption by Childrens Services. Proof of this will be required.
- 29.2 To avoid over occupation, an agreement will need to have been reached with Childrens Services and a Housing Manager prior to any placement.

## 30 **Right to review**

- 30.1 Applicants will be notified in writing of any decisions made in relation to their application.
- 30.2 Applicants have the right to request a review of any aspect of their housing application assessment made by the Council, under Part 6 of the Housing Act 1996. The following types of decision are subject to the right of review:
- To exclude them from joining the housing register on the grounds that they are ineligible
  - To exclude them from joining the housing register on the grounds that they do not qualify
  - To remove them from the housing register
  - Facts which are likely to be or have been taken into account in considering whether to allocate housing
  - Non award of reasonable preference, to which they would otherwise have been entitled, on the grounds of unreasonable behaviour
  - Determination of an applicant's entitlement to reasonable preference
  - Type of property for which they can be considered
  - The extent of the applicant's household to be considered for housing with them.
  - Priority awarded in relation to medical conditions or welfare needs



- Determination of whether the applicant should receive additional preference on the grounds of urgent housing needs or otherwise.
- 30.3 Review requests must be made within 21 days of the decision in writing, including electronically. The Council will consider an extension of the 21 days in exceptional circumstances and applicants should contact the Council for further advice.
- 30.4 The review will be carried out by an Officer who is both senior to the original decision maker and who has not been involved in making that decision. The reviewing officer will consider the assessment of the application as a whole and ensure that the circumstances of the applicant at the time of the review, not just at the time of the original decision, are taken into account.
- 30.5 Review decisions will be made in writing to the applicant within 8 weeks of the request being received, unless otherwise agreed with the applicant.
- 31 Retention on the list**
- 31.1 The Council will contact all applicants annually to review their applications and to confirm if their circumstances have changed. This will normally be carried out around the anniversary of joining the housing register and by using the applicant's preferred method of communication.
- 31.2 Reassessment for eligibility, qualification and priority will be undertaken at the time of the review. Should a change of circumstance be indicated, the Council may request further information or supporting documentation from the applicant. The applicant will be contacted, in writing, with the outcome of the review decision.
- 31.3 Should applicants not respond within 14 days, a reminder will be sent out and attempts will also be made to get in touch by other means. If there is no response after 28 days the Council will assume assistance is no longer required and the application will be removed from the housing register. Written confirmation of this will be sent to the applicant at the address provided on their application. It is the applicants' responsibility to advise the Council of any change of address or contact details.
- 32 Allocations to existing tenants**
- 32.1 Allocations may be made to tenants who have made a request for a transfer or who wish to downsize and who satisfy the reasonable preference criteria.
- 32.2 Existing tenants who do not qualify under the reasonable preference criteria will be guided to HomeSwapper, a mutual social housing exchange website. This provides tenants with greater opportunities to move and promotes social and economic mobility.
- 32.3 Additional priority will be given to tenants requesting a transfer where their current accommodation is accessible for people with limited mobility or is specially adapted and these elements are no longer required.
- 33 Applications from people who are homeless**
- 33.1 The Homelessness Reduction Act (2017) places a duty on local authorities to intervene at earlier stages to prevent homelessness. There is also a requirement to

provide advice and services to all of those affected, not just those who have a priority need under the Housing Act 1996.

- 33.2 The enhanced prevention duty, means that the Council is required to work with people to prevent homelessness at an earlier stage and to help those households already homeless for 56 days to secure accommodation.
- 33.3 If homelessness is not prevented or relieved, a main housing duty is owed to those who are eligible, have a priority need, and are not homeless intentionally. Where a main duty is owed, the Council will discharge its duty through one of the following:
- An offer of a private sector tenancy
  - An offer of a tenancy via the allocation scheme
  - An offer of temporary accommodation until a settled home is available
- 33.4 People accepted as homeless and placed into temporary accommodation by the Council will not be able to exercise the same level of choice as other applicants in all instances, although all social housing allocations will be to suitable properties. This is because the Council has a limited time to act and must ensure that the small amount of temporary accommodation available in the Borough is managed effectively to be able to meet future housing need.

#### **34 Choice and preference**

- 34.1 The Council operates a considered approach to allocating accommodation through understanding applicants' preferences in order to help with the following:
- Ensure no-one in greatest need slips through the net
  - Improve customer satisfaction Focus on need/suitability
  - Reduce anti-social issues and neighbour disputes
- 34.2 At the application stage, applicants have the right to express choice and reasonable preference as to accommodation type and location. Officers will work with applicants to ensure that they understand what type of accommodation they may be offered, and where possible the approximate waiting times.
- 34.3 Due to the shortage of certain types of accommodation it may not always be possible to offer a home of a particular type or location, but the Council will consider all requests and work with customers to help them achieve the right housing outcome.

#### **35 How applicants are prioritised**

- 35.1 The Council uses a banding system to group together applicants and place them according to priority need. Each band takes into account the statutory reasonable preference categories and the Council's local priorities. The bands are as follows:
- Urgent – where it is an urgent situation and no other option is available
  - High – where a high priority housing need has been identified, such as those leaving the care of Hampshire County Council
  - Medium – where a moderate priority housing need has been identified, such as applicants lacking 1 bedroom
  - Low – where a housing need has been identified but no higher priority applies, such as those who qualify as 'right-to-move' applicants

35.2 Full definitions are set out in each band in Appendix 1.

### 36 **Band dates**

36.1 Once allocated to an appropriate priority band, applicants will be ordered within the band by the band date, earliest first, so priority is given to applicants who have been in the priority band the longest.

36.2 The band date is worked out through a combination of the application registration date, plus any additional time which may be awarded due to circumstances (see Appendix 1). The effect of awarding additional time is to place the applicant higher up in the list of applicants within their designated band, thereby accelerating their application.

36.3 Applicants with reasonable preference (see paragraph 17) are considered along with all other applicants in their respective band. The exception to this is those applicants who only qualify to join the housing register because they meet a reasonable preference criterion. These applicants will be prioritised after those who meet all of the criteria for registration.

### 37 **Deliberately worsening housing situation**

37.1 An applicant will be given reduced priority if the Council is satisfied they deliberately did or failed to do, something which, in consequence, led to a worsening of their housing circumstances. If qualifying criteria are met, the applicant will be placed into the Low priority band and the situation will be reviewed upon a material change in circumstances within the household.

37.2 Examples include, but are not limited to, the following:

- A household moving from an affordable property where, according to the bedroom standard they are appropriately housed to a property where they are overcrowded.
- A household giving up an affordable and suitable private rented tenancy which they are able to maintain, to move in with relatives or friends, creating a situation of overcrowding.
- A household requesting or colluding with a landlord or family member to issue them with a Notice to Quit
- An applicant who has given up settled accommodation that is reasonable to occupy in order to move to less settled or overcrowded accommodation
- An applicant who deliberately overcrowds their property by allowing friends or relatives to move in who have never lived together previously and/or who have not lived together for a long time, then requests rehousing to larger accommodation
- An applicant who refused a final offer of accommodation made in order to discharge a homelessness duty, and who has subsequently reapplied to join the housing register.

### 38 **Medical and welfare priority**

38.1 Medical and Welfare priorities will be determined by a Housing Options Officer and agreed by a Senior Housing Options Officer upon sufficient evidence submitted by the applicant. Evidence may include relevant information supplied by an applicant's GP, Consultant, Occupational Health, Social Worker, SEND worker, other Health Professional or Support Worker and should specify how/why the current

accommodation is not suitable for their needs, and how the accommodation has a negative impact on the applicant's health or condition, and confirm there is a prognosis that the situation will not improve if they remain in their current home, and confirm that the applicant's health or condition will be demonstrably improved/alleviated by a move to alternative accommodation.

- 38.2 There can only be one medical and welfare priority awarded for each household. The banding will be determined by the highest medical or welfare factor awarded to a member of the household.
- 38.3 The Allocations Officer will check that the factor still applies during the verification process and before making a nomination. Applicants will be informed in writing of the outcome of their medical and welfare assessment. It will include brief reasons explaining why that decision was made.
- 38.4 If the applicant disagrees with the assessment there is a right to review as set out in paragraph 30.

### 39 **How the application is processed**

- 39.1 On receipt of the application information and associated supporting documents a Housing Options Officer will assess the information provided against the criteria set out in the Allocations Policy and will determine an appropriate priority band and application registration date. Home visits to applicants may be carried out in some cases in order to confirm household circumstances. If it meets the eligibility and qualification criteria the application will be placed on the Council's housing register.
- 39.2 When looking to nominate to vacant social housing properties, the Allocations Officer will use the housing register to identify those applicants whose needs best match the vacant property and generate a shortlist. The matched applicants will then be considered by priority band, with those in the Urgent band being reviewed first. Within the Urgent band, applications will be prioritised based on the application registration date and then band date, with those who have been on the housing register and in the priority band the longest being considered before others.
- 39.3 The needs and preferences of the applicants will be taken into consideration and therefore the highest placed applicant may not be offered the vacant property. For example, if a particular location has not been selected or if the property does not meet or cannot be adapted to meet an applicant's needs, then the next applicant in line can be considered.
- 39.4 If a Registered Provider letting policy for a property excludes a certain household type, such as one with children under 10 years of age, then that household would also not be considered.
- 39.5 If a match cannot be found within the Urgent band then applicants in the High band will be considered in the same way, and so on.
- 39.6 Where two or more applicants are in the same priority band with the same length of time on the housing register, the Allocations Officer will first consider applicants who meet multiple priority criteria in the same band. Applicants making a positive contribution will be considered next.

