

AGENDA FOR THE EXECUTIVE

Date: Monday, 11 February 2013

Time: 6:00 pm

Venue: Collingwood Room - Civic Offices

Executive Members:

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

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

Councillor B Bayford, Health and Housing

Councillor K D Evans, Strategic Planning and Environment

Councillor Mrs C L A Hockley, Leisure and Community

Councillor L Keeble, Streetscene



1. Apologies for Absence

2. Minutes (Pages 1 - 8)

To confirm as a correct record the minutes of the meeting of Executive held on 7 January 2013.

3. Executive Leader's Announcements

4. Declarations of Interest

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

5. Petitions

6. Deputations

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

7. Minutes/References from Other Committees

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. Health and Housing

To consider and reach a decision on the following matter.

Non-Key Decision:

(1) Garden Court, Portchester - Changes to the Sheltered Housing Service
(Pages 9 - 14)

A report by the Director of Community.

9. Leisure and Community

To consider and reach a decision on the following matter:

Key Decision:

(1) Community Action Fareham - Review of Service Level Agreement (Pages 15 - 32)

A report by the Director of Community

10. Public Protection

To consider and reach a decision on the following matter:

Key Decision:

(1) Traffic Management Programme (Pages 33 - 62)

A report by the Director of Democratic and Regulatory Services.

Non-Key Decision

(2) Pedestrian Zone Traffic Regulation Order, West Street, Fareham (Pages 63 - 68)

A report by the Director of Democratic and Regulatory Services.

11. Policy, Strategy and Finance

To consider and reach a decision on the following matters:

Key Decisions:

(1) Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2013/14 (Pages 69 - 78)

A report of the Director of Finance and Resources.

(2) Housing Revenue Account Spending Plans, including the Capital Programme for 2013/14 (Pages 79 - 94)

A report by the Director of Finance and Resources

(3) Treasury Management Strategy and Prudential Indicators 2013/14 (Pages 95 - 112)

A report by the Director of Finance and Resources

(4) Quarterly Financial Monitoring Report 2012/13 (Pages 113 - 124)

A report by the Director of Finance and Resources

12. 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.

13. Policy, Strategy and Finance

To consider and reach a decision on the following matter:

Non-Key Decision

(1) Treasury Management Monitoring Report 2012/13 (Pages 125 - 138)

A report by the Director of Finance and Resources

P GRIMWOOD
Chief Executive Officer

www.fareham.gov.uk

1 February 2013

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

FAREHAM

BOROUGH COUNCIL

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

*Minutes of a meeting held on 7 January 2013
in the Collingwood Room, Civic Offices, Fareham*

Present: Councillor S D T Woodward - Policy, Strategy and Finance
(Executive Leader)
Councillor T M Cartwright - Public Protection (Deputy Leader)
Councillor B Bayford - Health and Housing
Councillor K D Evans - Strategic Planning and Environment
Councillor Mrs C L A Hockley - Leisure and Community
Councillor L Keeble - Streetscene

Also in attendance, Councillors:

Miss S M Bell (Chairman of Leisure and Community Policy Development and Review Panel)
Mrs P M Bryant (Chairman of Licensing and Regulatory Affairs Committee)
P J Davies (Chairman of Housing Tenancy Board) for Minute 8(2)
Mrs M E Ellerton (Chairman of Health and Housing Policy Development and Review Panel) for Minute 10(4)
J S Forrest (Leader of Liberal Democrat Group) for Minute 9(3)
Miss T Harper (Chairman of Streetscene Policy Development and Review Panel)
A Mandry for Minute 8(2)
Mrs K Mandry (Chairman of Public Protection Policy Development and Review Panel)
D C S Swanbrow (Chairman of Scrutiny Board)
N J Walker (Chairman of Planning Committee)
P W Whittle, JP for Minute 8(2), 9(3), 9(5) and 10(2)

Public Session

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 3 December 2012 ([x-121203-m](#) refers) be confirmed and signed as a correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

There were no announcements given by the Executive Leader.

4. DECLARATIONS OF INTEREST

The Executive Leader confirmed that the Monitoring Officer had granted a dispensation to all Members to enable discussion and a decision to be taken at item 10(3) - Local Council Tax Support Scheme 2013/14.

5. PETITIONS

There were no petitions presented for this meeting.

6. DEPUTATIONS

The Executive received a deputation from Mr Nigel Worwood in relation to Item 10(4) - Disposal of Land Adjoining 268 Brook Lane and was thanked accordingly (see minute 10(4) below).

The Chairman agreed to bring that item for consideration forward on the agenda.

7. MINUTES/REFERENCES FROM OTHER COMMITTEES

The Executive received a motion referred to it from the Council meeting held on 13 December 2012 (Minute 14 (1)):

"The Council considered the following motion by Councillor Gregory:

I would like to request support from all Councillors to implement a review of this Local authorities current Safeguarding Policy.

After speaking to this Borough's CPO (the Lead Officer for Child Protection), I feel that our current Policy does not go far enough in safeguarding all the vulnerable sectors of our communities. I fully understand that the current Policy meets all current Government guidelines; however it is mostly based around Children and young adults.

I request that this Local Authority's Safeguard Policy covers all the vulnerable population of this Borough, i.e. our children, young Adults, elderly, disabled and those who suffer with Mental or Health problems.

This will give assurances to all residents, especially those from the most vulnerable sectors of our commitment for safeguarding them.

This review, I feel, will not just safeguard the most vulnerable sectors of our Borough but also the members of this Authority in carrying out their duties."

The Executive AGREED to refer the motion to the Scrutiny Board inviting their comments on the proposed new safeguarding policy before the policy is considered by the Executive.

8. EXECUTIVE MATTERS FOR DECISION IN PUBLIC

The Executive considered the following matters for decision and resolved as indicated, in the Notices of Executive Decisions referred to and as set out below:-

Leisure and Community

- (1) Localism Act 2011 - Assets of Community Value (Key Decision) - Decision No. [2012/13-118](#)

RESOLVED that the draft procedure at Appendix A to the report ([xlc-130107-r04-mbo](#) refers) is approved and published on the Council's website.

- (2) Fareham Park Project - A Corporate Priority - Decision No. [2012/13-119](#)

At the invitation of the Executive Leader, Councillors P J Davies, A Mandry and P W Whittle, JP addressed the Executive on this item.

RESOLVED that:

- (a) the Executive agrees to establish a Member and Officer Steering Group (as detailed in Appendix C to the report ([xlc-130107-r09-mge](#) refers)) to oversee the delivery of the Fareham Park Project.
- (b) SkillForce be added to the list of other agencies to be invited, as at Appendix C to the report.
- (c) the Executive approves the Terms of Reference for the Member and Officer Steering Group (as set out in Appendix D to the report);
- (d) the Executive Member for Leisure and Community be delegated authority to approve expenditure totalling up to £20,000 on projects which help to improve skills and/or reduce deprivation in the Fareham Park Area;
- (e) the Executive agrees to fund a 3 year Project Officer post to support the Members and Officers Steering Group in the delivery of this project; and
- (f) the Executive will receive regular project progress reports.

9. Strategic Planning and Environment

- (1) Draft Development Sites and Policies Plan: Further Consultation on Policy for Solent Breezes - Decision No. [2012/13-120](#)

RESOLVED that the draft policy for Solent Breezes, as set out at Appendix A to the report, be published for a 4-week period of targeted public consultation.

- (2) Titchfield Conservation Area Character Appraisal and Management Strategy - Decision No. [2012/13-121](#)

RESOLVED that:

- (a) the Titchfield Conservation Area Character Appraisal and Management Strategy, as set out in Appendix A to the report ([xpt-130107-r07-mfr](#) refers), be adopted as evidence in support of the Fareham Borough Local Plan Review (June 2000), the policies contained within the Fareham Local Plan Part 1: Core Strategy and the emerging policies of the Fareham Local Plan Part 2: Development Sites & Policies;
- (b) the Executive supports the preparation of an article 4 direction, as recommended in the character appraisal document. Delegated authority was granted by the Executive to the Executive Member for Strategic Planning and Environment in July 2010 to make article 4 directions in accordance with the provisions of The Town and Country Planning (General Permitted Development) (Amendment) (England) Order 2010 and this proposal will be the subject of a further detailed report; and
- (c) delegated authority is granted to the Director of Planning and Environment in consultation with the Executive Member for Strategic Planning and Environment to make minor factual and formatting alterations prior to publication of the adopted document.
- (3) New Community North of Fareham: Design Code Programme - Decision No. [2012/13-122](#)

At the invitation of the Executive Leader, Councillors J S Forrest and P W Whittle, JP addressed the Executive on this item.

RESOLVED that:

- (a) the Executive agree the preparation of a Design Code for the New Community North of Fareham;
- (b) the Design Member Working Group be tasked with overseeing the process of preparing the NCNF Design Code which will include agreeing the programme and consultation process;
- (c) the terms of reference for the Design Member Working Group as set out at paragraph 13 of the report ([xpt-130107-r08-scr](#) refers) be approved.

- (4) Collective Energy Switching - Decision No. [2012/13-123](#)

RESOLVED that the Executive supports Fareham Borough Council's involvement in a County wide Collective Energy Switching project.

- (5) Consultation on Planning Performance and the Planning Guarantee - Decision No. [2012/13-124](#)

At the invitation of the Executive Leader, Councillor P W Whittle, JP addressed the Executive on this item.

RESOLVED that the Executive agrees the Council's response to the government consultation on 'Planning Performance and the Planning Guarantee' as set out in Appendix B to the report ([xpt-130107-r12-lsm](#) refers).

10. Policy, Strategy and Finance

- (1) Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2013/14 (Key Decision) - Decision No. [2012/13-125](#)

RESOLVED that:

- (a) the capital programme for the period 2011/12 - 2015/16, amounting to £19,903,000 be approved;
- (b) the revised 2012/13 general fund budget, amounting to £10,458,500 be approved;
- (c) the base 2013/14 general fund revenue budget amounting to £9,675,200 be approved;
- (d) the Executive recommends to Council that authority to calculate the Non-domestic rate baseline for 2013/14 and subsequent years be delegated to the Director of Finance and Resources.

- (2) Commercial Property Investment Acquisition Strategy (Key Decision) - Decision No. [2012/13-126](#)

At the invitation of the Executive Leader, Councillor P W Whittle, JP addressed the Executive on this item.

RESOLVED that the Executive:

- (a) agreed to the principle of a programme of investment in commercial property and adopt the draft Commercial Property Investment Acquisition Strategy attached as Appendix A to the report ([xps-130107-r01-gll](#) refers);
- (b) agreed £3 million as an appropriate amount for initial investment to fund a commercial property investment acquisition programme;
- (c) delegated authority to the Director of Finance and Resources, following consultation with the Executive Leader, to submit offers for

Commercial Property Investments in accordance with the criteria set out in the Commercial Property Investment Acquisition Strategy with details of successful acquisitions being included in the periodic financial monitoring reports proposed to be reported to the Executive in paragraph e) below;

- (d) agreed to the engagement of Hellier Langston, Chartered Surveyors under the terms of the framework agreement recently put in place, to work with officers to identify suitable commercial property investments in accordance with the criteria set out in the draft Commercial Property Investment Acquisition Strategy and as required act on the Council's behalf to negotiate acquisitions; and
 - (e) requested officers to design a performance measurement framework to actively manage the portfolio, to be included in the periodic financial monitoring reports to Executive.
- (3) Local Council Tax Support Scheme 2013/14 (Key Decision) - Decision No. [2012/13-127](#)

All Executive Members had been granted a dispensation by the Monitoring Officer to enable discussion and a decision to be taken on this item.