## 40 **Assigning accommodation**

- 40.1 Council and Registered Provider accommodation will be allocated through a 'direct match' offer based on applicant preference. The accommodation will be allocated to the most suitable applicant in the Urgent band, moving on to the High, Medium and then Low bands until a placement is made. Applicants with higher medical needs, are working or otherwise making a positive contribution will be prioritised where no other reasonable preference qualification applies. Where there are two or more suitable applicants, those who were added to the housing register first will be considered first.
- 40.2 Applicants who are already on the housing register and are moving between bands due to a change of circumstances, will enter the new band upon the date that their changes are notified to the Council. Applicants who improve their housing situation and consequently move to a lower band will retain their original application date.
- 40.3 Due regard will also be paid to policies set out by Registered Providers that may not align with the overcrowding measure set out in paragraph 41.2. Where this is the case, applicants will be advised whether the spare room subsidy applies, and any affordability issues will be discussed.
- 40.4 The Council will make every effort to match any preferences expressed by the applicant on accommodation type and location, where availability allows. The suitability of the property and the following characteristics will be considered:
- The area in which the accommodation is situated
  - Whether the accommodation is a house, maisonette or flat
  - The size of the accommodation, including two or more living/dining rooms
  - The floor level
  - If there is lift access available
  - Whether pets are allowed
  - Whether any adaptations exist or necessary changes can be made
  - The weekly rent and any service charges
- 40.5 Applicants who are matched to and subsequently offered a Council owned property with 4 or more bedrooms or with structural adaptations will be issued with a 5 year flexible tenancy. Regular monitoring will be undertaken to record the ongoing housing need.
- 40.6 Sheltered accommodation may be used in certain circumstances to accommodate an applicant who would not normally be considered due to their age (under 55 years). Any allocation of this type will be approved by a Housing Manager.
- 40.7 There are two types of sheltered accommodation scheme within the borough; mobile sheltered and on-site sheltered. Mobile sheltered schemes have a non-resident visiting sheltered housing officer. Residents can choose the level of service they require to enable more independent living. On-site sheltered schemes have a sheltered housing officer on the premises who visits 5 days a week.
- 40.8 There are currently no extra care accommodation schemes in the borough. If an extra care scheme is provided in the borough, applicants who meet the additional

criteria for such a scheme will be permitted to join the housing register for that scheme only.

#### **41 Size of property**

- 41.1 The Council will measure overcrowding levels for the purpose of awarding reasonable preference. The Secretary of State takes the view that the bedroom standard is an appropriate measure overcrowding for determining accommodation size and preventing overcrowding.
- 41.2 The bedroom standard allocates a separate bedroom to the following groups of persons:
- A married or cohabiting couple, or a couple in a Civil Partnership
  - A person aged 21 or more
  - Two persons of the same sex aged between 0 and 20
  - Two persons aged less than 10 years (regardless of sex)
  - Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling as set out above
- 41.3 For the purposes of this Policy the Council recognises that persons considered for sharing a room must be family members, half-family members, or step-family members. Therefore, two young adults who are not in the same family and are not in a relationship should be considered as requiring their own bedroom. Fostered and adopted children will always be allocated their own room regardless of their age and sex.
- 41.4 For the purpose of this measure; a living room, bathrooms, and kitchens shall not be classed as usable bedroom spaces. However, additional rooms such as separate dining rooms may be assessed as being usable as a bedroom space.
- 41.5 Where an offer of a property which is larger than the standard required size is being considered due to a proven medical or welfare need, the ongoing affordability of the rent will be taken into consideration to minimise the risk of financial hardship.
- 41.6 In cases where applicants do not agree with the Council's overcrowding measurement, upon request a further assessment can be made in line with the statutory regulations as set out in s68 of Part 10 of the Housing Act 1985 and in conjunction with the Council's Environmental Health Department.

#### **42 Accessibility and suitability**

- 42.1 Applicants with disabilities which mean they need ground floor accommodation, or applicants who use a wheelchair or who specific adaptations, will be given priority to ground floor accommodation, level access accommodation, level-access properties with a lift, or properties which have already been adapted.

#### **43 Rents**

- 43.1 Rents for the same size or type of home may differ between landlords. The Council will consider whether the costs of the accommodation can be met by the applicant. Income and eligibility for appropriate welfare benefits will be taken into account but it will remain the applicant's responsibility to ensure they can continue to meet the rental charge.

43.2 Registered providers will conduct their own affordability assessments for applicants who are nominated to their properties.

43.3 Anyone needing help or advice on rent affordability and other debts that may affect their tenancy should speak to a Housing Options Officer to be signposted to appropriate support.

#### 44 **Verification**

44.1 Before an offer is made a further assessment will be undertaken to ensure the applicant is still eligible and qualifies. This will be made in all cases where a considerable period has elapsed between application and offer, where Officers are aware of a change or believe there to be a change of circumstances.

44.2 The information required shall include:

- Proof of identity
- Proof of address
- Proof of residency of any dependent children (e.g. child benefit, correspondence with child's school or GP)
- Proof of income and savings (e.g. wage slips, DWP documentation)
- Evidence of local connection (e.g. household bills)
- Evidence to verify housing need (e.g. home visit, proof of tenancy)
- Evidence of positive contribution (where required)

44.3 Requests for further information should be fulfilled within 3 working days to ensure that available accommodation can be allocated correctly and efficiently. Applicants are encouraged to contact the Council if they are unable to supply this information as they may not be allocated accommodation if the documents are not received.

#### 45 **Offer**

45.1 Applicants matched to a suitable property owned by the Council will be contacted by the Allocations Officer to advise of the offer. Unless adaptations or specialist works are required before occupation the applicant will not normally be invited to view the property before the tenancy sign up date. An approximate timescale for the property to be ready for occupation will be provided by the Allocations Officer. An appointment will be arranged by the local Neighbourhood Officer to sign the tenancy agreement once the tenancy start date has been confirmed.

45.2 Applicants matched to a suitable property owned by a Registered Provider will be contacted by the Allocations Officer to advise of the offer and to confirm that the remainder of the process will be dealt with directly by the Registered Provider. They will make arrangements with the tenant to complete relevant paperwork and to sign the tenancy agreement.

45.3 Applicants will be advised when they are nominated to a property of the type of tenancy being offered.

45.4 Applicants who are homeless will receive a written offer letter from the Council confirming that the homelessness duty under Part 7 of the Housing Act 1996 will end with their acceptance of the offer of social housing.

## 46 **Local letting plans**

46.1 Allocations outside of the agreed rules may be made where local lettings policies have been approved for particular developments, areas or types of housing. This will allow for property allocation to be prioritised for particular groups of people.

## 47 **Refusals**

47.1 Applicants are encouraged to express preferences for location and property type at the application stage. Should an offer be rejected applicants will be required to provide reasons for refusal.

47.2 Applicants who unreasonably refuse an offer of a suitable property may be removed from the housing register. Applicants are able to apply to re-join the housing register, but previous waiting times will not be taken into account and a new assessment of circumstances may need to be completed.

47.3 Homeless applicants owed a duty under Section 193(2) of the Housing Act 1996 who unreasonably refuse a suitable final offer of social housing or a private sector offer, will no longer be owed a homelessness duty and will be removed from the housing register. The right to occupy temporary accommodation will be brought to an end.

## 48 **Equality & diversity**

48.1 The Council is committed to promoting equality of opportunity by delivering housing services to meet the needs of members of the community regardless of age, disability, marriage and civil partner status, pregnancy and maternity, race, religion or belief, sex or sexual orientation, gender reassignment.

## 49 **False or misleading claims**

49.1 It is a criminal offence for anyone making an application, or anyone providing supporting information to:

- Knowingly or recklessly supply false information
- Knowingly withhold information which the Council has reasonably required the applicant to give

49.2 The information requested could include:

- Any information given on an application for social or affordable rent housing
- Any information given in response to review letters or updates for changes to circumstances
- Verification information
- Any information given during the proceedings of a review

49.3 Where it is suspected or alleged that false information has been given or deliberately withheld the application will be suspended whilst an investigation is undertaken. No accommodation offers will be made until the investigation is completed.

49.4 Where the investigation concludes that no false information was provided or deliberately withheld, the applicant will be reinstated from the date of the original application.

49.5 Where the investigation concludes that false information was provided or deliberately withheld, the applicant may be removed from the housing register or deemed ineligible to join.



49.6 The Council may seek possession of a tenancy it has granted as a result of a false statement by the tenant or a person acting at the tenant's instigation. If the tenancy is with another body, for example a Registered Provider, it will advise that organisation accordingly.

49.7 If there is evidence that a criminal offence has been committed the Council may take proceedings that could result in a criminal record, a fine or imprisonment.

## 50 **EU General Data Protection Regulation (GDPR)**

50.1 The housing register and all personal information will be dealt with confidentially and in accordance with EU General Data Protection Regulation (GDPR), the Housing Act (1996) and the Council's Privacy Policy. Any requests to see data held by the Council should be made in accordance with the above.

50.2 The Council will share relevant information, which will include financial information or details of tenancy related support needs with Registered Providers prior to the offer of a tenancy.

## 51 **Decision making process**

51.1 The following table sets out the Officers involved in the decision-making process under delegated powers:

<b>Officer</b>	<b>Delegated Powers</b>
Housing Options Officer	The initial assessment and registration of applications
Senior Housing Options Officer	All of the above plus reviews of all decisions
Housing Manager	All of the above

51.2 The Allocations Officer is responsible for maintenance of the housing register and allocation of social housing through the direct matching process.

51.3 The Head of Housing has discretion to make exceptional allocation decisions outside of the policy, where this is in the best interests of an applicant and no other solution can be found in a reasonable time. Cases will be considered individually and decisions based on the merits of each case.

## 52 **The involvement of elected members in nomination decisions**

52.1 Government regulations restrict the involvement of elected members of the Council in allocation decisions in certain specified circumstances. Normally, under this Policy, allocation decisions are made by Officers of the Council.

52.2 A Councillor is prevented from being part of a decision-making body at the time an allocation decision is made when either the home to be allocated is situated in the Councillor's electoral ward or the person subject to the decision has his or her sole or main residence in the Councillor's electoral ward.

52.3 Councillors may be involved in allocation decisions where the above circumstances do not apply. For example, Councillors are not prevented from seeking or providing

information on behalf of their constituents, or from participating in the decision-making body's deliberations prior to its decision, or participating in policy decisions that affect the generality of a particular ward's housing accommodation

### **53 Applications from relatives of Council employees and Members**

53.1 The Council will ask all housing applicants to declare whether they or any of their relatives work for the Council or are elected members of the Council. In the context of this policy the term "relative" applies to

- anyone living with the applicant as a partner, or as a member of his or her household
- a natural, adoptive or step parent
- a child
- a sister or brother
- a daughter-in-law or son-in-law a grandparent
- an aunt or uncle
- an estranged spouse or partner, regardless of whether they live as part of the applicant's household

53.2 In relevant cases the Council will subject applications to authorisation from a senior officer to ensure that the Allocations Policy criteria have been properly applied.

### **54 Amendments**

54.1 This policy may be amended where changes in legislation, housing need or resources require it. Full consultation with Registered Providers and other relevant parties will be undertaken by:

- Sending a copy of the draft scheme, or proposed alteration, to every Registered Provider with interests within Fareham
- Notify existing applicants of the intended amendments and invite them to comment on proposals
- Make use of social media to raise awareness of proposals and invite comment from members of the public

54.2 Although it is not a statutory requirement, the Council will also consult with the Adult Services and Children Services Teams within Hampshire County Council, NHS Hampshire, relevant voluntary organisations and other appropriate and relevant referral agencies. This will ensure that the Allocations Policy reflects the needs of the Borough.

54.3 The Council will aim to allow 6 weeks as the standard minimum time for written consultation but may determine such other period as it considers appropriate.