RESOLVED that the Executive agreed:

- (a) to approve the final Council Tax Support scheme, as set out in the report ([xps-130107-r10-cqu](#) refers);
 - (b) to introduce transitional protection arrangements for 2013/14 as set out in paragraphs 19-22 of the report, which offer additional financial support to claimants, meet the minimum Government criteria and enable the Council to apply for Transition Grant;
 - (c) to fund the net shortfall of the transitional arrangements (estimated to be £18,000 for Fareham Borough Council), from the budget allocated to the Hardship Fund in 2013/14;
 - (d) to approve the local discounts, exemptions and premiums for second homes and empty properties within the Borough;
 - (e) to recommend the final scheme to Full Council for adoption; and
 - (f) that delegated authority be given to The Director of Finance and Resources to make any necessary minor amendments, and to publish the final scheme prior to 1st April 2013.
- (4) Disposal of Land Adjoining 268 Brook Lane - Decision No. [2012/13-128](#)

The comments of the Depute were taken into account during consideration of this item (see minute 6 above).

At the invitation of the Executive Leader, Councillor Mrs M E Ellerton addressed the Executive on this item.

Following a debate on the matter, an amended recommendation was proposed and duly seconded to leave the current licence arrangements in place and therefore not dispose of the land. Upon being put to the vote, the motion was declared CARRIED (5 Executive Members voting for, 1 against).

RESOLVED that the land is not disposed of, thus allowing the existing licence arrangements to continue.

(NOTE: All decisions are non-key decisions unless otherwise indicated)

(The meeting started at 6:00pm
and ended at 8:08pm).

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 February 2013

Portfolio:	Health and Housing
Subject:	Garden Court, Portchester - Changes to the Sheltered Housing Service
Report of:	Director of Community
Strategy/Policy:	
Corporate Objective:	A Balanced Housing Market

Purpose:

This report proposes a change in the level of service provided to sheltered housing tenants at Garden Court, Portchester.

Executive summary:

The retirement of the Sheltered Housing Officer at Garden Court provided an opportunity to consult the tenants, review their individual support needs and the level of service that they require.

A report on these matters was considered by the Housing Tenancy Board at its meeting on 21 January 2013.

Recommendation:

- (a) That the level of support service provided to sheltered housing tenants at Garden Court be changed from a 5 day week service to a weekly service (as set out in paragraphs 13 to 15 of the attached briefing paper); and
- (b) Officers be instructed to implement the new service arrangements at the earliest opportunity.

Reason:

To ensure an appropriate level of support service is provided which meets the needs of the residents at Garden Court.

Cost of proposals:

Implementation of the change in service will result in a net saving in the cost of providing a sheltered housing service.

Appendices: None

Background papers: None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 11 February 2013

Subject: Garden Court, Portchester - Changes to the Sheltered Housing Service

Briefing by: Director of Community

Portfolio: Health and Housing

INTRODUCTION

1. Garden Court is a mixed tenure scheme with 41 units of accommodation. The breakdown of units is shown below:
 - 29 sheltered;
 - 8 general purpose; and
 - 4 leasehold

2. The Sheltered Housing Service provided at Garden Court originally comprised of a Sheltered Housing Officer on site 5 days a week (Monday to Friday - 7.4 hours per day). However in 2004 following consultation with sheltered tenants at Garden Court a menu of service was made available, whereby tenants could opt for one of the following service options in meeting their support needs:
 - (a) Emergency Alarm call system with monitoring only service (with family or friends as the point of contact);
 - (b) Emergency Alarm call system with monitoring and response (provided by on call Sheltered Housing Officer);
 - (c) Emergency Alarm call system with a weekly visit (provided by a Sheltered Housing Officer) and alarm monitoring/response service (provided by on call Sheltered Housing Officer);
 - (d) Emergency Alarm call system with a visit 5 days a week (Mon-Fri) (provided by a Sheltered Housing Officer) and alarm monitoring/response service (provided by on call Sheltered Housing Officer);

3. At present the Sheltered Housing Service provided to sheltered tenants at Garden Court is as follows:

Sheltered Housing Service	No of Tenants
Emergency Alarm call system with monitoring only service	0
Emergency Alarm call system with monitoring and response	0
Emergency Alarm call system with a weekly visit	20
Emergency Alarm call system with a visit 5 days a week	9

4. The retirement of the Sheltered Housing Officer at Garden Court at the end of July 2012 presented an opportunity to further review the level of service provided to tenants at the scheme.

CONSULTATION WITH TENANTS

5. In August - September 2012 members of the Sheltered Housing Officer team consulted those tenants who currently received a 5 day week service to ascertain if there was still a need to continue with this level of service.
6. The consultation with tenants took the form of a personal home visit when a member of the sheltered housing officer team undertook a needs assessment and asked the tenant about their preferred level of service.
7. The outcome from the consultation indicated strong support for a weekly visit rather than 5 visits each week. The results are shown in the table below:

Sheltered Housing Service	No of Tenants
Emergency Alarm call system with a weekly visit	7
Emergency Alarm call system with a visit 5 days a week	2

8. Although at the time of the consultation two tenants expressed interest in maintaining visits 5 days a week, more recently one of these tenants has since moved out of Garden Court. The arrangement to visit the remaining tenant 5 days a week will be continued and kept under review. The service will remain in place until such time as the tenant agrees to a change in the service.

FINANCIAL AND STAFFING IMPLICATIONS

9. The cost of employing a full time sheltered housing officer at Garden Court including employment overheads is estimated to be £32,500 per annum.

10. The reduced level of service can in future be provided by the Sheltered Housing team without an increase in working hours or establishment. As a result it is proposed to delete the vacant post from the establishment.
11. Although a reduced level of service will result in a decrease in service charge income the decrease in staffing costs will make a contribution toward future cuts in support funding from the County.

PROPOSAL

12. It is proposed to reduce the level of service provided to 8 of the remaining 9 sheltered tenants at Garden Court who had been receiving visits from a member of the sheltered housing officer team 5 days a week.
13. The remaining tenant that has requested a visit 5 days a week will continue to receive such a service until such time as they either agree to receive a reduced level of service or move out of Garden Court.

RISK ASSESSMENT

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

CONCLUSION

15. An opportunity has arisen to review the level of service provided at Garden Court and sheltered tenants have been consulted on the matter. The outcome of the consultation shows support for a change in the level of service from 5 days per week service to a Mobile Sheltered Housing Service providing a weekly visit.

Reference Papers: Report to Executive 15 December 2003 - Review of Sheltered Housing Service at Garden Court; and
Report to Housing Tenancy Board 21 January 2013 - Changes to the Sheltered Housing service at Garden Court

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 February 2013

Portfolio:	Leisure and Community
Subject:	Community Action Fareham - Review of Service Level Agreement
Report of:	Director of Community
Strategy/Policy:	Leisure Strategy
Corporate Objective:	Strong and Inclusive Communities

Purpose:

To seek approval to extend the existing service level agreement with Community Action Fareham, for one year, pending the outcome of the Hampshire County Council review of voluntary and community sector funding.

Executive summary:

Community Action Fareham (CAF) is a Council for Voluntary Services (CVS). As Fareham's local CVS, CAF works for the benefit of Fareham based residents, community groups and organisations. They offer support to a range of community organisations across a range of issues, this includes the provision of services and activities to meet the needs of local residents.

CAF has held a service level agreement with the Council, with funding for the delivery of core services, since 1995. Funding for core services is also provided by Hampshire County Council (HCC). In addition to the core services, CAF also operates other services such as Community Transport, Dial a Ride, Home Help Service, Shopmobility and the Volunteer Centre (VC), as well as hosting a number of smaller organisations at their offices.

A review of funding to support future capacity in the voluntary and community sectors in Hampshire is currently being undertaken by HCC. The review may result in changes to the way that funding is allocated to the voluntary sector by HCC in the future.

The existing SLA with the Council ceases on 31 March 2013 but the options for future funding by HCC are not expected until April/May 2013. The report proposes that the current SLA be extended, with some revisions to key objectives, for a further 12 months pending the outcome of the review.

Recommendation:

- (a) Agree to extend the current SLA with Community Action Fareham by one year until 31 March 2014;
- (b) Agree the revised key objectives as detailed in paragraph 25;
- (c) Agree option B, to reduce the current level of core funding by 4% as recommended by the Leisure & Community Policy Development and Review Panel.

Reason:

To agree interim arrangements for the service level agreement with Community Action Fareham.

Cost of proposals:

The funding for the current service level agreement is £43,580 and there is revenue budget provision available to fund this amount.

Appendix A: Community Action Fareham Assessment of Achievement Against SLA Targets

Background papers:

Community Action Fareham, Service Level Agreement - 2010-2013
Community Action Fareham SLA Review - Leisure & Community Policy Development & Review Panel - 16 January 2013

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 11 February 2013

Subject: Community Action Fareham - Review of Service Level Agreement

Briefing by: Director of Community

Portfolio: Leisure and Community

INTRODUCTION

1. Community Action Fareham (CAF) is a Council for Voluntary Services (CVS). As Fareham's local CVS, CAF works for the benefit of Fareham based residents, community groups and organisations. They offer support to a range of community organisations across a range of issues, this includes the provision of services and activities to meet the needs of local residents.
2. Support is also provided to help assist the network of community and voluntary groups operating across Fareham, helping them with things such as governance, development, attracting volunteers, grants and fund-raising.

BACKGROUND

3. In Fareham, CAF has held a service level agreement (SLA) with the Council, for the delivery of core services, since 1995. In addition to the core services, CAF also operates other services such as Community Transport, Dial a Ride, Home Help Service, Shopmobility and the Volunteer Centre (VC), as well as hosting a number of smaller organisations at their offices.
4. Grant funding to CAF during the last year can be broken-down as follows:

Service	Fareham BC	Hampshire CC	Combined total of FBC & HCC £ only for each service
CVS Core Funding	£43,580	£45,125 <i>(of which £12,499 is allocated for</i>	£88,705

		<i>the VC)</i>	
Community Transport	0	£10,015	£10,015
Dial a Ride Contract	£24,406	£24,406*	£48,812
Dial a Ride Half Fare Subsidy	0	£11,036	£11,036
Shopmobility	£14,700	0	£14,700
Volunteer Centre	Included in main core funding	<i>Included in main core funding</i>	
Total	£82, 686	£90, 583	£173,269

*Runs in contract years -1st Jan - 31st Dec

5. In addition to the resources outlined in the SLA for core funding, during 2009, CAF relocated to brand new office accommodation, built by Portsmouth Housing Association, which was made possible by a significant investment (£528k) by Fareham Borough Council. The current arrangement includes a below market rent agreement with the organisation and the provision of three free car parking spaces for the use of CAF staff and volunteers.

SERVICE LEVEL AGREEMENT 2010-2013

6. The current service level agreement expires on 31 March 2013 and was built around a number of key priorities and outcomes as identified by the Council. The key priorities of the existing agreement are focussed on:-

- *Increasing the number of active volunteers in the Borough*
- *Promoting and supporting the Fareham Compact Group.*
- *Developing new opportunities for older people and providing support for an Older Persons Forum in the Borough*
- *Facilitating wider community involvement in the Fareham Park Project.*
- *Maintaining an up to date directory of local voluntary and community organisations and the services they provide*

ASSESSMENT OF ACHEIVEMENTS AGAINST EXISTING SLA

7. CAF has undertaken their own assessment of achievement against the targets as set out in the SLA and this is contained in Appendix A.

8. The performance monitoring process introduced at the beginning of the SLA term was revised after the first year to mirror the process introduced by HCC and adopted by all district and borough councils. Consequently the information provided in relation to Year 1, in parts, may appear incomplete.