54.4 Where circumstances arise which require a minor ongoing change to the Allocations Policy the Director of Housing has delegated authority to do this as long as the change does not fundamentally alter the overall direction or intentions of the policy.

Appendix 1 – Priority banding criteria

Appendix 2 – List of registered providers

## Appendix B

### Appendix 1 - Priority banding criteria

<b>URGENT</b>	
<b>1</b>	<p><b>Severe harassment, domestic abuse or threats of violence (Additional preference)</b></p> <p>Applicants who are experiencing serious harassment, domestic abuse or other threats of violence, where there is a serious risk of harm to a member of the household, if they were to stay in their current accommodation. These will be exceptional cases where tenants must be moved immediately because of serious violence or harassment that has been substantiated and where no other management action can be taken to resolve the situation.</p>
<b>2</b>	<p><b>Critical rehousing cases (Additional preference)</b></p> <p><b>a</b> Those cases where an inability to secure their own accommodation will inevitably lead to fatal harm, and that the risks posed by the applicant's current housing conditions are such that death or critical injury to the applicant and/or a member of their household is imminent, and that the situation can only be resolved by a move to alternative accommodation. Written evidence from a member of the Environmental Health team will be required to confirm the presence of multiple category 1 hazards (excluding overcrowding) and where as a result an emergency prohibition order or prohibition order has or would be made (where their involvement is appropriate)</p> <p><b>b</b> This might include cases where an applicant requires an urgent medical hospital discharge, but the existing accommodation open to them is totally unsuitable or un-adaptable. Applicants who are assessed as having a life-threatening condition that is directly linked to their unsuitable housing will also be considered under this category. Support and verification will be required from a GP or other health professional in conjunction with an occupational therapist (OT)</p>
<b>3</b>	<p><b>Releasing high demand properties and under-occupation (Local priority)</b></p> <p><b>a</b> Existing social housing tenants of the borough who live in houses or bungalows which have 2 or more spare bedrooms according to the bedroom standard. When an applicant requires smaller accommodation, the normal eligibility criteria will not apply and such applicants will only be offered accommodation that exactly meets their bed space requirements.</p> <p><b>b</b> Existing FBC or RP tenants living in the borough who have structural property adaptations and who do not need them. This is because either the person for whom the adaptations were installed no longer needs them or no longer resides at the property. This category will not apply if the adaptations can be easily removed, e.g. a stair lift.</p>
<b>4</b>	<p><b>Property (Reasonable preference)</b></p> <p>Existing Council or Registered Provider tenants living in the borough of Fareham who are required to move in less than 6 months because their home will be affected by demolition, redevelopment or major works and it's not possible for them to remain.</p>

<b>5</b>	<b>Armed services personnel (Additional preference)</b>
<b>a</b>	Members of the Armed and Reserved Forces or Existing or former members of the reserve forces, having left within 5 years, who are suffering from a serious injury, illness, or disability which is wholly or partly attributable to their service who have an imminent threat of homelessness or fall into one of the categories above.
<b>b</b>	Bereaved spouses or civil partners of those serving in the regular forces where the bereaved spouse or civil partner has recently ceased, or will cease to be entitled, to reside in Ministry of Defence accommodation following the death of their service spouse or civil partner, and the death was wholly or partly attributable to their service.
	<b>HIGH</b>
<b>1</b>	<b>Move on from supported housing (Reasonable preference)</b> Applicants with a local connection who are currently living in a Supported Housing Scheme and it has been evidenced that there is a need for social housing and that alternative housing options are unlikely to be successful. The Council will have joint arrangements with the appropriate agency to ensure that applicants are ready to live independently before they can be considered for offers of accommodation.
<b>2</b>	<b>Care leavers (Reasonable preference)</b> An applicant who is a young person currently being cared for by Hampshire County Council under the Children Act.  The Council will have joint arrangements with the appropriate agency to ensure that applicants are ready to live independently before they can be considered for offers of accommodation.
<b>3</b>	<b>Need to move for management reasons (Reasonable preference)</b> This category recognises the needs of housing partners to maximise the use of social housing stock, or to move some tenants for management reasons. A report from the Registered Provider/Council Neighbourhood Officer will be required in each case for assessment by the Housing Options team. Typical cases may include: <ul style="list-style-type: none"> <li>• Reported incidents of abuse and/or anti-social behaviour but where there is no imminent risk to the applicants</li> <li>• Harassment / serious irreconcilable neighbour disputes</li> <li>• Former tenants who gave up a tenancy when sent to prison</li> </ul>
<b>4</b>	<b>Medical (Reasonable preference)</b>
<b>a</b>	Where an applicant has a medical condition or disability that impacts on their mobility, and the property by type or design is not appropriate for their needs/ exacerbates their condition/is difficult for them to manage and there is a prognosis that the situation will not improve if they remain in their current home and will demonstrably be alleviated by a move to alternative accommodation. This applies to the applicant and/or member of the household who ordinarily resides with them as part of their family.
<b>b</b>	Where an applicant has a diagnosis of a mental health illness or disorder (which disrupts thinking, feeling, mood, ability to relate to others and daily functioning) and which cannot be managed by medication or other specialist

	<p>medical intervention and is caused or exacerbated by their housing circumstances or, the property by type or design is not appropriate for their needs/exacerbates their condition and there is a prognosis that the situation will not improve unless a move to alternative accommodation is facilitated.</p> <p>Support and verification will be required from a GP or other health professional in conjunction with an occupational therapist (OT) where appropriate.</p>
<b>5</b>	<p><b>Under-occupation (Local priority)</b> Existing social housing tenants of the borough who live in property which has 1 spare bedroom according to the bedroom standard.</p>
<b>6</b>	<p><b>Need for sheltered accommodation (Reasonable preference)</b> Existing Council or Registered Provider tenants living in the borough of Fareham requiring retirement living accommodation due to support needs.</p>
<b>7</b>	<p><b>Armed forces (Additional preference)</b> Divorced or separated spouses or civil partners of Armed Forces personnel who are required to move out of accommodation provided by the MOD.</p>
<b>8</b>	<p><b>Overcrowding (Reasonable preference)</b> Applicants who are severely overcrowded according to the bedroom standard and have 2 or more bedrooms less than they are entitled to as per the bedroom entitlement in paragraph 41.2</p> <p>Owner occupiers will normally be assessed as being in a position to be able to resolve their own housing issues and will only be awarded this priority in exceptional circumstances.</p>
<b>9</b>	<p><b>Unsatisfactory housing conditions (Reasonable preference)</b> Where an applicant is occupying unsanitary or unsatisfactory housing conditions that are so serious, in terms of the threat posed to health and welfare, as to require rehousing. These are cases where a member of the Environmental Health team has provided written evidence of the presence of one or more category 1 hazards (excluding overcrowding) and where an improvement notice has been or will be served and where works cannot safely be carried out with the occupants in residence. This will include households where accommodation lacks facilities such as cooking facilities, bathing facilities, a suitable and sufficient heating system or other utility supplies.</p> <p>The applicant must have a legal right to occupy the accommodation in question, it must be located within the borough of Fareham and the repair issues must have occurred after the initial date of occupancy.</p>
<b>10</b>	<p><b>Homelessness (Reasonable preference)</b></p> <p><b>a</b> Accepted homeless families with children owed a duty under S.193 of the Housing Act 1996 who have been placed into bed and breakfast or any other form of temporary accommodation, excluding private rented accommodation.</p> <p><b>b</b> Other accepted homeless households owed a duty under s. 193 of the Housing Act 1996 who have been placed into bed and breakfast and have been resident there for more than 4 months at the point of application.</p>

	<b>MEDIUM</b>
<b>1</b>	<p><b>Homelessness (Reasonable preference)</b> Accepted homeless households owed a duty under s 189(b) or s193 of the Housing Act 1996 who have not been placed into B&amp;B or other form of temporary accommodation, or who have been placed in B&amp;B for less than 4 months. (Relief duty and Main duty)</p>
<b>2</b>	<p><b>Medical (Reasonable preference)</b></p> <p><b>a</b> Where an applicant or a member of their household has a disability or medical condition which restricts their independence when accessing essential facilities and/or care (including the administering of care) and the property by type or design further restricts that independence / exacerbates their condition and there is a prognosis that the situation will not improve if they remain in their current home and will be measurably improved by a move to alternative accommodation.</p> <p><b>b</b> Where the property design/environment/location is aggravating sensory medical issues, mental health or learning disabilities and there is a prognosis that the situation will not improve if the person remains in their current home and will be measurably improved by a move to alternative accommodation.</p> <p>The move must be supported by medical evidence from the relevant professional such as the applicant's GP, Social Services or Occupational Therapist.</p>
<b>3</b>	<p><b>Overcrowding (Reasonable preference)</b> Applicants who are severely overcrowded according to the bedroom standard and have 1 bedroom less than they are entitled to as per the bedroom entitlement in paragraph 41.2</p> <p>Owner occupiers will normally be assessed as being in a position to be able to resolve their own housing issues and will only be awarded this priority in exceptional circumstances.</p>
<b>4</b>	<p><b>Fostering and adoption (Additional preference)</b> To avoid overcrowding by 1 bedroom and enable fostering or adopting where an agreement has been reached with Social Services and the Housing Options Manager to provide permanent accommodation prior to any placement.</p>
<b>5</b>	<p><b>Unsatisfactory housing conditions (Reasonable preference)</b></p> <p><b>a</b> Where an applicant is occupying unsanitary or unsatisfactory housing conditions that require significant repairs. These are cases where a member of the Environmental Health team has provided written evidence of the presence of one or more category 1 hazards (excluding overcrowding) and where an improvement notice has been or will be served to ensure the appropriate works are completed and where it is not necessary for occupants to move out during works.</p> <p>The applicant must have a legal right to occupy the accommodation in question, it must be located within the borough of Fareham and the repair issues must have occurred after the initial date of occupancy.</p>

<b>b</b>	A household with a dependent child or dependent children living in privately rented accommodation where facilities such as the bathroom or kitchen are shared with other households. This does not include households placed into temporary accommodation by the Council under Part 7 of the Housing Act 1996.
	<b>LOW</b>
<b>1</b>	<b>Hardship (Reasonable preference)</b> Applicants who are existing social housing tenants of other local authorities and living outside the borough but who have reasonable preference to move to Fareham for work or work related reasons and failure to do so would cause hardship to themselves or others in their household.  Work related reasons means that the applicant already has a job or an apprenticeship within the borough or has a confirmed start date. The work must be more than 16 hours per week and long term (lasting more than 12 months). It does not include voluntary work
<b>2</b>	<b>Homelessness (Reasonable preference)</b>
<b>a</b>	A person or household with no fixed address or otherwise living in unsettled housing arrangements. This will include households having to stay at various addresses or any other accommodation that is regarded as unsettled. E.g hostel.
<b>b</b>	Applicants who have been found intentionally homeless.
<b>3</b>	<b>Affordability (Local priority)</b> Applicants living in privately rented accommodation who are considered to be adequately housed and for whom the accommodation is suitable for their needs but who cannot afford the accommodation.
<b>4</b>	<b>Move on from supported housing (Reasonable preference)</b> Applicants with no local connection who are currently living in a supported housing scheme and it has been evidenced that there is a clear need for social housing and that alternative housing options are unlikely to be successful. The Council will have joint arrangements with the appropriate agency to ensure that applicants are ready to live independently before they can be considered for offers of accommodation.
<b>5</b>	<b>Deliberately worsened housing situation (Additional Preference)</b> Applicants who meet one or more of the reasonable preference criteria but who have deliberately worsened their housing situation in order to gain an advantage on the housing register.
	<b>ADDITIONAL TIME AWARDS</b>
	There are further categories of applicants who may be awarded additional 'waiting time' on the housing register in order to change their band start date to an earlier date with the band and help reduce the time applicants are likely to wait for an offer. These may be applicants who do not meet the criteria for a higher priority band, or who are already in the highest priority band.  Additional waiting time of 6 months or 12 months can be awarded in the following circumstances:

- |  |   |
|--|---|
|  | <ul style="list-style-type: none"><li>• Families living in temporary accommodation provided under the Council's homelessness duties for over 24 months. Additional time of 12 months will be added once 24 months has been reached.</li><li>• Positive contribution. Additional time of 6 months will be added.</li></ul> |
|--|---|



# Equality Impact Assessment

Appendix C

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

Name	Eden Singh	Date	November 2023
Job title	Policy, Research and Engagement Officer		
<b>What are you thinking of changing or implementing?</b>			
<p>Fareham's draft Housing Allocations Policy (2023) will, once adopted, supersede Fareham Borough Council's previous Housing Allocations Policy that was introduced in 2020. The policy sets out how Fareham Council's social housing allocation scheme is administered, in partnership with housing associations (also known as Registered Providers) in the Borough. It clearly sets out:</p> <ul style="list-style-type: none"><li>• Who is eligible to be included in the scheme and which groups of people will not qualify to be included</li><li>• The priority band which an applicant will be placed in based on their housing need, once assessed</li></ul> <p>The Housing Act 1996 places a requirement on all housing authorities to determine local priorities and processes for the allocation of social housing. This policy complies with the Housing Act and subsequent amendments to ensure that current housing obligations are being met and future demands are incorporated.</p> <p>The Housing Allocations Policy (2023) will be applied in conjunction with the Affordable Housing Strategy (2019-2036), in which guiding principles are set out for the sustainable provision of affordable housing in the Borough, around three key objectives;</p> <ol style="list-style-type: none"><li>1. To deliver more affordable homes through the planning system.</li><li>2. To ensure those homes are the right homes in the right places and that they are truly affordable to those that need them.</li><li>3. To directly deliver more affordable homes by Registered Providers and Fareham Housing, especially targeting those in greater need.</li></ol> <p>The draft Housing Allocations Policy and the Affordable Housing Strategy, together, aim to reduce numbers of individuals in the Borough waiting to be allocated social housing.</p>			
<b>What is the expected or anticipated impact of this change?</b>			
<p>The changes that have been identified so far between the draft Housing Allocations Policy 2023 and the previous 2020 version are to add clarity, explain processes and to increase transparency.</p>			

The draft Policy also contains within it some more specific criteria-based alterations which may positively impact on certain protected characteristics. These more specific amendments are;

- A child is now included as a close member of the family for an established local connection if a person needs to move to the area to be near a close member of their family to give or receive essential care and support.
- Applicants needing to move on from supported accommodation in the borough where they are ready to live independently but may not otherwise have an established local connection can apply.
- Some people under the age of fifty-five and who own their own property can now join if they find themselves in negative equity, unsafe to remain or their needs in terms of health and/or disability are not met.
- The qualifying income criterion does not apply to existing social housing tenants.
- The Council can now award higher priority to:
  - Existing tenants who wish to downsize
  - Existing tenants who are giving up adapted properties
  - Homeless families placed in B&B or other forms of temporary accommodation, and other homeless households in B&B for over 4 months
- Unborn children are now included in household numbers from 20 weeks pregnancy.

Whilst each of these amendments will have an impact on a protected characteristic, the details of which will be considered below, the draft Housing Allocations Policy (2023) incorporates these changes pragmatically. In this way, the draft Policy focuses on allocating social housing to those in greatest need, while supporting all to determine the housing solution that best fits their needs.

The potential positive impact that the draft Housing Allocations Policy (2023) offers is broad. It is, however, anticipated that it will be of particular benefit to individuals with certain protected characteristics due to prioritisation when allocating properties and the increased support it offers to guide them in identifying appropriate housing options.

**Protected characteristic: Age** (including children and young people)

Points to consider:

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

Fareham has a statistically high number of older residents when compared to both regional and national levels. In 2021, Fareham has seen an increase of 23.4% in people aged 65 years and over and Fareham has seen the second largest increase (35%) in the number of residents aged 85+ across the whole of Hampshire.

There are currently 26 Council run Sheltered Housing Schemes within Fareham and it is important that the limited spaces available go to those most in need. The current Housing

Allocations Policy (2020) provides clear qualifying criteria for applications to move into sheltered housing:

- The customer should be over 55 years and would benefit from the sheltered accommodation offered
- Their current home must be unsuitable for their needs
- They must have insignificant financial resources to meet their housing needs in the private market.

The draft Housing Allocations Policy (2023) retains these qualifying criteria. However, it also allows for the allocation of sheltered accommodation to applicants under 55 years of age in certain circumstances, where this is deemed to be the most appropriate housing solution.

Some people under the age of 55 who own their own property can now join the housing register if they find themselves in significant negative equity, it is unsafe for them to remain in their home, or it does not meet their needs in terms of health and/or disability; this group is excluded under the current Policy (2020). This more flexible approach to qualification criteria will ensure that vital accommodation is accessed by those who are most vulnerable.

The early advice and support provided by the Housing Options team aims to assist customers in identifying the housing outcome that is most appropriate to them. The availability of this support ensures that the draft Housing Allocations Policy (2023) represents a positive impact for the older person demographic.

Although the draft Policy does not consider specifically the needs of young people, it does specify that from the age of 16 years, young people are able to secure a licence to occupy premises, which can convert to a full tenancy when they turn 18. The policy also confirms that young people leaving local authority care are exempt from the local connection criteria and may still apply, whether they are under 18 and preparing to leave care or have just turned 18.

The support that will be on offer through the proposed procedures, will assist young people to understand whether a licence to occupy is the most appropriate solution for them and enable them to consider all their options. This additional support ensures that the draft Housing Allocations Policy (2023) will not have an adverse impact for this demographic.

The draft policy (2023) also has an increased emphasis on families with children. For example, adults with minors, staying in B&B accommodation or other forms of temporary accommodation, will be awarded a higher priority banding and can therefore be offered social housing sooner than under the current policy (2020).

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

Points to consider:

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

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

The 2021 Census revealed that the proportion of Fareham residents whose day-to-day activities were 'limited a lot' due to disability was 5.5% which is below the average for Hampshire.

Disability, of various forms, can restrict access to well-paid work (thereby increasing reliance on social housing) and make existing housing arrangements unfit for the resident's needs. Fareham's Housing Allocations Policy 2020 currently considers the impact that medical conditions, including disabilities, mental health and sensory conditions can have on an individual's housing needs. It also identifies the positive impact that suitable accommodation can have on the health and welfare of those with medical conditions.

To better understand the needs of the customer and ensure they are met with appropriate support during the process:

- Staff have regular access to training on different vulnerabilities they may need to support during the housing allocation process. Regular review of the key protected characteristics will help to inform staff as to whether additional staff training is needed to better support customers with the extended 'medical' criteria of sensory and mental health conditions.
- Staff work closely with partner agencies and other organisations to best understand the individual needs of the customer and support them into appropriate housing.

The current Housing Allocation process asks for the completion of a form to register a social housing need. Recognising that it can be a daunting task, a sympathetic and accessible approach continues to be promoted whereby tailored support from Housing Options staff is offered to ensure applicants are guided to identify housing solutions that are most appropriate for them.

Through this supportive approach, Housing Options staff also identify any vulnerabilities during the assessment process, enabling them to be flagged on the information system to ensure that future correspondence and housing opportunities reflect their needs.

The draft new policy offers a more flexible approach to eligibility requirements which will positively impact on this protected characteristic:

- Applicants needing to move on from supported accommodation in the borough where they are ready to live independently but may not otherwise have an established local connection will qualify to join the housing register. This change ensures more people with a disability or mental health condition are able to secure independent accommodation within the Borough.
- Some people under the age of fifty-five and who own their own property can now join the housing register if their needs in terms of health and/or disability are not met in their current property. Again, this more flexible eligibility criteria would have a positive impact on more people with disabilities or long term health conditions.

As a result, the evidence indicates that the draft Housing Allocations Policy (2023) will have a positive impact for this protected characteristic.

**Protected characteristic: Gender reassignment**

Points to consider:

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

No impact identified.

**Protected characteristic: Marriage and civil partnership**

Points to consider:

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

No impact identified.

**Protected characteristic: Pregnancy and maternity**

Points to consider:

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

The draft Housing Allocations Policy (2023) does contain within it one amendment that could have a positive impact on this protected characteristic, namely that unborn children are now included in household numbers from 20 weeks pregnancy.

Under the current policy (2020), unborn children are not considered in the household size until they are born. Therefore, this revision is an advantage as applicants who are pregnant will be considered for an allocation which is suitable for their future family size.

**Protected characteristic: Race**

Points to consider:

- How have you considered the potential impact on people with this protected characteristic?
- What, if any, is the expected impact on people with this protected characteristic?

- What steps or action is planned to mitigate any negative impact?

The Borough's population has a considerably higher proportion of the 'White British' ethnic group compared to regional and national figures, and a correspondingly lower proportion of other ethnicities.

The Housing Allocations Policy is intended to be socially inclusive and will be made available in alternative languages upon request. Council tenants who face language barriers in accessing information of the services available to them are able to request the support of a translator, through the Council.

There is no evidence to suggest that the draft Housing Allocations Policy will have an adverse impact on this protected characteristic group.

### **Protected characteristic: Religion or belief**

Points to consider:

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

No impact identified.

### **Protected characteristic: Sex**

Points to consider:

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

No impact identified.

### **Protected characteristic: Sexual orientation**

Points to consider:

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

No impact identified.