HAMPSHIRE COUNTY COUNCIL- CVS FUNDING REVIEW

9. A review of funding to support future capacity in the voluntary and community sectors in Hampshire is currently being undertaken. This process is being led by Hampshire County Council, with the support of local district and borough councils, who in many places, jointly fund the local CVS to support communities in their local area.
10. The planned outcomes from the review are that in future:
- i. Wider support for the voluntary and community sector is better co-ordinated and delivered efficiently.
 - ii. Funding is effectively targeted to meet the support needs of voluntary organisations and community groups in Hampshire and to build capacity to:
 - (a) help shape their communities
 - (b) support vulnerable groups
 - (c) tackle exclusion and build inclusive communities
 - (d) support well-being and economic prosperity
11. The review has also been watchful of a number of wider issues concerning infrastructure support, as such it is recognised that in Hampshire;
- Some of the infrastructure providers are currently increasing their roles as service providers in their own right.
 - Infrastructure providers recently submitted a bid under the Transforming Infrastructure programme which set out the case for a comprehensive review of infrastructure support. Although the bid was unsuccessful, it is felt that the need to carry out the review of infrastructure review remains just as relevant.
 - Other funders such as the Big Lottery are considering, as an alternative to core funding infrastructure bodies, giving direct payments to voluntary and community organisations through a voucher process.
 - The Government has also indicated that they will make other funding streams available.

RESPONSES TO CONSULTATION

12. In light of these proposals, the review has focused on working with those who already use the services of local CVS's to identify which elements they particularly value and find most helpful in their activities and operation.
13. It has been important to identify which of the core services are most widely used and meet the greatest need, whilst also identifying those that may now be less relevant to local groups because the information is provided elsewhere, or is a service provided by another organisation.

14. In total, 720 responses were received from organisations throughout the county (a total of 59 responses came from Fareham Borough). The highest number of responses came from organisations who cover the New Forest area (98) or who are countywide organisations (96) with the lowest number of responses being from Gosport (38) Havant (24) and East Hampshire (17)
15. The number of total responses received equates to 17% of the 4,358 organisations and groups registered in Hampshire with the Charity Commission. It is considered this represents a significant sample.
16. A summary of the results from the on-line survey are detailed below, these have been ranked by those services most valued by those who took part in the survey include:

Ranking	Quantity/ total score	Area of Support provided/used
1	436	Grants, fundraising or submitting bids
2	381	Recruiting new or more volunteers
3	251	Networking opportunities
4	214	training and staff development
5*	143	ISA / CRB checks
6*	142	Representing your group's or organisation's views at meetings with other organisations
7*	141	Volunteer good practice

*The last 3 selections have all been included as there is only one vote between them

17. These issues were closely followed by other services such as help with understanding national issues (132), assistance with forming partnerships (117) and developing strategies and policies (92).

THE WAY FORWARD

18. It is recognised that before considering a new three year SLA with CAF, it would be helpful to understand the County's future arrangements for funding community organisations. In particular, as the majority of CVS's are jointly funded by county and district partners and the rationale for services may change, it would be useful to fully consider all issues, options and potential methods of operation, before committing to a further funding agreement.
19. It has been suggested that alternative options for the future delivery of services could see a move towards commissioning services from the CVS's, rather than just awarding grants for collective core services, which are then underpinned by funding agreements.
20. Although this suggestion would see a departure from the usual funding process for CVS's, it is recognised that it may encourage greater clarity and transparency about services, enabling those who fund them to be clear about exactly how funding is being used.

21. Several other districts in the county are looking into the possibility of combining services in order to reduce overheads to improve the effectiveness and efficiency of community services. To date, East Hampshire and Havant CVS's have already merged and are currently working on appointing a new Chief Executive and reviewing delivery arrangements.
22. Conversely, Winchester City Council is keen to move away from existing arrangements of an SLA with their CVS, in favour of commissioning services directly. This will enable the Council to be clear about how resources are used in meeting corporate priorities for the benefit of the local community and enable funding to be targeted to services they wish to directly support. This option also proposes to secure a 12% saving on the overall budget.
23. There is also a county-wide consensus that as Councils are being requested to tighten operations and deliver efficiencies, it is important that the finances of any organisation requesting funding from the Council be properly scrutinised. This is to ensure that projects are manageable and have likely longevity and can be sustainable without undue reliance on the Council.
24. On a similar theme, an informal approach has also been made by officers from Gosport Borough Council keen to explore options for combining some CVS services across the Fareham and Gosport Borough's. As the area currently offers a joint Dial-a-Ride Service to residents and as both CVS's serve either end of the peninsula, it would seem a sensible time to explore whether any cross boundary development opportunities can be identified.
25. During this interim year, it is proposed that once identified, a further report be bought to the Executive, outlining the full results of the joint review. This will enable a number of options to be developed for members to explore in consideration of the future funding arrangements for infrastructure support to CAF and how community support services can be most effectively provided.

INTERIM ARRANGEMENTS FOR THE YEAR 2013-2014

26. The existing agreement ceases on 31 March 2013 but the options for future funding are not expected until April/May 2013. Therefore it is suggested that an interim arrangement be put in place to ensure that assistance is still available to support the local community.
27. It is important that the Council support CAF to continue providing support to the community and voluntary sector until a clearer understanding of the county-wide implications of the review are known.
28. A number of options for supporting CAF for the year 1 April 2013 - 31 March 2014 are proposed for consideration by the Executive:
 - (a) **Option A** - Retain the current level of core funding with no variation for the next twelve months. This would equate to a grant for 2013-14 of £43, 580 per annum and see the existing payment remaining unchanged.

- (b) **Option B** - Reduce the current level of core funding by the same percentage as HCC are proposing. Currently this figure is yet to be confirmed, however, figures have been calculated on the basis of a 4% decrease. This would equate to a grant of £41, 836 for the next year and a saving of £1,743 towards the Council's efficiency savings.
- (c) **Option C** - Reduce the current level of core funding by 10% for the next year. This would equate to a grant of £39, 222 and a saving of £4,358 towards the Council's efficiency savings.
- (d) **Option D** - Cease core funding to CAF altogether and await the outcome of the review before concluding whether funding is needed in the future.

29. In each of the options A- C, is it recommended that the existing SLA will remain the same with an interim set key priorities as follows:

- (a) *Increasing the number of active volunteers in the Borough*
- (b) *Developing new opportunities for older people and providing support for an Older Persons Forum in the Borough*
- (c) *Maintaining an up to date directory of local voluntary and community organisations and the services they provide*

CONSULTATION

30. The meeting of Leisure and Community, Policy, Development and Review Panel on 16 January 2013 considered a report that outlined the current position with regards to the CAF SLA and HCC grants review as detailed in this report.

31. The Chief Executive of Fareham Community Action gave a presentation to the Panel to support the report which included an update on the volunteer centre as well as highlighting key achievements delivered in relation to core services.

32. After consideration of the presentation and the report the Panel concluded to recommend to the Executive option B, to reduce the current level of core funding by 4% and extend the current SLA for another year.

RISK ASSESSMENT

33. There are no significant risks associated with the recommendations in the report.

FINANCIAL IMPLICATIONS

34. The financial implications within the report can be met from existing revenue budgets

CONCLUSION

35. This report sets out the progress made by CAF in relation to the SLA they have held with the Council during the last three years. CAF have submitted (as attached in appendix A) a summary of achievements in relation to targets.

36. It is recognised that some groups and organisations can thrive without any help; others require occasional support to become established or to develop and operate effectively. Although organisations and groups are sometimes able to access support or training from their own contacts and associations, others choose to use council staff or organisations which are funded by the local public sector.
37. The current SLA with CAF expires on 31 March 2013 and this report has outlined various options that will need to be considered before a decision can be reached on how the sector be best supported in the future.
38. Both County and Borough Councils recognise the value of providing support which helps to develop and retain voluntary and community organisations. Currently this is provided in various forms, including financial support to the CVS's to enable them to deliver services to help the local voluntary and community sector.

Enquiries:

For further information on this report please contact Janie Millerchip, Community Development Manager (Ext 4597)

**Assessment of Achievement against SLA targets
(As provided by Community Action Fareham)**

Appendix A

Core functions

- 1.1 Community Action Fareham shall be responsible for the effective delivery of the five core functions of a Local Infrastructure Organisation by:
- (a) proactively identifying needs in the local community and facilitating improvement in service provision to meet those needs;
 - (b) assisting local voluntary and community organisations to function more effectively and deliver quality services to their users, members or constituents;
 - (c) facilitating effective communication or networking and collaboration amongst local voluntary and community groups;
 - (d) enabling the diverse views of the local voluntary and community sector to be represented to external bodies, developing and facilitating structures which promote effective working relationships and two-way communication; and
 - (e) Enhancing the voluntary and community sector's role as an integral part of local planning and policy-making.
- 1.2 Fareham Borough Council has identified specific priorities and will expect Community Action Fareham, as a result of its activity, to ensure that focused attention is given to the following areas :
- (a) Increase the number of active volunteers in the Borough.
 - (b) To promote and support the Fareham COMPACT.
 - (c) Develop new opportunities for Older People and provide support for the Older Persons Forum.
 - (d) Facilitate wider community involvement in the Fareham Park Project.
 - (e) Maintain an up to date directory of local voluntary and community organisations and the services they provide.
- 1.3 There was an additional target to seek closer working with Gosport Voluntary Action

Achievements

Monitoring meetings have been held each quarter and reports presented for core and volunteering activity. These have included quantitative information and additional qualitative descriptions of activity. The Annual Reviews are an additional source of information about achievements.

Core functions

The core functions are as represented above and have not changed over the 3 years, except in recognition of the importance of seeking efficient ways to operate.

Identifying local needs

This function has been undertaken in several ways that have seemed most practical.

Listening and participating in Partnership meetings. We were active in the Local Strategic Partnership until the format changed. We have been active in the Local Children's Partnership and contributed to its development. We have contributed to the re-shaping of the NHS locally so that it is aware of the potential input from groups. Groups have participated in Stakeholder meetings as a result of our contacts.

In November 2011 we invited all the churches to participate in a meeting to look at collaborative community developments. 23 people attended and have stimulated a number of developments. The opening of the Imbizo café had links to this as we had identified the need for placements for volunteers.

The development of the new community north of Fareham provides another example of the work to help identify local needs. A lunch was held in September and a meeting was held in November with the independent Chairperson of the Standing Conference;

We continue to encourage Community Associations and similar to undertake appraisals of local need.

Assisting local voluntary and community organisations to function more effectively

We undertake this on a one to one and training basis. One to one sessions have been held with groups across a range of topics. We have promoted a simple quality process called "The got it right award" – we intend to maintain and develop this approach as it serves to provide a good basis for organisational audit.

Training has been a very important part of assisting local voluntary organisations to be effective. However as we know there is a price barrier we have sought ways to provide the service and to keep the price of courses down to a level that groups can afford.

We have also sought to obtain recognition for providing good quality courses. We are currently working with Hampshire Learning to accredit the courses that we provide. We obtained some funding from Hampshire Learning and have employed someone who understands the voluntary sector to undertake this work. This is being undertaken on the basis that it is available for all voluntary organisations in Hampshire.

In April 2011, FunderFinder stopped updating; we have worked with 2 other CVSs to obtain a licence for Trust Funding at a discounted rate although this is still nearly 3 times the price of FunderFinder. Searches are made available to groups

"Backroom Services"

We aim to provide services that groups need. These include Payroll, CRB checking, equipment loan, copying, examination of accounts, web domain hosting. Groups have used the public profile at the Pop-Up Gallery. There is a note below about Community Transport.

We have recruited specialist volunteers to support groups; currently available are Health & Safety, Fundraising and Purchasing volunteers.

Facilitating effective communication or networking and collaboration

We have maintained networking and communications within Fareham, between groups of different interests and with others outside Fareham so that we utilise good practice where ever it occurs.

We have routinely attended the Hampshire Older Persons Well-being steering group so that we can feed-in and bring back the details of initiatives and involve groups with them. An example of this would be our promotion of the “Hitting the Cold Spots” campaign. This was then cascaded with FBC and CAT meetings, Community Centres and Churches among others.