### **Non-Protected characteristic: Socio-economic status**

The draft Affordable Housing Policy (2023) aims to prioritise those in greatest need. Rather than relying on the artificial 'income threshold' to establish an individual's financial need, an assessment of the customer's disposable income is conducted using the enquiry and tailored support offered by the Housing Options Method. This ensures that considerable outgoings such as Child Support Agency payments are able to be considered, offering a far more realistic understanding of the affordability of housing for the customer.

People with lower incomes often find it particularly challenging to find housing that is affordable for them. During the Housing Options process, the Council will work in partnership with specialist organisations, such as the Department of Works and Pensions and local charities, to support people with financial concerns, in addition to ensuring these individuals' housing needs are met.

As a result of the additional support that is offered through the Housing Options Method, the evidence indicates that the more flexible eligibility criteria outlined in the Draft Housing Allocations Policy is likely to have a positive impact on this group.





# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 11 December 2023

<b>Portfolio:</b>	Policy & Resources
<b>Subject:</b>	<b>Finance Monitoring 2023/24</b>
<b>Report of:</b>	Head of Finance and Audit
<b>Corporate Priorities:</b>	Dynamic, prudent and progressive Council

**Purpose:**

This report provides comparative information on the Council's revenue expenditure for the period for the first half of the financial year. Members are invited to consider the financial performance and any corrective action that may be deemed appropriate.

**Executive summary:**

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

<b>General Fund</b>	<b>Budget 2023/24</b>	<b>Budget to 30 Sep 23</b>	<b>Actual to 30 Sept 23</b>	<b>Variation</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Service Budgets	15,715	495	320	-175
Non-Service Budgets	-3,818	-9	-9	0
<b>Net Budgets</b>	<b>11,897</b>	<b>486</b>	<b>311</b>	<b>-175</b>

<b>Housing Revenue Account</b>	<b>Budget 2023/24</b>	<b>Budget to 30 Sep 23</b>	<b>Actual to 30 Sept 23</b>	<b>Variation</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Income Budgets	-14,228	-7,256	-7,383	-127
Management Costs	4,730	1,882	1,649	-233
Finance Costs	2,819	700	700	0
Property Costs	6,815	1,444	1,796	352
<b>Net Budgets</b>	<b>0</b>	<b>-3,230</b>	<b>-3,238</b>	<b>-8</b>

Revenue spending plans are currently showing a net underspend for the first half of the financial year. Any underspending achieved by the end of the year will reduce the need to call on the Council's reserves for 2023/24 which was originally expected to be in the region of £400,000.

However, there are a number of areas where spend is in excess of the budget and some areas are likely to continue to be overspent through to the end of the financial year. Current forecasts against the base budget are predicting a worse position than indicated at the half-way point. However, work being carried out on the revised budgets may give an improved position once the opportunities plan and shopping centre savings are built in.

It therefore remains appropriate to continue to monitor financial performance closely over the remainder of the financial year to ensure that any slippage does not adversely affect the services provided to residents and customers. Commentary on the most significant variations is set out in the briefing paper accompanying the report.

**Recommendation/Recommended Option:**

It is recommended that the Executive notes the Finance Monitoring Report.

**Reason:**

To provide members of the Executive with a summary of the Council's budgetary performance. for the first half of the financial year.

**Cost of proposals:**

Not applicable

**Background papers:** None

**Reference papers:** Finance Strategy, Revenue Budget and Council Tax 2023/24, Executive, 9 January 2023

Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2023/24, Executive, 6 February 2023

Housing Revenue Account 2023/24, Executive, 6 February 2023

# FAREHAM

## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	11 December 2023
<b>Subject:</b>	Finance Monitoring 2023/24
<b>Briefing by:</b>	Head of Finance and Audit
<b>Portfolio:</b>	Policy & Resources

#### INTRODUCTION

1. This report sets out, in detail, the variations between the budgeted and actual income/expenditure for the first half of the financial year for the revenue budgets.
2. To follow in line with the outturn reports that were reported to the Executive in September this year, the report contains an updated position for the Housing Revenue Account as well as the General Fund.

#### REVENUE EXPENDITURE SUMMARY

3. The details of the budget and spend for each of the Council's committees and portfolios for the first half of the 2023/24 financial year are shown below:-

#### ACTUAL REVENUE EXPENDITURE TO 30 SEPTEMBER 2023

	<b>Budget 2023/24 £</b>	<b>Budget to 30 Sep 23 £</b>	<b>Actual to 30 Sep 23 £</b>	<b>Variation £</b>
Committees				
Licensing & Regulatory Affairs	540,400	55,150	61,496	6,346
Planning	694,300	152,100	35,851	-116,249
Executive - Portfolio Budgets				
- Leisure & Community	1,911,500	-252,900	-291,551	-38,651
- Housing	2,317,300	827,100	746,408	-80,692
- Planning & Development	2,087,900	530,100	478,626	-51,474
- Policy & Resources	1,111,900	-1,470,125	-1,297,062	173,063
- Health & Public Protection	904,700	-207,100	-290,460	-83,360
- Streetscene	6,146,700	860,294	876,202	15,908
<b>TOTAL SERVICE BUDGETS</b>	<b>15,714,700</b>	<b>494,619</b>	<b>319,510</b>	<b>-175,109</b>

4. Although some increases to costs have been included in the budgets, the current cost of living crisis has continued to have an impact on council spending during this financial year. Evidence of this has been seen across a range of services where prices or demand on the services (such as homelessness) have remained.
5. General inflation for September has been reported at 6.70% which has reduced from the peak of over 10% in the previous year, but it hasn't been dropping as quickly as the forecasts were suggesting.
6. In order to balance the council budgets for 2023/24 a sum of £401,000 has been set aside from reserves. Currently the table above shows the actuals at the halfway point to be below budget. Although, forecasts for the rest of the year against the base budget set are projected to lead to an overspend, the work currently being carried out setting the revised budget is indicating an improved position when Opportunities Plan projects and the Shopping Centre revenue income are taken into account.

## THE KEY COUNCIL SERVICES

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

Service	Budget 2023/24 £	Budget to 30 Sep 23 £	Actual to 30 Sep 23 £	Variation £	Forecast
Parking Services	-212,500	-357,150	-467,144	-109,994	😊
Planning Applications	243,700	7,350	-78,204	-85,554	😊
Local Plan	1,375,000	369,050	307,787	-61,263	😊
Local Land Charges	-7,300	-23,950	-46,373	-22,423	😊
Commercial Estates	-803,200	-1,147,775	-1,169,394	-21,619	😊
Community Parks and Open Spaces	2,768,000	895,200	876,879	-18,321	😊
Housing Benefit Payments	44,800	-12,600	-28,501	-15,901	😐
Local Tax Collection	1,056,500	391,800	382,066	-9,734	😊
Garden Waste	-623,300	-712,750	-722,207	-9,457	😊
Trade Waste	-144,200	-822,056	-830,273	-8,217	😊
Waste & Recycling	2,460,200	844,000	838,477	-5,523	😊
Street Cleansing	1,144,500	451,100	467,356	16,256	😐
Homelessness	739,600	309,950	368,910	58,960	😐
Daedalus	490,600	-274,950	-176,348	98,602	😐
Investment Properties	-2,606,000	-1,571,450	-1,460,092	111,358	😐

Cost of Employment	21,744,340	10,649,620	10,396,529	-253,091	😊
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8. The main variations in the key services are detailed as follows:-

- (a) **Parking Services** is showing a variation of £110,000 increased net income compared to the base budget. Income from users of the Council's car parks is currently £100,000 more than the budget due to an increase in town centre and coastal parking levels. There has also been an underspend in the levels of business rates when compared to the budgets due to previous lower levels of income. This increase has been partly offset by increased costs in the repair of car parks.
- (b) **Planning Applications** is showing as being under budget by approximately £85,000. The income for the year is currently higher than the budget as there have been larger sums received for the Welborne planning applications. The regular planning application numbers have reduced this year and this is reflected in the income levels being below that part of the budget at this stage of the financial year.
- (c) The **Local Plan** is showing an underspend of over £61,000. The plan was approved in April 2023 and budgets will be adjusted later in the year to reflect the workload of the team as use of consultants and legal fees will be reduced during the year.
- (d) **Local Land charges** is showing as more income than budget by almost £22,000. Applications have increased slightly in the first 6 months of the year and are showing as £18,000 over the budget. There has also been a reduction in legal costs to the service.
- (e) **Commercial estates** – the current position shows that the income for this service is over the base budget. However, the situation continues to be closely monitored as some businesses continue to struggle with the current cost of living crisis and their future may remain uncertain.
- (f) **Community Park and Open Spaces** is showing an underspend for the first six months of the year mainly due to reductions in repairs and maintenance of buildings. Income received is slightly above the budget but this has been offset by increased costs of repairs to vehicles and hire of vehicles to cover those that are off the road. Other areas of underspend and overspends are offsetting each other and are currently in line with the budget.
- (g) **Housing benefits** service overall is currently showing £16,000 under the budget for the year to date. Payments to claimants are currently under the budget for the year and the benefits that are paid out during the year are supported by grant incomes. The main variation comes from the discretionary element of the service that is almost £14,000 under budget. The full year position will show transactions that will go through including bad debts, write offs and debtors raised for overpayments.
- (h) **Local Tax Collection** is showing a small underspend of £10,000 as a result of vacancies savings but these have been offset by reduced income from grants.

- (i) **Garden Waste Service** is showing that there is an increase in the income over the budget for the first 6 months of the year. The service continues to attract customers since it commenced in February 2022 where the initial take up exceeded expectations. The additional income coming into the service is currently offsetting higher costs for the vehicles that support the service with repairs and hire costs being higher than the budget for the year to date.
- (j) **Trade Waste** is currently showing an overall position of £8,000 under the budget. The service continues to see an increase in income through additional customers although this increase has been partially offset by increasing repairs and hire costs of vehicles for the service.
- (k) **Waste Collection and Recycling** services are showing an underspend of just over £5,000 after 6 months of the year. This is mainly due to additional income being received for glass recycling. However, this has been largely offset by increased repairs to vehicles and additional hire costs to replace those vehicles that are not operational.
- (l) **Street Cleansing** is showing spend over the budget mainly as a result of increased vehicle costs including fuel prices, repair costs and additional hire costs to replace vehicles under repair. This has been slightly offset by reduced employee costs due to vacancies.
- (m) **Daedalus** is currently showing as over budget as income from some areas has remained lower than anticipated. There has been reduced income from landing and licence fees, during the summer period, but also there has been increased expenditure in some areas such as cost of electricity along with increased legal fees. The impact of the income and expenditure variations will be considered as part of the revised budget setting process.
- (n) The **Homelessness** budget is showing an increase in spend against budget for the year of over £59,000. The main reason is due to continuing costs for bed and breakfast and other homelessness costs. Current rough sleeper initiatives encourage local authorities to move sleepers off the streets and into temporary accommodation. These costs along with those for other persons identifying as homeless have been increasing year on year. Some of these additional costs will be offset by grant or use of the homeless reserve at year end but the reserve is getting close to NIL so the use of it is not sustainable going forward.
- (o) **Investment properties** are showing as below the budget for the first 6 months of the year. Rents are on track to be on budget but there have been some units where the council has been required to pay business rate bills for empty properties which was an unbudgeted expense. However, as with other property-based services, the situation on income received will continue to be closely monitored.
- (p) Expenditure on **employees** represents approximately 60% of the Council's gross expenditure (excluding benefit payments) and therefore it is important that the total establishment cost is monitored collectively, as well as monitoring at service level. During the first 6 months of the year, savings on salaries and wages have arisen, mainly as a result of employee vacancies and a delay to the 2023 pay award (£762,000). This has been partly offset

by the additional expenditure on agency and casual employees used to cover some of those vacancies and also to cover sickness (£261,000). On top of this there has been additional expenditure due to contract terminations (£247,500). It is anticipated that these costs will be met from vacancy saving but will be funded from reserves if necessary.