Enabling the diverse views of the local voluntary and community sector to be represented to external bodies

We undertake this on an on-going basis. It is achieved through maintaining good working relations with groups and partner organisations, promoting the importance of community engagement and working with others. We are pleased to have been able to attend CAT meetings and place relevant articles in Fareham Today on a regular basis. We have briefed partners on the role of the voluntary sector; this has included CAT officers and the CCG.

Enhancing the voluntary and community sector’s role as an integral part of local planning and policy-making

We have attended local forums and partnerships so that we can represent the voluntary sector. The most important recent development is with the New Community North of Fareham for which we have represented the sector on the standing Committee. To foster involvement we held a network lunch on the topic.

Increase the number of active volunteers in the Borough.

This is undertaken through:

- The promotion of volunteering
- Operation of the volunteer centre
- Utilisation of Volunteers in a number of projects

We use the opportunities to promote volunteering; Volunteers Week events, Make a difference Day, during the Jubilee year this included 2 events in June. We had been ready to participate at the HMS Collingwood Field Gun Event but it had to be cancelled due to poor weather. The community information desk and the POP-UP gallery in the Shopping Centre provide additional opportunities for promoting volunteering.

Attendance at each of the CAT meetings is part of the programme to promote volunteering.

With the help of the Borough Council and the Mayor in particular, the awards Ceremony held in early spring each year has been very successful in raising the profile of volunteering. Press coverage has been achieved; in the Jubilee year we use the Diamond theme.

Volunteers are used throughout Community Action Fareham. Projects would not be operated at the same level without them and several, e.g. Gardening and Walking 4 Health would not operate at all without the support of volunteers.

A Mori survey was undertaken before and at the end of the LPSA2 funding to estimate the numbers of volunteers active in Fareham. Previous estimates were undertaken by the Home Office showing that on average 28% of the population was involved in formal volunteering. There was not an analysis of this by area. The Hampshire Mori Survey identified responses by district. This showed that the level of volunteering in Fareham is 21% of the adult population. While lower than the Home Office estimate for the total sample size of 1,000 it is probably not significantly different. The results do demonstrate the need for maintaining on-going promotion of volunteering and correspondingly it shows the value of it.

We continue to encourage businesses to promote volunteering to their staff. While there are some good outcomes it seems to rely on individuals within businesses to promote. *(Statistics are shown in the table)*

To promote and support the Fareham COMPACT.

Following the various funding crises and the need to focus on the essential aspects the Compact has been reduced to a commitment of understanding to collaborative work. This is given within the membership requirements of Community Action Fareham. It seems that, in Hampshire, only Gosport is continuing its Compact groups. The forthcoming Gosport Compact conference is essentially a training event providing recent updates. Fareham has provided some of this information to its groups by email.

Develop new opportunities for Older People and provide support for the Older Persons Forum.

We have continued to develop support for older people; Isolation is identified as being a critical in wellbeing.

Besides providing the community services Dial-a-Ride and Shopmobility

We have operated the Xplore trips, developed the Scooter Safety DVD (and obtained funding for a professional production), Voluntary Car Scheme.

During the last 3 years we undertook work for the Community Innovations Team (now Community Independence Team). We have enabled the teams to have much greater access to the services of voluntary groups. A reviewed service directory is being produced as an outcome from the Older Person's Wellbeing Network Lunch held Nov 12.

Facilitate wider community involvement in the Fareham Park Project.

We obtained funding to continue the project for 9 months following the end of the LSP funded work.

The initial group has now changed, but this will provide an opportunity to foster community development in a different way. The need for this work to continue is clearly evident.

Maintain an up to date directory of local voluntary and community organisations and the services they provide.

We continue to routinely update the Merlin database for local use. The link with e.solve has not been due to changes only at county level. We continue to promote e.solve and encourage groups to register and to respond to the requests to update their details. The need for this is evident from the recent proposal that Hampshire create a new database of voluntary organisations; in response we propose that information agents at HCC contact us for information as we do hold it.

We have maintained the "Who Cares" directory of voluntary organisations involve in care and health. We have provided information to the CCG about voluntary groups that focus on health needs of people. In November 2012 we presented two workshops to health professionals about the voluntary sector.

We will shortly be migrating information to a new version of Vbase (Volunteer Centre management system); this will provide additional resource for managing and quickly updating directories.

To seek closer working with Gosport Voluntary Action

Our work with Gosport Voluntary Action has covered a number of areas including

- Operation of services, partnerships with Health
- Re-modelling of the Home Helps service
- Joint bids for work including delivery of the CVS / Volunteer Centre function in Portsmouth and Partnership in Harbourside Training.
- Collaboration about Transport

Whilst Community Action Fareham has the tender for operating the Dial-a-Ride services in Fareham and Gosport, we have taken a view that this is a partnership arrangement and Gosport have been involved in the Performance development over the last 3 years and participated in the tender writing in August 2012. We are moving towards the formation of a single joint entity for Transport in Fareham and Gosport; we have written the Memorandum and Articles and the Objects of the new charitable company. A meeting will take place in January to determine the next steps and time table.

Having one Commissioning Care Group (CCG) covering the two boroughs (F&G CCG) means that we can collaborate about developments and ensure that the F&G CCG is provided with information from the voluntary sector groups in Fareham and Gosport. We have liaised to ensure that we are presenting information that covers both boroughs.

When the Home Helps service was cut we met with Adult Services together to explore the situation and devised a common approach to maintaining the service; this was successful for both.

We have used our common interest to produce partnership bids for projects rather than to compete or duplicate. We bid for the work in Portsmouth and we not successful, but for example we bid for ESF funding for training and we were successful with a grant of £11,000.

Joint delivery of Training, with Gosport Voluntary Action, for the voluntary sector has been successful. The activity is run from Fareham on a fully-costed basis with Gosport voluntary Action contributing equally to the cost of operation. We have good working relations and so can exchange information and share resources so that local needs are met without duplication of effort.

Performance targets

During the period of the SLA we have modified the performance monitoring table so that it is the same as used in other districts. We have not yet had access to sufficient benchmarking information to assist development, but we believe that comparison would be helpful. We are additionally aware that we are seriously under-recording in some aspects of the PIs.

Community Action Fareham – Statistics

The format was changed in year 2 so that it could eventually be compared with other CVSs. Therefore the table for year 1 appears incomplete.

	Local output Statistics	April 2010 to March 2011	April 2011 to March 2012	April 2012 to March 2013
		Year 1	Year 2	Year 3 3qrts + qrt 4 estimate.
VCS Support				
1.1	Number of groups supported (instances)	529	282	431
1.2	Value of external income /grants sourced through development support			£130k
1.3	Value of external income applied for		£250k (CiN)	£25k (CLIF)
1.4	Number of grant applications developed		3	4
	Funderfinder & Trust Funding searches	12	3	9
Type of support given (Instances)				
2.1	Governance		73	4
2.2	Start Up		7	2
2.3	Funding and Finance		2	14
2.4	Volunteers & HR		49	246
2.5	Policies and Procedures		3	2
2.6	Training		44 + training stats	17
2.7	Other		6	93
Training				
3.1	Number of Learners (individuals)	319	342	533
3.2	Number of training / learning opportunities delivered by CVS (events)	58	60	59
Volunteers				
4.1	Number of opportunities registered on "Do It)	205 - 278	209 - 259	230
	New Opportunities			93
4.2	Number of organisations on "Do It"	Nr	215 - 230	250
4.3	Number of Volunteer Enquiries	805	932	877

4.4	Number of referrals to organisations (this includes sign posts)	392	779*	960
4.5	Number of placements	101	103	81
4.6	Number of unemployed people placed into volunteering	NR	10	4
	*Includes multiple signposting			
Networks & Forums				
5.1	Number of VCS networks and forums supported	Net Lunches Disability Forum	Older Person's Forum Disability Forum Net Lunches	Older Person's Forum Net lunches
5.2	Number of Statutory Sector partnerships involved with	Extended Services Children's Partnership(LCP) Fareham Park Fitter 4 Work CCG engagement	LCP Fareham Park CCG Stakeholder Learning Partnership Community Association's Network	LCP Fareham Park CCG Stakeholder Learning Partnership Community Association's Network
Members				
6.1	Total number of VCS members	125 - 130	130 - 135	135-
	Case study	Iranian Society	Support for Friday Club	Indoor Petanque Lockswood

OTHER SERVICES PROVIDED BY CAF, (NON_CORE ACTIVITIES)

Community Transport

Some aspects of Community Transport provide a service to individuals other aspects provide a service to Community Groups. Groups can rarely afford their own minibuses for occasional trips. Therefore the provision of buses has been a service for many years. In more recent years we have also provided the drivers. It is only in the last 3 years that we have had any funding for Community transport. As part of that we have been required to seek contracts that will provide a surplus for improving sustainability. We now have 5 school contracts; we continue to explore ways to make this more efficient and to find ways to obtain on-going development funding as is available to other districts through HCC support. We are pleased to have been able to provide the Fareham Park and Ride service in Partnership with FBC over the last 3 years.

Shopmobility

While this is partially a contracted service rather than being part of the core, we have dealt with a funding cut of 33% because of the loss of HCC funding for the disability information part of the service. We have increased some charges and increased the fundraising target. Fareham Shopmobility is one of the most efficient in the country and has recognition of that from the National Federation of Shopmobility UK. We still have much work to do to achieve our fundraising target.

Home Help Service

In recognition of the importance of this service to people in the communities in Fareham we sought to maintain the service after complete funding cuts by HCC. This has been achieved making the service self-funding. We are aware of the risk that the higher level of fees might make the service unavailable to people in need. We maintain awareness among partner organisations so that we can deal with the matter when cases arise.

The value of the service model is recognised in that a colleague organisation is seeking to duplicate the service in their district.

Other developments

Besides seeking development of ideas we have identified we have responded to initiatives that as they have arisen; these have included

- Development of ESOL – because Fareham College decided not to continue
- Extended Services
- Children’s Partnership Administration
- Insurance discount of 5% for groups
- Digital Switchover
- Older persons Benefits leaflet
- Promotion of Diversity in the Voluntary Sector

Not all initiatives have provided funding and so not been developed

Community Learning in SE Hampshire

Operation of the Volunteer Centre Service in Portsmouth

Community Safety for older People

Hoped for developments

With the status of funding it has been difficult to assess a sustainable plan for support. During the last 3 years we have lost core funding in terms of two 8% cuts from HCC and the funding cut from the PCT of £5,000 per year. We believe that, subject to funding next year, we can recruit additional administration staff to assist with contact with groups.

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 February 2013

Portfolio:	Public Protection
Subject:	Traffic Management Programme
Report of:	Director of Regulatory and Democratic Services
Strategy/Policy:	Traffic Management Programme
Corporate Objective:	A safe and healthy place to live and work

Purpose:

To update the Executive on progress in delivering the 2012/13 Traffic Management programme and request members to consider and recommend the programme for 2013/14.

Executive summary:

The Executive agreed the 2012/13 Traffic Management Programme on 6 February 2012. This report updates members on progress in delivering the 2012/13 Traffic Management Programme, seeks approval for the Traffic Regulation Order priorities for 2013/14, and informs the Executive of the general work undertaken by the Traffic Management Team.

Recommendation:

The Executive is asked to note the progress on the current 2012/13 programme, consider planned work for 2013/14 identified in Appendices A to D to this report and approve the following:

- (a) that a new assessment factor termed "Highway Code" is added to the existing criteria for prioritising the TRO programme;
- (b) that the Proposed Traffic Regulation Order Programme for 2013/14, as shown in Appendix B (Table 4) to the report, be approved;
- (c) that the work undertaken on the deployment of the Speed Limit Reminder signs, as detailed at Appendix D to the report, be noted.

Reason:

To improve road safety and to reduce congestion.

Cost of proposals:

The proposals in the report can be met from existing budgets.

Appendices:

- [Appendix A:](#) Programme of Traffic Investigations
- [Appendix B:](#) Review of Traffic Regulation Orders and Proposed Programme
- [Appendix C:](#) Externally Funded Traffic Regulation Orders
- [Appendix D:](#) Speed Limit Reminder Signs Programme
- [Appendix E:](#) Traffic Regulation Order Flowchart

Background papers:

Report to Public Protection Policy Development and Review Panel 7 November 2012 -
Traffic Management Programme

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 11 February 2013

Subject: Traffic Management Programme

Briefing by: Director of Regulatory and Democratic Services

Portfolio: Public Protection

INTRODUCTION

1. Traffic Management is undertaken on behalf of Hampshire County Council (HCC) through an Agency Agreement. An annual allocation of funding is provided for administration of the Agency Agreement and to fund the introduction of Traffic Regulation Orders (TROs) and associated signs and lines. As reported to the Executive a year ago, with effect from the start of the 2012/13 financial year, HCC reduced its funding allocation of 1.4 full-time equivalent (FTE) for staffing resources by 8% from the allocation of previous years. Fareham Borough Council has supplemented this, and with careful management has been able to maintain the level of traffic management service to the public.
2. This report is being presented to the Executive in order to provide an update on the progress of the current 2012/13 programme and recommends a proposed programme for 2013/14. The current programme was last reported to and agreed by the Executive on 6 February 2012.
3. In addition to the funding that is provided by HCC to enable Fareham Borough Council to carry out the Traffic Management function, HCC also provides funding for TRO implementation. A number of additional Orders are normally funded from external sources (e.g. developer contributions), environmental improvement schemes, or as part of other capital schemes. These schemes are progressed in addition to the annual TRO programme.
4. Fareham Borough Council also undertakes Traffic Investigations as resources permit, to assess the extent of a particular traffic problem and the traffic management team undertake traffic speed/volume surveys and manages the deployment of the Speed Limit Reminder (SLR) signs.

5. As a result of a traffic investigation, physical construction works may be identified and, subject to HCC funding, may result in a traffic scheme being designed and implemented. Hampshire County Council can request Fareham Borough Council to assist in introducing traffic management schemes as part of other schemes such as a casualty reduction scheme. This implementation work is undertaken as part of the Capital Works and Design Agency agreement that is in place with HCC.
6. The total allocation from HCC for 2012/13 for implementing TROs, including a small amount for the introduction of new signing and lining to address minor traffic management issues, including the marking of disabled driver bays, was £15,500. This is considered further under the heading "Funding and Resources" below, and is expected to remain the same for 2013/14.
7. For information, the vast majority of the Traffic Regulation Orders (TROs) introduced under the Agency arrangement with HCC are waiting restrictions, which regulate the length of time that parking can (or cannot) take place on the public highway, other orders are also introduced occasionally such as weight or width restrictions, or speed limits.
8. TROs are legal orders made after a statutory consultation exercise, and once in place they can be enforced either by FBC's Civil Enforcement Officers (CEOs) or the Police. The distinction is that CEOs can enforce stationary traffic offences, i.e. waiting restrictions, but the contravention of all other orders is classed as moving traffic offences, which can only be enforced by the police.
9. A policy for the consideration of TRO requests and the procedure for the implementation of TROs was agreed by the Executive in April 2007 and all TRO requests have been prioritised in accordance with this policy. This policy was later updated to include the category "Economic", which takes into account circumstances where parking is needed to stimulate the local economy.
10. The procedure for the processing of TROs is shown in the flow chart at Appendix E to this report. When this report was last considered by the Executive, the details about the process for dealing with TROs was also included within the Members' Newsletter. The factors that are taken into account when considering the making of TROs form part of the tables in Appendix B.
11. Under the Traffic Management Agency Partnership Agreement, the process for approving the TRO Programme is required to be agreed by Hampshire County Council after receiving a recommendation from Fareham Borough Council's Executive and comments from the relevant Hampshire Highways Workshop. (This is the replacement body for the former Hampshire Action Team - HAT).
12. At the meeting of the Executive on 6 February 2012, approval was given to the programmes of Traffic Regulation Orders, and Traffic Investigations for 2012/13. This report reviews the progress of the 2012/13 programme and also outlines the proposed programme for 2013/14.

13. The meetings of the Community Action Teams (CATs) have highlighted that traffic management is a key issue in the community and this feeds into the work programme of the Traffic Management Team.
14. This report was also presented to the Public Protection Policy Development and Review Panel at its meeting on 7 November 2012 where it was agreed that the following proposals be recommended to the Executive:
 - (a) that a new assessment factor termed "Highway Code" is added to the existing criteria for prioritising the TRO programme;
 - (b) that the Proposed Traffic Regulation Order Programme, as shown in Appendix B (Table 4) to the report, be approved;
 - (c) that the work undertaken on the deployment of the Speed Limit Reminder signs, as detailed at Appendix D to the report, be noted;
 - (d) the flowchart shown in Appendix E to the report be amended to show that, in the event of consensus not being reached concerning a proposed TRO following the consultation process, there was the option to refer the matter to the County Council for determination
15. The Executive is requested to consider the programmes in this report and the recommendations from the Public Protection Policy Development and Review Panel before consideration by the Highways Workshop and the HCC Executive Member for the Environment for approval.

TRAFFIC INVESTIGATIONS

16. An update on the progress of Traffic Investigations approved for 2012/13 (Table 1) and the proposed programme for 2013/14 (Table 2) are shown in Appendix A. The tables explain the progress on each scheme, and the ongoing list of Traffic Investigations is shown.
17. It was reported last year that the main ongoing traffic investigation was the West Street Pedestrian Zone in Fareham. An Experimental TRO was introduced after being approved by the Executive, on 14 March 2012. This removed earlier confusion in respect of parking within the Pedestrian Zone, which has in turn helped with enforcement.
18. There were some unavoidable delays in introducing the prohibition of cycling within the pedestrian zone due to the type of sign required. However, authorisation from the Department for Transport was eventually given in respect of the new cycling provision (with cyclists permitted to cycle within the Zone before 9am and after 5pm). Due to these delays the cycling aspect was only formalised more recently (10 September 2012), necessitating a new Experimental TRO which is now in place and will remain in force until March 2013. This will tie in with the Executive's Decision for the Experimental TRO to be reviewed after being in operation for a period of 12 months. This is the subject of a separate report to this meeting of the Executive.

TRAFFIC REGULATION ORDERS (TRO)

19. The TRO Programme is a programme of investigations that are likely to result in the introduction of a legally enforceable TRO. In most instances, the investigation shows the need for a particular type of Order, although sometimes circumstances change after the original request for investigation has been made and no identifiable problems are found.
20. Requests are often received from members of the public asking for the provision of yellow lines, expecting that they can be introduced quickly, and sometimes even offering to paint them themselves. It is of course a much more complicated process involving consultation procedures which include press advertisements and site notices, and often letter drops to all affected frontages. Without these processes, it would not be possible to provide the enforcement required after the order is introduced.
21. Even then, in order to prioritise requests as fairly as possible, it is necessary for the most deserving to be presented to the Executive for approval to include them in the programme for the next financial year, and this is before the statutory consultation process can commence.
22. A flow chart has been prepared to illustrate how the TRO process works, along with indications of timescales. The timescales show a 15 week period from commencement of the consultation process to implementation of the Order. This is for straightforward TROs, but if objections have been received which cannot be easily resolved, this can take considerably longer. The flow chart is shown at Appendix E, with the addition as requested by the PPPD&RP of an extra process as indicated in paragraph 14 (d) above.
23. Since 1 October 2012, the Council has advertised TRO proposals within a new free independent local newspaper circulated within the area rather than advertising in The News. This has resulted in savings to the service.
24. In addition, TRO advertisements are already placed on to the HCC portal which is directly linked from the FBC website, and this is also a successful way of drawing public attention to these matters. This facility has only been available in more recent years, but it is now very commonly used.

Re-consolidation of Traffic Regulation Orders

25. In 2006/07 a major exercise was undertaken with consultants employed to review all of the TROs in the Borough, leading to the objective of introducing de-criminalised parking. This was the point at which the responsibility for parking enforcement was transferred from the Police to Fareham Borough Council's new team of Civil Enforcement Officers and which was implemented on 2 April 2007 with the introduction of Civil Parking Enforcement (CPE) in Fareham.

26. Since then, almost a hundred new TROs have been introduced, but each has involved a further amendment to the 2007 Consolidation Order. To avoid this becoming too unwieldy with amendments, it is generally recommended that the main Order should be re-consolidated on a regular basis. This has involved tracing all of the Orders that have been introduced since April 2007, including all relevant maps and evidence of the Orders having been introduced and consolidating these into one new Order. This exercise is nearing completion.

FUNDING AND RESOURCES

27. Funding for the implementation of Traffic Regulation Orders is received from Hampshire County Council. The allocation by HCC for 2012/13 to implement TROs and lines and signs is £15,500; there is also an allocation made by HCC of £4,000 for advertising, making the total £19,500. Although these figures have not yet been confirmed it is anticipated that this level will remain the same for 2013/14.
28. In addition to this allocation, further TROs will be required as part of new developments or other highway schemes such as for casualty reduction. These TROs will be funded separately, either by the developer or directly from the individual scheme budget and are scheduled in Appendix C Table 5.
29. The works and advertising costs for the introduction of a typical TRO involving double yellow lines are in the region of £1,500, as these do not require signing. Costs for single yellow line orders, limited waiting orders or speed limits will be more due to the regulatory signing requirements, particularly if there is a need for the signing to be illuminated.
30. Based on previous resource and funding levels, around ten sites can be considered for implementation in each year, and these are generally referred to as comprising the "internal" programme. The amount which can be processed depends to a fair extent on the "external" programme, which is made up of those requests that come in from and are funded by HCC and developers.

PRIORITISATION OF TROs

31. Schemes are prioritised based on the criteria in the TRO Policy agreed by the Executive in 2007 and the higher priority locations are retained on the waiting list. These criteria are detailed at the end of Appendix B. The low priority sites that meet few of the criteria are therefore not progressed or included on future programmes unless circumstances change.
32. Congestion occurs in the vicinity of most schools, usually for a comparatively short period of time. Sites around schools are not usually treated as a priority unless there is evidence of a wider safety issue.
33. A number of requests for TROs are received throughout the year from members of the public and ward members, where necessary these are added to the Traffic Regulation Order Pool List which is an assessed and prioritised list of requests.

34. It is proposed that a new assessment factor termed "Highway Code" is added to the policy for the prioritisation of TROs. This is for the purpose of adding weight to tackling hazardous parking which takes place close to junctions, in contravention of the Highway Code. This has not been included in Table 3 for schemes which have already been approved for the 2012/13 programme, but has been included in Table 4, for schemes which are proposed for the 2013/14 programme, and the Panel are requested to approve this approach.
35. When the traffic management programme was last considered by the Executive it was agreed that the Portfolio Holder for Public Protection be given delegated authority, in conjunction with the Director of Regulatory and Democratic Services, and in consultation with Ward members, to manage the Pool List. Work has been undertaken to reduce the number of requests / schemes on this list. This is based upon the priority of the existing requests that are already on the list as well as those that are added to it through requests from Members and the public during the course of the year.
36. During the early part of 2012, an extensive exercise was undertaken to seek approval from Members to remove items from the Pool List which were in their own wards. This was after full consideration being given to the length of time that the item had been on the list without recent further complaints, and site visits to ascertain whether or not the problems appeared to be ongoing. This resulted in a useful reduction of the number of items on the list, from 48 items, to 26, with 9 of those 26 due to be actioned as part of the 2012/13 TRO programme.
37. The remaining requests on the list and any additional requests received based upon their priority, form the basis of the future programme and this is kept under regular review. Where resources permit and where the existing TRO programme is on course, additional schemes can be added from the pool list.
38. Externally funded TROs do not require prioritisation as they are deemed necessary as part of a particular scheme or development. These TROs will be progressed as and when required throughout the year.