## THE COUNCIL'S FUNDAMENTAL PARTNERSHIPS

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

Service	Budget 2023/24 £	Budget to 30 Sep 23 £	Actual to 30 Sep 23 £	Variation £	
Project Integra	5,000	0	0	0	😊
Community Safety/CCTV Partnership	282,100	140,500	118,488	-22,012	😊
Portchester Crematorium JC	-80,000	0	0	0	😊
Environmental Health Partnership	1,686,800	730,500	668,290	-62,212	😊
Building Control Partnership	198,700	-2,500	-2,581	-81	😊

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

## HOUSING REVENUE ACCOUNT

11. The Housing Revenue Account is in line with budget after the first 6 months of 2023/24, as set out in the following table. At this point in the year this is shown as a surplus, but this does not take account of year-end transactions relating to corporate recharges and other adjustments between the revenue account and earmarked reserves. An explanation of the variances is given below.

	Base Budget 2023/24 £'000	Budget to 30 Sep 2023 £'000	Actual to 30 Sep 2023 £'000	Variation £'000
<b>HOUSING REVENUE ACCOUNT</b>				
Income	-14,228	-7,256	-7,383	-127
Tenancy Management & Running Costs	4,730	1,882	1,649	-233
Net Interest	1,679	700	700	0
Transfer to Debt Repayment Fund	1,140	0	0	0
Revenue Repairs Expenditure	3,465	1,444	1,796	352
Depreciation set aside into the Major Repairs Reserve	3,050	0	0	0
Revenue Contribution to Capital Programme	300	0	0	0

Transfer to(-)/from HRA Reserve	0	-3,230	-3,238	-8
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12. Income is slightly ahead of budget for income from dwelling rents and service charge actuals recognised for 2023/24. This additional income will be part of the revised HRA revenue budget to be reported to the Executive.
13. The property repairs and maintenance expenditure is showing an overspend after the first six months of 2023/24 as a result of demand and price increases that are being experienced. These will inform the revised HRA revenue budget to be reported to the Executive.
14. Taking the above into account it is realistic that the HRA Revenue Account forecast outturn will be very close to breakeven in this financial year.

## RISK ASSESSMENT

15. Whilst it would be too early to draw very firm conclusions regarding the final revenue budget position for 2023/24 after six months, it is equally important that the Executive is made aware of the trends in both expenditure and income where they differ from those anticipated when the budgets were approved in January.
16. There are some areas where the impact of the cost of living crisis is continuing to be felt and this trend is likely to continue for the remainder of this financial year and possibly through to the 2024/25 financial year.
17. It is also worth noting that expenditure tends to increase during the latter months of the year as work programmes proceed so any underspends in the first half of the financial year are unlikely to continue throughout the whole of the financial year.
18. Any underspend from services will reduce the amount that is required to be used from reserves to fund services and this value stood at £401,000 when the base budget was set but overspends will cause the draw on reserves to increase.
19. The Council's expenditure and income are monitored by officers throughout the year and there is even more monitoring going on under the current pressures. Known spending pressures will be reflected in the Finance Strategy for 2023/24.
20. The spending predictions show that if levels continue at the current rates in some services then there could be an overspend position by year end compared to the **base** budget set. If this is the case then a greater level of reserves will need to be drawn on to finance the spend. However, the budget that will reflect the **revised** position will show savings from the Opportunities Plan and also additional income from the shopping centre which will help the bottom-line position. This updated forecast will be reported to the Executive in January 2024.

## CONCLUSION

21. It is important that there is a timely reporting system in place to focus the Executive on key variances. To reflect this the revenue monitoring reports include detailed information about the more significant areas of the Council's



expenditure and income.

22. There are a number of areas where spend is higher than the budget and doesn't show signs of being in line with the base budget by the end of the financial year. Officers will, however, continue to monitor the actual revenue expenditure very closely and will review the budgets before they are brought to the Executive in January 2024.

**Enquiries:**

For further information on this report please contact Neil Wood (01329 824506)



# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 11 December 2023

<b>Portfolio:</b>	Policy & Resources
<b>Subject:</b>	<b>Treasury Monitoring &amp; Capital Monitoring 2023/24</b>
<b>Report of:</b>	Head of Finance and Audit
<b>Corporate Priorities:</b>	A dynamic, prudent and progressive Council

#### **Purpose:**

This report summarises the Council's borrowing and investment activity and capital expenditure up to 30 September 2023 and provides details of the Council's money market transactions. It also provides information on the performance against the Treasury and Prudential Indicators.

#### **Executive summary:**

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

The overall treasury position is set out in the following table:-

	<b>31 March 2023 Actual £'000</b>	<b>30 Sept 2023 Actual £'000</b>
Total borrowing	61,336	61,256
Total investments	(24,832)	(18,192)
<b>Net borrowing</b>	<b>36,504</b>	<b>43,064</b>

The Council's net interest budget for 2023/24 is £612,000 with an actual of £239,671 at the end of September (£879,854 actual in 2022/23). With the Bank Rate at it's likely peak of 5.25%, the budget will be reviewed during the budget setting period to reflect the latest capital programme spending plans.

A summary of the capital programme expenditure against budgets in the current year, is set out in the following table:-

<b>Capital Programme</b>	<b>Revised Budget 2023/24 £</b>	<b>Budget to 30 Sep 23 £</b>	<b>Actual to 30 Sep 23 £</b>	<b>Variation £</b>
General Fund	39,713,200	24,797,100	21,508,704	<b>-3,288,396</b>
HRA	3,518,000	2,253,500	2,148,281	<b>-105,219</b>
<b>Total</b>	<b>43,231,200</b>	<b>27,050,600</b>	<b>23,656,985</b>	<b>-3,393,615</b>

**Recommendation:**

It is recommended that the Executive notes the Treasury Management and Capital Monitoring Report for 2023/24.

**Reason:**

To inform the Executive of the Council's borrowing, investment and capital programme activity up to 30 September 2023.

**Cost of proposals:**

Not applicable.

**Appendices:**

**A:** Economic Commentary and Outlook by Arlingclose  
**B:** Treasury and Prudential Indicators 2022/23 half yearly performance

**Background papers:** None

**Reference papers:**

Treasury Management Strategy and Prudential Indicators 2023/24, Council, 24 February 2023

Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2023/24, Executive, 6 February 2023

Housing Revenue Account 2023/24, Executive, 6 February 2023

Capital and Treasury Management Outturn 2022/23, Executive, 3 July 2023

Prudential Code for Capital Finance in Local Authorities (2021)

Treasury Management in the Public Services Code of Practice (2021)

# FAREHAM

## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	11 December 2023
<b>Subject:</b>	Treasury Monitoring and Capital Monitoring 2023/24
<b>Briefing by:</b>	Head of Finance and Audit
<b>Portfolio:</b>	Policy & Resources

#### INTRODUCTION

1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management at least twice yearly (mid-year and at year end).
2. The Council's Treasury Management Strategy for 2023/24 was approved by Full Council on 24 February 2023. The Council has borrowed and invested large sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.
3. An economic commentary by the Council's Treasury Advisors, Arlingclose, can be found in Appendix A.
4. The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by Full Council, covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy for 2023/24 was also approved by Full Council on 24 February 2023.
5. This report also includes progress to 30 September 2023 on the Capital Programme.

#### BORROWING ACTIVITY

6. At 30 September 2023, the Council held £61 million of loans, (£80,000 less than the position at 31 March 2023). The Council expects to borrow up to an additional £5 million in 2023/24 to part fund the capital programme.
7. The Council's main objective when borrowing continues to be striking an appropriately low risk balance between securing low interest rates and achieving cost certainty over the period for which the funds are required.

8. Borrowing activity to 30 September 2023 was:

	Balance on 31 March 2023 £'000	Balance on 30 Sept 2023 £'000	Average Rate
Long-term borrowing	48,000	48,000	3.55%
Short-term borrowing	10,000	10,000	5.20%
Portchester Crematorium	3,336	3,256	1.34%
<b>Total Borrowing</b>	<b>61,336</b>	<b>61,256</b>	

9. The Council holds investments from Portchester Crematorium Joint Committee which is treated as a temporary loan.

10. The Council's short-term borrowing is from other local authorities and long-term borrowing is from the Public Works Loan Board (PWLB). There has been a substantial rise in the cost of both short and long-term borrowing over the last 18 months due to rising Bank Rates. The Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September and the Bank Rate was 2% higher than at the end of September 2022.

11. A new PWLB HRA rate which is 0.4% below the certainty rate was made available from 15th June 2023. This was initially available for a period of one year but was extended to the end of June 2025 in the Autumn Statement. This discounted rate is to support local authorities borrowing for the Housing Revenue Account.

## INVESTMENT ACTIVITY

12. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the six-month period, the Council's investment balance ranged between £24 and £31 million due to timing differences between income and expenditure.

13. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

14. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2023/24. The policy details the high quality and secure counterparty types the Council can invest with.

15. £12 million of the Council's investments is invested in externally managed strategic pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated an average total return of -0.57%, comprising a 3.79% income return which is used to support services in year, and 4.36% of unrealised capital loss.

16. These funds have no defined maturity date but are available for withdrawal after a notice period, but it is intended to hold onto the funds longer term. Their performance

and continued suitability in meeting the Council's investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

17. Details on investment activity to 30 September 2023 are summarised in the table below:

	<b>Balance on 31 March 2023 £'000</b>	<b>Balance on 30 Sept 2023 £'000</b>	<b>Average Rate</b>
Long-Term Pooled Funds	10,632	10,492	3.79%
Money Market Funds	5,200	4,700	5.35%
Banks	2,000	0	0.00%
Local Authorities	7,000	3,000	4.00%
<b>Total Investments</b>	<b>24,832</b>	<b>18,192</b>	

18. The decrease in investments at the end of September is mainly due to the purchase of Fareham Shopping Centre.

#### **COMMERCIAL PROPERTIES (NON-TREASURY INVESTMENTS)**

19. The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return.
20. Since the Executive approval of a Commercial Property Investment Acquisition Strategy in January 2013, the Council has purchased 10 commercial investment properties as summarised below and is expected to generate rental income of £2.3 million during 2023/24.

<b>Property Type</b>	<b>Value at 31 March 2022 £'000</b>	<b>Value at 31 March 2023 £'000</b>
Retail	21,745	21,785
Commercial (Industrial)	11,730	11,740
Other (Healthcare)	2,210	1,960
<b>Total</b>	<b>35,685</b>	<b>35,485</b>

21. The Investment portfolio has effectively maintained its value. Five of the properties saw moderate increases in value, whilst the other 5 saw moderate reductions in value. The upshot was a minimal decrease in the value of the entire portfolio. The cyclical nature of property and key lease events have had an effect on the value of the portfolio, but these are set against wider changes in the property market.
22. The Council's total investment property portfolio is shown below. This is more balanced, albeit retail holdings do increase with more exposure to the High Street. This is due to longstanding strategic ownerships, rather than pure investments.

<b>Property Type</b>	<b>Value at 31 March 2022 £'000</b>	<b>Value at 31 March 2023 £'000</b>
Retail	34,045	33,790
Commercial	23,682	25,245
Other	4,388	4,109
Office	4,740	5,370
Leisure	1,481	1,492
<b>Total</b>	<b>68,336</b>	<b>70,006</b>

23. The overall investment property portfolio has increased in value by £1.67 million (increase of £8 million in 2021/22).
24. The Council purchased the leasehold of Fareham Shopping Centre at the end of September. The above table includes the freehold value only as at 31 March.
25. Property valuations are undertaken annually, to ensure that the Council's balance sheet reflects the current opinion of the value of the Council's assets. Fluctuations in value do not represent actual gains or losses, but do indicate market sentiment, which is often linked to rental income levels and lease terms and conditions.

#### **BUDGETED INCOME AND OUTTURN**

26. Following the September Monetary Policy Committee meeting, our treasury advisor, Arlingclose, revised its interest forecast to reflect the view that 5.25% will now be the peak in Bank Rate.
27. The Council's net interest budget for 2023/24 is £612,000 with an actual of £239,671 at the end of September (£879,854 actual in 2022/23). The budget will be reviewed during the revised budget setting period to reflect the latest capital spending plans.

#### **COMPLIANCE WITH TREASURY AND PRUDENTIAL INDICATORS**

28. The Council confirms compliance with its Treasury and Prudential Indicators for 2023/24, which was set on 24 February 2023 as part of the Council's Treasury Management Strategy.
29. Performance for the first half of the year is shown in Appendix B. During the financial year to date the Council has operated within the treasury limits and prudential indicators.

#### **CAPITAL PROGRAMME**

30. On 6 February 2022, the Executive approved the 2023/24 capital programme of £24.5 million for the General Fund and Housing Revenue Account (HRA).
31. Details of actual capital expenditure in 2022/23 were reported to the July Executive and a total carry forward of £1.7 million was added to the capital programme bringing the total to £26.2 million for 2023/24.
32. Since the capital programme was approved earlier in the year, a number of new schemes or amendments to scheme budgets have been added to the 2023/24



year, giving a revised total of £43.2 million:-

- Streetscene Asset Management Plan - £276,800
- Removal of Crossfell Walk Development – £255,000
- Cams Alders Pavilion Roof and Masonry Repairs - £100,000
- Vehicle Replacement Programme (including HRA) - £288,200
- Revised Daedalus capital schemes - £740,000
- Purchase of Fareham Shopping Centre - £15,302,000
- Revised Osborn Road Car Park - £692,900

33. The following table sets out the updated capital programme for 2023/24 and has been used as the basis for monitoring progress to 30 September 2023:-

	Approved Programme £	2022/23 Slippage £	New/ Amended Schemes £	Total £
Health and Public Protection	0	0	0	0
Streetscene	50,000	3,400	276,800	330,200
Leisure and Community	9,953,500	2,430,800	100,000	12,484,300
Housing	500,000	460,000	0	960,000
Planning and Development	132,500	-4,300	0	128,200
Policy and Resources	8,192,100	802,400	16,816,000	25,810,500
<b>Total General Fund</b>	<b>18,828,100</b>	<b>3,692,300</b>	<b>17,192,800</b>	<b>39,713,200</b>
Housing Revenue Account	5,706,000	-1,987,200	-200,800	3,518,000
<b>Updated 2023/24 Capital Programme</b>	<b>24,534,100</b>	<b>1,705,100</b>	<b>16,992,000</b>	<b>43,231,200</b>

## MAJOR CAPITAL SCHEMES

34. The Council has a number of major capital schemes where budgeted expenditure for 2023/24 is in excess of £500,000. These schemes, with forecast budget to 30 September 2023, are detailed in the following table:-

Capital Scheme	Scheme Budget £	Budget 2023/24 £	Budget to 30 Sep 23 £	Actual to 30 Sep 23 £	Variation £
Fareham Shopping Centre	15,302,000	15,302,000	15,302,000	15,103,879	-198,121
Fareham Live	16,690,000	11,303,600	5,651,800	2,605,120	-3,593,140
HRA Improvements to Existing Stock	1,488,500	1,488,500	1,488,500	2,058,660	563,698
Solent Airport Aeronautical Ground Lighting	2,800,000	2,625,300	50,000	25,378	-24,622
Osborn Road Surface Car Park	2,500,000	2,347,100	50,000	15,502	-34,498
Solent Airport Taxiway Maintenance	1,700,000	1,679,900	1,679,900	1,458,184	-221,716
166 Southampton Road Repairs	1,193,500	1,153,100	1,153,100	462,776	-690,324
Disabled Facilities Grants	877,100	877,100	440,000	429,390	-10,610
HRA Ophelia Court New Build	2,387,000	771,100	385,000	960	-384,310
Vehicle & Plant Replacement Programme	764,700	764,700	382,000	123,781	-258,219

Civic Offices Improvements	600,800	600,800	300,400	139,414	-160,986
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35. Progress updates on the major schemes are detailed below:-

- (a) The purchase of **Fareham Shopping Centre** took place at the end of September, as part of a broader regeneration programme. The budget includes the acquisition cost, stamp duty and professional fees and services. Further professional fees and services will be payable in quarter three.
- (b) Construction of **Fareham Live** is progressing well with a focus now on making the building watertight. Construction is projected to be completed in Spring 2024. Trafalgar Theatres have been appointed to operate the venue and fit out. Mobilisation plans are being prepared to enable those activities between practical completion and opening to the public.
- (c) Expenditure for **HRA Improvements to Existing Stock** is overspent against the budget for the first 6 months. The budget includes carry forward overspends from 2022/23, however, the Forward Plan for the year has been reviewed to take account of priorities and anticipated cost increases in all areas and the capital improvements budget will be revised to reflect this.
- (d) The scheme to provide **Solent Airport Aeronautical Ground Lighting** has been designed, planning permission obtained and after a tendering process a contractor has been appointed. The contractor is now mobilising and is due to start work shortly.
- (e) The agreed design for the new **Osborn Road Surface Car Park**, has now received planning approval and works have been tendered. With a revised budget approved we are currently looking to appoint a contractor to allow the demolition of the existing multi storey car park, to be commenced shortly, and the new surface car park to be constructed during 2024.
- (f) Over the summer of 2023 a programme of **Solent Airport Taxiway Maintenance** works has been completed. The works will be approximately £170,000 under budget.
- (g) Works are complete at **166 Southampton Road** and B&M's lease commenced on 2 October. B&M are now fitting out the store and are due to open before Christmas.
- (h) The processing of **Disabled Facilities Grants** (DFGs) has been passed to Portsmouth City Council who facilitate the applications on the Council's behalf although some smaller works for house clearances are being managed in-house. In the second half of the financial year grants of over £600,000 have been awarded to date.
- (i) The start on site for **Ophelia Court New Build** was delayed due to utility issues and updated Building Regulations compliance but the contractor is now on site and works have commenced in quarter three.
- (j) Expenditure on **Vehicles and Plant** has been for a new sweeper, and three second-hand vehicles including one tractor and two sweepers. The greatest

spend will be in the final quarter of 23/24, however there is the risk of slippage into the next financial year if there are delays to procurement.

- (k) As part of the **Civic Offices Investment Plan** investigations continue into a number of programmes of work to maintain the fabric, plant and equipment of the Civic Offices. This includes areas such as the roof, walls, windows, heating, ventilation, electrical systems and lifts.

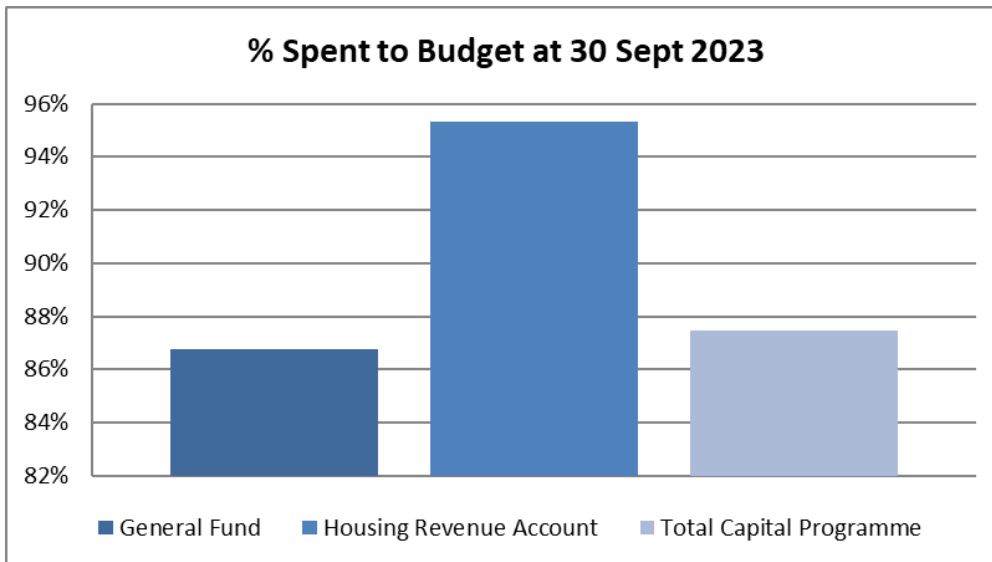
## CAPITAL MONITORING

36. The following table provides summary information for the period to 30 September 2023, for all the schemes within each portfolio.