REVIEW OF THE 2012/13 PROGRAMME

39. The progress of the TROs investigated in 2012/13 is shown in Table 3 Appendix B. Alongside those schemes, as agreed by the Executive on 6 February 2012, there have been additional externally funded Orders. These additional Orders are shown as 'Externally Funded' TROs in Table 5 Appendix C.
40. Members will note from Table 3 Appendix B that all of the TROs programmed to be investigated have been either implemented or are progressing towards implementation. Where there has been a delay, the reason is also detailed within the Appendix. Any scheme that is not completed in this current financial year will be carried over into the 2013/14 programme.

FAREHAM PARKING ENFORCEMENT (FPE)

41. The Traffic Regulation Orders necessary for the introduction of Part 6 of the Traffic Management Act 2004, which came into effect on 2 April 2007 relating to civil enforcement, were successfully implemented to ensure that enforcement could continue. However, anomalies do occasionally occur and these sites are added to the current programme when they arise so that enforcement action is not negated.
42. The Civil Enforcement Officers (CEOs) enforce the provisions of the TROs and the level of enforcement that is undertaken is set out in the Fareham Parking Enforcement Annual Report that was presented to the Public Protection Policy Development and Review Panel in July 2012 and subsequently to the Executive where it was approved in September 2012.

TRAFFIC REGULATION ORDERS – 2013/2014 PROGRAMME

43. The list of sites recommended by officers for investigation and possible implementation in 2013/14 is included in Table 4, Appendix B. These sites are the highest priority sites taken from the Pool List and are considered to be of greatest benefit to road safety or have been identified as an issue that needs an Order to be enforced under FPE. Any scheme from the 2012/13 programme that is not completed in this current financial year will be carried over into the 2013/14 programme.

PARKING STRATEGY

44. The Residents' Parking Review in Fareham Town Centre has led to the successful introduction of the Residents' Parking Scheme. This involved a considerable amount of work in respect of consultation, advertisements and provision of lines and signs, together with the setting up and administering of the scheme.
45. Enforcement commenced on 1 September 2010 and the scheme continues to be well received. A six month review took place during Spring 2011 and resulted in some modifications and additions to the scheme. These were implemented on 1 September 2011 and are also working well, although there have been requests for extensions to the scheme, sometimes citing that problems have arisen as a direct result of the scheme that was introduced. This was always a likely result of the scheme at its periphery and monitoring of parking in these locations is ongoing.

VERGE PARKING ORDERS (VPOs)

46. It was stated in last year's report that HCC had formulated a draft policy which was reported to its Highways Board Meeting in late summer 2011. The view of the Board was that, due to pressures on budgets, it would only consider measures in areas which have proven safety issues. In the event and due to a number of difficulties that such measures were likely to present, significant changes were made to this draft policy, and a revised policy has since been introduced. In summary HCC recognises that verge parking orders are often problematic, and measures to tackle such problems should be considered very carefully.
47. For example, there are few locations where verge parking is a problem, but parking on the adjacent carriageway is not. Given that any parking prohibitions introduced on the carriageway also apply to all of the verge which forms part of the public highway (i.e. which is under FBC/HCC control), then most verge parking situations should be considered in the context of parking generally, and not as separate issues.
48. Alternatives such as the use of bollards or dragon's teeth to prevent verge parking may provide a simpler and more effective answer. It follows that the introduction of area-wide verge parking orders is no longer favoured, and each situation is likely to be best considered on its own merits, together with other requests for TROs.

COMMERCIAL VEHICLE PARKING

49. Complaints have increasingly been received during 2012 from residents who have expressed concern about the parking of commercial vehicles in their streets, taking spaces which have hitherto been used by cars.
50. Trying to address this from a traffic management perspective is fraught with difficulty because using traffic regulation orders to remove them generally means that the restrictions apply also to cars, and many residents do not want to lose this facility. However, if this problem cannot be addressed, it is likely to escalate
51. Investigations into means of addressing this are ongoing, including discussions with Hampshire County Council and the Southampton and Fareham Legal Services Partnership. It is hoped that it may be possible to find a way to tackle these situations, which can then be progressed as normal TRO items.

SCHOOL ZIG-ZAG MARKINGS

52. These continue to work well following their consolidation in September 2009 when a "No Stopping" order (8am-5pm Mon-Fri) was introduced to accompany these markings throughout the Borough. These are enforced by the Council's Civil Enforcement Officers.

DISABLED (BLUE BADGE HOLDER) BAYS

53. Residents who are Blue Badge Holders (BBH) are presently eligible to apply for a free advisory disabled driver box marking in the street where they live if they meet certain criteria agreed by the Executive. These include the following:
- The applicant must be the holder of a Blue Badge issued by HCC's Blue Badge Unit;
 - The applicant must be the driver of a vehicle registered to their home address;
 - There must be an on-street parking problem (i.e. regular parking outside the applicant's home by other drivers);
 - The applicant must not have off-road parking available;
 - There must be a suitable location to provide the disabled bay which does not compromise normal road safety considerations;
 - The disabled bay must not contravene any TRO (e.g. waiting restrictions);
 - If the disabled bay is to be provided outside another address, written permission must be obtained from the owner/occupier of that address;
 - A blue badge must be displayed at all times;
 - The disabled bay is not provided for carers or other visitors.
54. This year (2012/13) so far 41 applications have been received for markings from BBH residents. This is slightly more than the number received by this time last year (which was 36).
55. The provision of these markings continues to require a considerable amount of staff resourcing as investigations are needed into the eligibility of applicants. This includes consideration of approval from the applicant's doctor, investigations into other parking provisions and conflicts in the area, also the organisation of the road markings themselves.
56. It has often been necessary to refuse some of these, for example because suitable off-road parking is available, or because an on-road space cannot be safely provided. However, and somewhat unusually, so far this year it has not been necessary to refuse any of the applications.

WHITE BAR MARKINGS

57. White bar markings are put across driveways and access points; however, as previously reported to the Executive, enforcement action can now be taken where parking obstructs any dropped kerb (including both vehicular and pedestrian crossing points). This continues to work well and these white bar markings are now only introduced in exceptional circumstances.

TEMPORARY TRAFFIC REGULATION ORDERS

58. Temporary road closures and diversions for road works, including works carried out by public utility companies, are processed by the Borough Council. The temporary closures are processed on request and include closures requiring an Order, those dealt with by site notices and also emergency closures. The cost of these Orders is recharged to the applicant. A total of 39 requests for temporary traffic orders have so far been progressed this year (2012/13), which is very similar to the figure at this time last year, of 41.
59. The Queen's Diamond Jubilee and the Olympics occurred in 2012, some blanket actions were taken in order to reduce the numbers of individual applications. Nevertheless the total number still marginally exceeded the large number requested in 2011, when Royal Wedding took place. It is anticipated that this number will reduce in 2013/14 as there are not expected to be national events where street parties are encouraged.

TRAFFIC MANAGEMENT FOR EVENTS

60. The Traffic Management Act places traffic management for events on the Local Authority. Whilst essentially this means that HCC is ultimately responsible for the traffic management for events that affect the highway network, there is an expectation for the local traffic management agents to deal with local events at a local level. The Police no longer assist with personnel to undertake traffic management duties for special events; they only attend where there is a perceived risk of a public order offence or in the case of emergency.
61. Officers are now regularly consulted during the planning of events to participate in the production of a traffic management plan. It is often unnecessary to have detailed involvement, and where a fairly small event (e.g. less than 500 visitors) has been held previously and without incident, the Council would not need to take a significant involvement unless specifically requested.
62. However, for larger events, or for new events, then the Traffic and Design Manager will attend a Safety Advisory Group (SAG) meeting where he will advise on any possible traffic problems and offer solutions.

SPEED SURVEYS

63. Two traffic counters that enable volume and speeds of traffic to be recorded are used to help to assess traffic volumes and speeding issues. The sites now form part of the SLR programme, which is further detailed below, that can highlight the need for more detailed information and investigation by the use of counters. The priority of sites are considered in respect of:
- accidents;
 - police/HCC requests;
 - proximity to school/patrol site;
 - pedestrian/highway safety.

64. These counters are used to inform traffic investigations that may also result in the deployment of the Speed Limit Reminder (SLR) signs as detailed below. If a major speeding problem is identified, further consultation with the Police and HCC would be undertaken to attempt to resolve the problem. However, for the majority of surveys undertaken, vehicle speeds have been at a level that does not require intervention through police speed enforcement or traffic calming.

SPEED LIMIT REMINDER SIGNS

65. As previously reported to the Executive, CATs funding has been allocated for the provision of four Speed Limit Reminder (SLR) signs. (These flash the speed limit, either 30 or 40, and are activated when a vehicle exceeds the set speed limit). These have now been in use since September 2010, and their deployment continues to be welcomed.
66. These are temporary signs that are moved from site to site as necessary, and are usually in place for approximately two weeks. Extended use of these types of sign is not recommended as their impact is likely to reduce over time. The SLRs are only used for short periods of time with breaks before the next use to counter driver complacency.
67. Until August 2011 an agency (Amey) was used to deploy these on-site. However, this led to a number of issues, including complications by their being remote from FBC's offices, and they did not have the capability to use SDRs (which provide a data breakdown) without assistance from FBC. This problem has been overcome by using FBC's own in-house IT department, who now deploy the SLR and assist with recovering the data. This has been very successful both in terms of efficiency of operation, and also in cost saving.
68. When requesting sites for SLR use, Members should be aware that there is also a Community Speedwatch programme operated from Park Gate police station. This involves members of the public using radar speed guns to measure vehicle speeds, and excessive speeds can be followed up by a police letter warning that their details have been noted.
69. This does not lead to enforcement action as this is not possible without a police presence, but the warnings that are provided can serve as additional evidence should the same vehicle be seen speeding when there is a police officer present.
70. This programme can usefully supplement the work done with FBC's SLR programme, and FBC staff maintain liaison with the Community Tasking Co-ordinating Group (CTCG) in the co-ordination and use of both systems, to avoid unnecessary duplication of sites for the respective programmes.

SITE SELECTION

71. The SLR programme is developed from information from the Police, HCC, local members, CATs meetings and local residents. The locations where these have been deployed are reported in the Members' Newsletter on a quarterly basis. These are shown at Appendix D and have been well received by Members and the general public. In respect of many locations comments have been made that traffic speeds have reduced, and their further use has been requested.

RISK ASSESSMENT

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

CONCLUSION

73. This report reviews the progress of the 2012/13 programmes of Traffic Regulation Orders and Traffic Investigations and also outlines the proposed traffic management work programmes for 2013/14. The Executive is requested to note the progress made and agree the programmes for 2013/14.

APPENDIX A

PROGRAMME OF TRAFFIC INVESTIGATIONS

Table 1: UPDATE ON TRAFFIC INVESTIGATIONS FOR 2012/13 PROGRAMME

	INVESTIGATION TITLE	REQUESTED BY/JUSTIFICATION	DETAILS	PROGRESS
1	West Street (Fareham) pedestrian zone order	Issues in respect of parking, cycling and loading	Implemented in March 2012 as experimental TRO completed.	Separate report to this meeting of the Executive
2	Wickham Road Speed limit reduction	Issues raised relating to St Christopher's Hospital development parking and speed of traffic on Wickham Road.	Traffic speed and parking along Wickham Road	Now two separate items for Exec Member Decision, both nearing completion.
3	Verge Parking Zones	HCC guidance is now that each case should be considered on its own merits.	No longer dealt with as zone schemes but each case taken on their own merits.	To be managed as individual considerations as part of TRO programme.