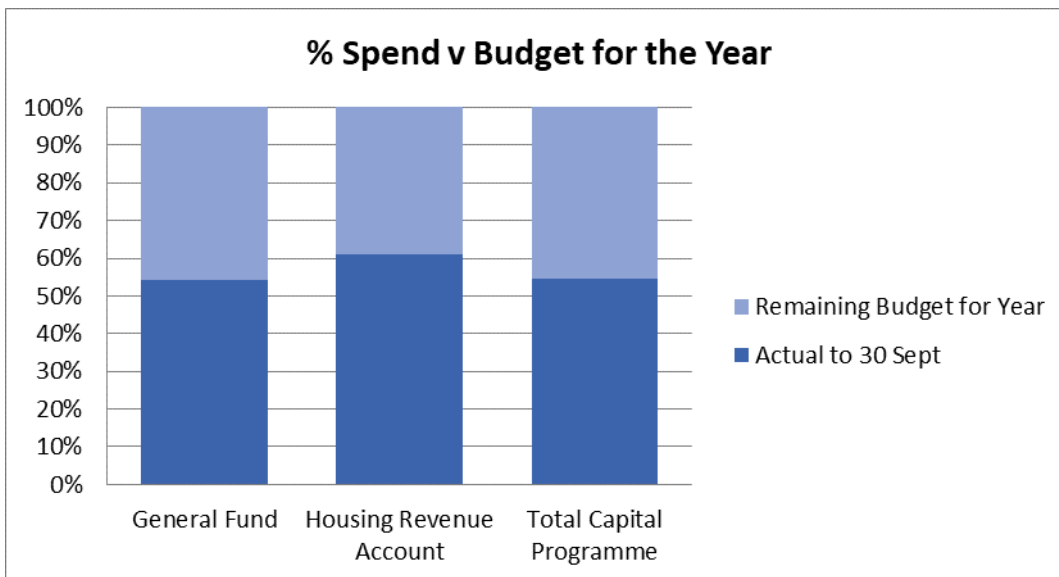
	<b>Budget 2023/24</b>	<b>Budget to 30 Sep 23</b>	<b>Actual to 30 Sep 23</b>	<b>Variation</b>
	£	£	£	£
<b>Streetscene</b>	<b>330,300</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Leisure and Community</b>	<b>12,484,300</b>	<b>5,050,000</b>	<b>3,356,889</b>	<b>-1,693,111</b>
- Buildings	12,118,000	5,000,000	3,354,492	-1,645,508
- Play and Parks	350,000	50,000	2,397	-47,603
- Other Community Schemes	16,300	0	0	0
<b>Housing</b>	<b>960,000</b>	<b>480,000</b>	<b>430,638</b>	<b>-49,362</b>
<b>Planning and Development</b>	<b>128,200</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Policy and Resources</b>	<b>25,810,400</b>	<b>19,267,100</b>	<b>17,721,177</b>	<b>-1,545,923</b>
- Fareham Shopping Centre	15,302,000	15,302,000	15,103,879	-198,121
- Daedalus	5,177,200	2,000,000	1,675,463	-324,537
- 166 Southampton Road Repairs	1,153,100	1,153,100	462,776	-690,324
- Osborn Road Car Park	2,347,100	50,000	15,502	-34,498
- Civic Offices Improvements	600,800	200,000	140,576	-59,424
- Vehicles and Plant	764,700	382,000	123,781	-258,219
- Depot Asset Management Works	207,200	50,000	25,752	-24,248
- ICT	258,300	130,000	173,448	43,448
<b>Total General Fund</b>	<b>39,713,200</b>	<b>24,797,100</b>	<b>21,508,704</b>	<b>-3,288,396</b>
<b>Housing Revenue Account</b>				
- New Build	1,529,500	765,000	96,083	-668,917
- Improvements to Existing Stock	1,488,500	1,488,500	2,052,198	563,698
- Stock Repurchases	500,000	0	0	0
<b>Total Housing Revenue Account</b>	<b>3,518,000</b>	<b>2,253,500</b>	<b>2,148,281</b>	<b>-105,219</b>
<b>Total Capital Programme</b>	<b>43,231,200</b>	<b>27,050,600</b>	<b>23,656,985</b>	<b>-3,393,615</b>

37. The charts below show the actual expenditure to 30 September 2023 as a percentage of the programme for the equivalent period and for the whole year.

38. 87% of the capital programme has been spent compared to the profiled budget for the first half of the year.



39. 55% has been spent compared to the total budget for the year. The budgets will be reviewed again and re-phased where applicable as part of the forthcoming budget setting process.



**RISK ASSESSMENT**

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

**Enquiries:**

For further information on this report please contact Caroline Hancock (01329 824589)

**ECONOMIC COMMENTARY AND OUTLOOK BY ARLINGCLOSE – OCTOBER 2023**

**Economic background:** UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.4%, beating expectations of a 0.2% increase. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.

The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.

The US Federal Reserve increased its key interest rate to 5.25-5.50% over the period, pausing in September following a 0.25% rise the month before, and indicating that it may have not quite completed its monetary tightening cycle.

Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.

The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.

Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline CPI fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.

**Financial markets:** Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.

Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.73% over the period.

**Credit review:** Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.

During the second quarter of the period, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.

Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.

Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.

Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.

Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

## 2023/24 INDICATORS – HALF YEARLY PERFORMANCE

## PRUDENTIAL INDICATORS

## 1) Capital Expenditure and Financing

ON TRACK

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. The revised budget includes £1.7 million carried forward from 2022/23.

Capital Expenditure and Financing	Revised Estimate £'000	Actual to 30 Sept £'000
Streetscene	330	0
Leisure and Community	12,484	3,357
Housing	960	431
Planning and Development	128	0
Policy and Resources	25,811	17,721
<b>Total General Fund</b>	<b>39,713</b>	<b>21,509</b>
<b>HRA</b>	<b>3,518</b>	<b>2,148</b>
<b>Total Expenditure</b>	<b>43,321</b>	<b>23,657</b>
Capital Receipts	8,160	3,952
Capital Grants/Contributions	16,135	4,035
Capital Reserves	2,762	2,255
Revenue	1,643	483
Internal Borrowing	14,531	12,932
<b>Total Financing</b>	<b>43,231</b>	<b>23,657</b>

Expenditure to 30 September is within the overall revised budget for the year. The budgets will be reviewed and re-phased where applicable as part of the forthcoming budget setting process.

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

NEEDS REVISING

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

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.

	Estimate £'000	Actual to 30 Sept £'000



<b>General Fund</b>	56,192	67,779
<b>HRA</b>	53,713	53,118
<b>Total CFR</b>	<b>109,905</b>	<b>120,897</b>

The CFR is higher than projected due to internal borrowing for the purchase of Fareham Shopping Centre.

### 3) Borrowing - Gross Debt and the Capital Financing Requirement

ON TRACK

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The indicator shows that total debt is expected to remain below the CFR.

<b>£'000</b>	<b>Estimate</b>	<b>Actual to 30 Sept</b>
Debt at 1 April	52,200	61,256
Capital Financing Requirement (CFR)	109,905	120,897

### 4) Borrowing - Limits to Borrowing Activity

ON TRACK

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

<b>£'000</b>	<b>Limit</b>	<b>Actual to 30 Sept</b>
Operational Boundary	159,000	61,256
Authorised Limit	167,000	61,256

Total debt at 30 September was £61 million. During the first half of 2023/24 the Authorised Limit of £167 million was not breached at any time.

### 5) Financing Costs as % of Net Revenue Stream

ON TRACK

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

	<b>Estimate</b>	<b>Actual to 30 Sept</b>
<b>General Fund</b>	7%	5%
<b>HRA</b>	12%	13%

## TREASURY INDICATORS

### 6) Investments - Principal Sums Invested for Periods Longer than a year

ON TRACK

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.

£M	Estimate	Actual
Limit on principal invested beyond year end	15	10

£10 million is placed with externally managed strategic pooled diversified income funds which are long-term investments. The remaining investments are currently placed for less than a year to allow cash to be available for schemes in the capital programme that require internal borrowing.

### 7) Maturity Structure of Borrowing

ON TRACK

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

Maturity Structure of Borrowing	Upper Limit %	Actual %
Loans maturing within 1 year	50	22
Loans maturing within 1 - 2 years	50	0
Loans maturing within 2 - 5 years	50	0
Loans maturing within 5 - 10 years	50	0
Loans maturing in over 10 years	100	78

The £40m HRA loans represent 65% of loans maturing in over 10 years. The Council holds investments from Portchester Crematorium which is treated as a temporary loan and £10 million short-term loans. These represent 22% of loans maturing within 1 year.

### 8) Housing Revenue Account (HRA) Ratios

ON TRACK

Due to 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.

	Estimate	End of Year Forecast
<b>HRA debt £'000</b>	49,268	49,268
<b>HRA revenues £'000</b>	13,208	13,208
<b>Number of HRA dwellings</b>	2,419	2,419
<b>Ratio of debt to revenues</b>	3.73	3.73
<b>Debt per dwelling £</b>	£20,369	£20,369
<b>Debt repayment fund £'000</b>	£7,980	£7,980

## INVESTMENT INDICATORS

### 9) Commercial Investments - Proportionality

ON TRACK

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	2023/24 Budget	Actual to 30 Sept
Gross service expenditure	46,524	17,335
Investment income	4,222	2,868
<b>Proportion</b>	<b>9.1%</b>	<b>16.5%</b>

### 10) Total Risk Exposure

ON TRACK

This indicator shows the Council's total exposure to potential investment losses.

Total Investment Exposure	2023/24 Forecast £'000	Actual to 30 Sept £'000
Treasury Management Investments	15,000	18,192
Commercial Investments	68,336	70,006
<b>Total</b>	<b>83,336</b>	<b>88,198</b>

### 11) How Investments are Funded

ON TRACK

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	2023/24 Forecast £'000	Actual to 30 Sept £'000
Treasury Management Investments	0	0
Commercial Investments	28,663	28,663
<b>Total</b>	<b>28,663</b>	<b>28,663</b>

### 12) Rate of Return Received

ON TRACK

This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested.

<b>Investments Net Rate of Return</b>	<b>2023/24 Estimate</b>	<b>Actual to 30 Sept</b>
Treasury Management Investments	3.1%	2.4%
Commercial Investments	3.7%	4.4%
<b>Total</b>	<b>4.7%</b>	<b>3.9%</b>

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