Page 47

Table 2: PROPOSED PROGRAMME OF TRAFFIC INVESTIGATIONS FOR 2013/14 PROGRAMME

	INVESTIGATION TITLE	REQUESTED BY/JUSTIFICATION	DETAILS OF INVESTIGATION	PROGRESS
1	Parking by commercial vehicles in residential streets	Complaints received by many members of the public about loss of amenity and blocking of natural daylight in adjacent houses	Discussions held with HCC, legal services, and other authorities about how this can be addressed	Investigations progressing as to how and if practical this could be dealt with as part of the TRO programme.

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REVIEW OF TRAFFIC REGULATION ORDERS

TABLE 3: UPDATE ON TRAFFIC REGULATION ORDER PROGRAMME 2012/13

	SITE	REQUESTED BY	DESCRIPTION & JUSTIFICATION	Accidents	C'munity/Police	Sight Lines	Congestion	Obstruction	Duration	Environmental	Economic	PROGRESS
	Schemes carried over from 2011/12 Programme											
1	Rookery Avenue	Ward Member and school	Reduce speed limit from 40mph to 30mph due to much increased car & school activity									Implemented
2	Segensworth Road area	Residents and Ward Member	Hazardous parking at several junctions		✓	✓	✓	✓				Implemented
	Current 2012/13 Programme											
Page 49	Solent Road	HCC	Review of restrictions following landslip diversion and pub car park closure		✓	✓		✓	✓			Implemented
2	Highlands Road near to Gudge Heath Lane	Complaints via TM team	Complaints received about loading, esp. by Co-op			✓		✓	✓		✓	Portfolio Holder has approved, awaiting implementation
3	Stow Crescent	Extension of above item	Complaints received about loading, esp. by Co-op (different shop to above)		✓			✓	✓		✓	Portfolio Holder has approved awaiting implementation
4	Crofton Avenue	Ward Member	Move width restr. to Stub Lane		✓			✓	✓	✓		Now part of Daedalus programme
5	Bayly/Neville Avenue area	Ward Member	Lengthen existing DYL to overcome junction parking concerns (two items from Pool List)		✓	✓		✓	✓			Implemented
6	Barnes Lane/Vine Cl (Sarisbury)	Ward Member	Hazardous parking at junction area		✓	✓		✓	✓			Portfolio Holder has approved awaiting implementation
7	Fishers Hill	Ward Member	Obstruction near Mill lane causing hazards for cyclists, pedestrians and others		✓	✓		✓	✓			Portfolio Holder has approved awaiting

	SITE	REQUESTED BY	DESCRIPTION & JUSTIFICATION	Accidents	Community/Police	Sight Lines	Congestion	Obstruction	Duration	Environmental	Economic	PROGRESS
												implementation
8	Locks Heath school area	Various incl. petition	Obstruction of junction areas (three items from Pool List combined)		✓	✓	✓	✓				Implemented
9	Belvoir Close	Various incl refuse collection	Parking obstructing refuse collection. Many complaints from various residents, also police		✓		✓	✓	✓			Portfolio Holder has approved, awaiting implementation
10	Pine Walk	Ward Member and others	Parking caused by closure of sorting office car park, leading to many complaints		✓				✓	✓		Portfolio Holder has approved, awaiting implementation
Page 50	Fort Fareham Road	Ward Member & petition	Petition received (<50 sigs), also other complaints about hazardous and obstructive parking		✓	✓		✓	✓			Portfolio Holder has approved, awaiting implementation
50	Oysell Gardens	Various incl refuse collection	Access prevented due to parked vehicles, causing hazards and obstructions		✓		✓	✓	✓			Portfolio Holder has approved, awaiting implementation
13	The Thickett	Police, Ward Member & others	Hazardous parking at j/w A27 & Winnham Drive		✓	✓		✓	✓			Portfolio Holder has approved, awaiting implementation
14	Portchester station area	Ward Member & others	Restrictions wanted to prevent all day commuter parking by railway station.		✓	✓		✓	✓			Consultation process commenced
15	Hewetts Rise	Ward Member & others	Parking obstructions as further displacement from College parking		✓	✓		✓	✓			Consultation process commenced
16	Queens Rd (Warsash)	Ward Member & others	Parking obstructions as further displacement from College parking		✓	✓			✓			Consultation process commenced

Note : Items 9-16 introduced into programme under delegated authority to Executive Member for Public Protection, in consultation with Director of Regulatory and Democratic Services

TABLE 4: SCHEMES TO BE INTRODUCED FOR 2013/14 PROGRAMME

	SITE	REQUESTED BY	DESCRIPTION & JUSTIFICATION	Accidents	Community/Police	Sight Lines	Congestion	Obstruction	Duration	Highway Code	Environmental	Economic
1	Barnes Lane/St Pauls Rd, (Sarisbury)	Ward Member	Parking causes hazards near to junction of these roads		✓	✓				✓		
2	Funtley Hill	Local residents	Complaints from residents about hazardous parking near to corner		✓	✓	✓	✓	✓			
3	Longmynd Drive	Ward Member	Parking hazards near to junction with Bishopsfield Road		✓	✓			✓	✓		
4	Oldbury Way	Ranvilles Infants School, Ward Member, Police	Parking close to school entrance obstructs vehicles accessing Ranvilles School and the special needs school.		✓	✓			✓			
5	St Marys Road	Ward Member	Parking causes hazards near to junctions at both ends of road		✓	✓			✓	✓		
6	Arundel Drive area	Ward Member and others	Displacement from residents parking		✓			✓	✓	✓		
7	Queens Rd (Fareham)	Local business	Evening parking on single yellow lines			✓		✓	✓	✓		
8	Drift Road	Residents Association	Parking close to j/w N.Wallington		✓	✓		✓		✓		

KEY

✓ Item meets this criterion

Prioritisation Criteria

- Accidents - Accidents involving personal injury have been recorded
- Community / Police - Item requested by community representatives e.g. Ward Members or Police
- Sight lines - Driving visibility compromised, e.g. by parking close to junctions
- Congestion - Reduction in congestion could result from TRO measures
- Obstruction - Parking causes problems for access by large essential vehicles e.g. dustcart, fire engine, buses
- Duration - Length of time when problem occurs, e.g. school parking is short duration and would not qualify
- Highway Code - Parking taking place contrary to recommendations of The Highway Code
- Environmental - Measures likely to improve environment, e.g. to combat parking in environmentally sensitive areas
- Economic - Measures likely to improve local economy, e.g. improve parking turnover outside shops

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APPENDIX C

TABLE 5: EXTERNALLY FUNDED TRAFFIC REGULATION ORDERS

UPDATE ON EXTERNALLY FUNDED TRO'S PROGRAMMED FOR 2012/13			
	SITE	DESCRIPTION & JUSTIFICATION	STATUS
1	Wickham Road	Amend speed limit from 40mph to 30mph between Wallington Way Roundabout and North Hill roundabout to improve safety	Portfolio Holder has approved, awaiting implementation
2	Wickham Road	Introduce waiting restrictions between old Turnpike and St Christopher Avenue to reduce obstructions and congestion	Portfolio Holder has approved, awaiting implementation
3	Redlands Lane(East)	Waiting restrictions to protect road for BRT operation	Portfolio Holder has approved, awaiting implementation
4	Botley Road (south)	Waiting restrictions in respect of cycleway proposals	Portfolio Holder has approved, awaiting implementation
5	South Street (Titchfield)	Waiting restrictions in respect of housing development	Implemented
6	Longfield Avenue	Waiting restrictions in respect of housing development	Portfolio Holder has approved, awaiting implementation
7	Sunlight Gardens	Waiting restrictions in respect of housing development	Portfolio Holder has approved, awaiting implementation
8	Hunts Pond Road	Concerns about obstructive parking for allotments near traffic calming features	Investigations underway
9	Church Road, Warsash	Waiting restrictions to protect junction with Warsash Road	Portfolio Holder has approved, awaiting implementation
10	Daedalus, Gosport Road	Waiting restrictions in respect of development area	Consultation process commenced
11	Peckham Close	Waiting restrictions at junction with Hunts Pond Road	Consultation process commenced

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PROGRAMME FOR SPEED LIMIT REMINDER (SLR) SIGNS

SLR DEPLOYMENT (FROM SEPT. 2010)

CAT Area & Requested SLR Site	REQUESTED BY	Direction	DATE DEPLOYED
Portchester			
Cranleigh Road (both directions between Hatherley Crescent and Orchard Grove)	CATS		03/09/10 20/09/10
Hill Road at junction with Nyewood Avenue	Resident		04/10/10
Wicor Mill Lane	Resident		25/10/10
Castle Trading Estate	Local H&S officer		08/12/10
Dore Avenue	CATS		06/01/11
Standard Way (jct with Riverside Ave)	WVCA		07/02/11
Castle Street	HCC		25/11/11
Linden Lea	Cllr Miss Bell	Westb'nd	22/05/12
Downend Road	Cllr Miss Bell	Northbound	14/06/12
Portsview Avenue - (o/s No. 56 towards Paulsgrove)	Resident	Eastbound	13/09/12
Dore Avenue (lamp col.34 facing the Crem.)	Police	Eastbound	01/11/12
Fareham			
Wallington Shore Road	Resident		25/11/10
St Michaels Grove	Resident		03/09/10
Funtley Road - (between The Waters and Lakeside)	Resident		20/09/10
Maylings Farm Road	Cllr Mrs Bryant		04/10/10
Gudge Heath Lane (junction with Sunlight Gardens, traffic heading to bridge)	Police		14/03/11
Highlands Road (near no.16 towards kiln Road)(northbound)	Cllr Bryant		04/04/11
Funtley Hill, near to Red Barn Lane	Cllr Mrs Bryant		25/10/10
Wickham Road near to hospital	Cllr Mrs Trott		08/11/10
Kiln Road	Resident		25/10/10
Broadcut	Resident		06/01/11
Mill Road	Cllr Steadman		24.01.11
Maylings Farm Road (northbound traffic)	Cllr Mrs Bryant		24.01.11
Highlands Road (on bend nr 16/18 both directions)	Cllr Mrs Bryant		07/02/11
Laburnum Road	Resident		28/02/11
Gosport Road, 40mph section S. of Salterns Lane	Police		28/02/11
River Lane, Funtley	Resident		28/02/11
Elmhurst Road (near No.39)	HCC		04/04/11
Southampton Road, Fareham	Police		18/04/11
Blackbrook Road	Police		18/04/11
Longfield Avenue (by bus stop near St Michaels Grove)	Cllr T Howard		18/04/11
East Street (towards Delme Roundabout)	Cllr Mrs Trott		18/04/11
Redlands Lane (near bridge turning after St Michaels Grove, junction of Chamberlain grove)	Cllr Steadman		18/04/11
Red Barn Lane (near Sunbury Court)	Resident		16/05/11
Rowan Way	TM team		16/05/11
Old Turnpike	Cllr Mrs Trott		25/11/11
Longfield Avenue - (between St Micheals Grove & Eastfield Avenue)	CATS		09/12/11
St Annes Grove	HCC		09/12/11
Privett Road		Eastbound	19/01/12

CAT Area & Requested SLR Site	REQUESTED BY	Direction	DATE DEPLOYED
Longfield Avenue (by eastfield Ave)		Southeast	19/01/12
Gudge Heath Lane - (southbound, north of Sunlight Gardens junction)	Cllr P Davies		25/11/11
Standard Way (jct Riverside Ave coming down Hill)	Cllr Mrs Trott	NW bound	03/02/12

Longfield Avenue - (Bardon Way/Bishopsfield Rd eastbound)	CATS	SE bound	03/02/12
Hillson Drive - (northbound, south of Wynton Way)	Cllr P Davies	Northbound	03/02/12
Broadcut (both directions)	Cllr Mrs Trott	Both Directions	01/03/12
Oak Road (near to Abbey Road)	Cllr Keeble	Eastbound	01/03/12
Kiln Road	Cllr Mrs Bryant	Eastbound	01/03/12
Highlands Road - (northbound, adjacent to Kennedy Ave jct)	Cllr P Davies	Eastbound	15/03/12
Blackbrook Road (just before the shops towards Gudge Heath Lane)	Cllr Keeble	Eastbound	29/03/12
Peak Lane (South of Greyshott Ave and Ped Crossing)	Cllr Keeble	Southb'nd	29/03/12
Hill Park Road (south and north of Beaumont Rise jct)	Cllr P Davies	Southb'nd	30/04/12
Brook Lane (near new Hospital)	Police	Northb'nd	30/04/12
Hollam Drive	Cllr Mrs Hockley	Eastbound	14/06/12
Miller Drive (near junction of Bentley Crescent - both directions)	Cllr Mrs Bryant	Northwest	14/06/12
Redlands Lane (junction with Chamberlain Grove/same side)	Cllr Steadman	Southeast	27/06/12
Park Lane (Nr School Patrol Crossing)	Resident	Southbound	27/06/12
Longfield Avenue - outside Collingwood	HCC	Eastbound	1/08/12
Redlands Lane (Gosport Road end, vicinity of school)	Resident	NW bound	1/08/12
Rowan Way	TM team		13/09/12
Red Barn Lane (near no.66)	Cllr Mrs Bryant		13/09/12
Old Turnpike	Cllr Mrs Trott	Southbound	13/09/12
Highlands Road	Repeat	Eastbound	12/10/12
Crofton			
Windermere Avenue	Resident		08/11/10
Moody Road	CATS		25/10/10
Eric Road	CATS		25/11/10
Titchfield Road (by Marks Tey Road)	Police		14/03/11
Stubbington Lane	CATS		04/10/10
Mays Lane (near Summerleigh Walk)	CATS		20/09/10
Cuckoo Lane (by The Oakes)	HCC		03/09/10
Cuckoo Lane (near Plover Close)	CATS		08/12/10
Cuckoo Lane (northern end, by No.155)	Exec		06/01/11
Cuckoo Lane (north Plymouth Drive)	CATS		24.01/11
Plymouth Drive	CATS		07/02/11
Windermere Avenue	Resident		16/05/11
Mays Lane (bend by Pembury Road)	Resident		28/10/11
Cuckoo Lane	Petition		07/10/11
Plymouth Drive			25/11/11
Stubbington Lane (southbound traffic)	Resident	Southbound	09/12/11

Stubbington Lane (northbound traffic)	Resident	Northbound	19/01/12
Hill Head Road/Cliff Road	Cllr Knight	Westbound	03/02/12
Burnt House Lane (southbound by Tangyes Close)	Cllr Mrs Mandry	Northeast	15/03/12
Gosport Road (Eastbound, between Eric Road and Harold Road)	Resident	Southeast	29/03/12
Gosport Road (Eastbound, between Eric Road and Harold Road)	Resident	Southeast	30/04/12
Plymouth Drive (l/c No.18 or Bus Stop on corner Fury Way, coming from Hill Head)	Resident	Northb'nd	22/05/12
Burnt House Lane (SDR)	Cllr Mrs Mandry	Southwest	14/06/12
Summerleigh Walk	Cllr Mrs Mandry	Westbound	27/06/12
Bell Davies Road	Resident	Northbound	1/08/12
Titchfield Road (by Marks Tey Road)	Repeat	Northbound	12/10/12
Titchfield			
Coach Hill	CATS		20/09/10
Catisfield Road	CATS		08/11/10
South Street (20mph section)	CATS		14/03/11
St Margarets Lane	CATS		04/10/10
Hunts Pond Road	CATS		03/09/10
Abshot Road	CATS		25/11/10
Primate Road	Resident		25/10/10
Rowan Way (Nr to Hollam Drive)	CATS/Police		08/12/10
Posbrook Lane	CATS		06/01/11
Mill Lane L/C No.11	Neighbourhood watch coordinator		24.01.11
Brabazon Road (Segensworth)	Police & HCC		07/02/11
Prelate Way	CATS		28/02/11
Lower Church Road	Cllr Evans		04/04/11
Mill Lane (northbound along Titchfield Abbey)	Resident		18/04/11
St Margarets Lane	TM team		16/05/11
Catisfield Road	Resident		25/11/11
West Street o/s the allotment	Resident	Westb'nd	15/03/12
Gardenia Drive	Public	Northbound	01/08/12
Coach Hill	Cllr Mrs Hockley		12/10/12
Western Wards			
Barnes Lane (Northbound, between school and nursery)	CATS		04/10/10
Bridge Road, Sarisbury	Cllr Evans		20/09/10
Peters Road	Cllr Mrs Bayford		03/09/10
Longacres (towards Hunts Pond Road)	Resident		03/09/10 04/10/10
Barnes Lane (north of Allotment Road, southbound traffic)+Data	Cllr Swanbrow		14/03/11
Locks Road (S/B) (between Church Road and Warsash Road)	Police		20/09/10
Warsash Road (between Abshot Road and Locks Heath Park Road)	Cllr Evans		08/11/10 25/11/10
Sweethills Crescent	Cllr Swanbrow		08/11/10 25/11/10
Lockswood Road (by Upper Brook Drive)	CATS		08/12/10
Hunts Pond Road (near to new traffic calming measures)	HCC		08/12/10
Barnes Lane (Northbound, between school and nursery) - SDR wanted	CATS		06/01/11
A3051 Botley Road, Burridge	Residents		06/01/11

Osborne Road (Warsash)	CATS		24/01/11
Hook Village	Executive		24.01.11
Longacres (towards Hunts Pond Road)	Resident		07/02/11
Hazel Grove (south of Old Garden Close, Northbound Nr No.83)	HCC		07/02/11
Raley Road (Park Gate)	Resident		28/02/11
Locks Road (S/B) (between Church Road and Warsash Road)	Police		(28/02/11 20/09/10)
Church Road, Locks Heath (between St John's Rd and Centre Way end)	Resident Cllr Mrs Bayford		04/04/11
Botley Road, Burr ridge	HCC		04/04/11
Northmore Road	Cllr Mrs Godrich		04/04/11
Longacres (south-east bound traffic)	TM team		16/05/11
Peters Road (Westbound before St George's Rd)	HCC		16/05/11
Sweethill Crescent (SDR) (Buchan Ave)	Resident		01/11/11
Rookery Avenue (SDR)	For TRO		07/10/11
Warsash Road (Westbound, 100m in advance of Little Abshott Rd junction)	Cllr Mrs Bayford		25/11/11
Peters Road (westbound)	Resident		09/12/11
Raley Road (southern section, southbound traffic)	TM team		09/12/11
Dibles Road (eastbound in narrow section towards Fleet)	Resident	Eastbound	19/01/12
Swanwick Lane (W/B 200m from Botley Rd)	Resident	Westbound	19/01/12
Lockswood Road	Resident	Southbound	03/02/12
Bridge Road (downhill towards Basildon)	Resident	Nrthbound	01/03/12
Longacres	Resident	Westb'nd	15/03/12
Warsash Road (Dibles Road junction bend - westbound)	Resident	Westb'nd	29/03/12
Peters Road SDR	Resident		30/04/12
Botley Road (Motorway bridge)	Resident	Northb'nd	30/04/12
Locks Road (Lower Part, by Lawn Drive)	Resident	Southb'nd	22/05/12
Warsash Road (Co-op store to Victory Hall - eastbound)	Resident	Eastb'nd	22/05/12
Botley Road (Burr ridge end - after Swanwick Lane jct)	Cllr Woodward	Northbound	27/06/12
Warsash Road (Outside No.204 - Westbound Traffic)	Resident	Westbound	13/09/12
Barnes Lane (by School)	Repeat	Northbound	12/10/12
A27 Bridge Road (Uphill section)	Resident	Southbound	01/11/12
Botley Road (north of Beacon Bottom, opp new restriction)	TM team	Southbound	01/11/12

REQUESTED SITES WHERE SLR NOT YET DEPLOYED

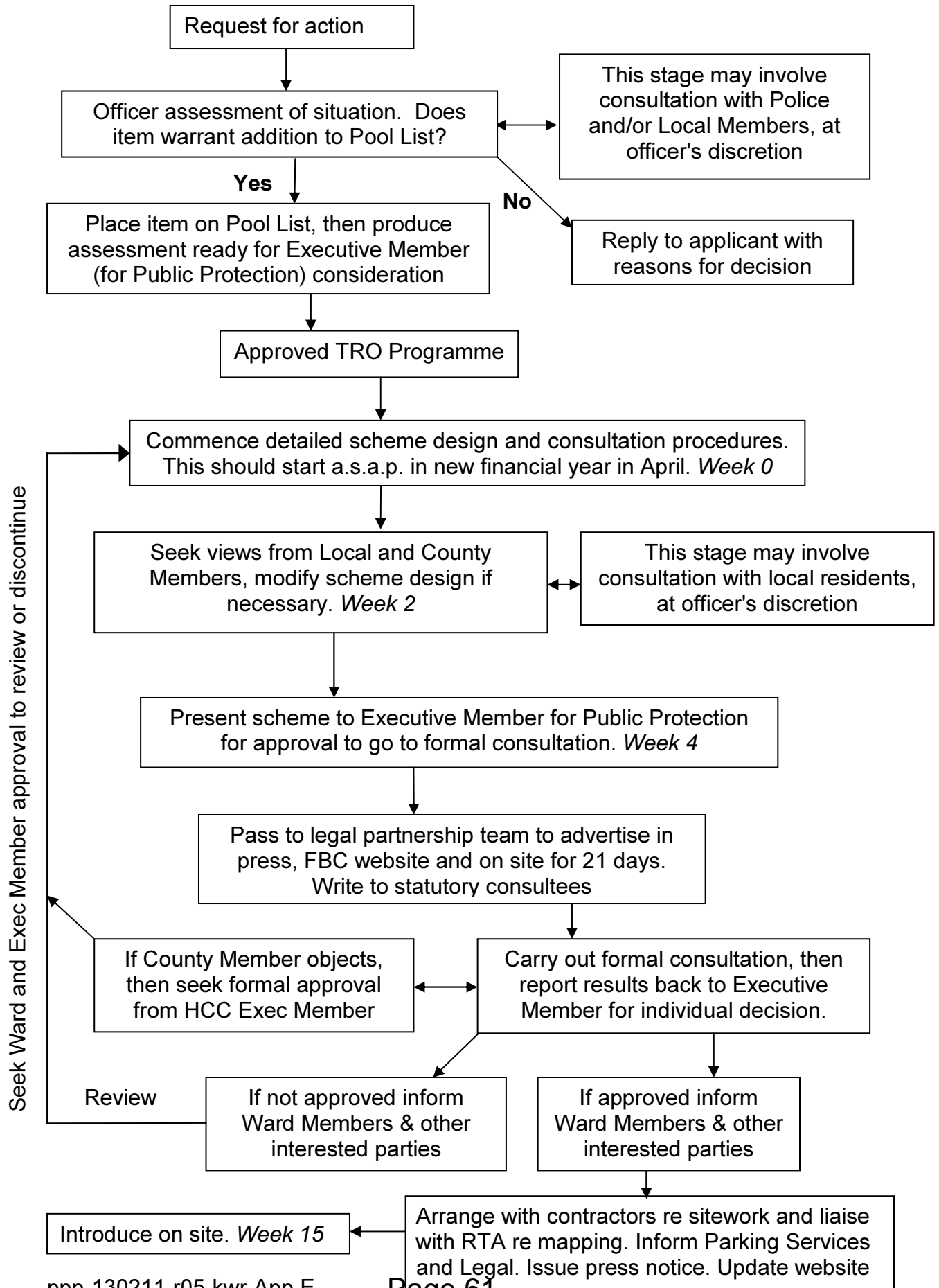
CAT Area & Requested SLR Site	REQUESTED BY	PRIORITY	DIRECTION
Portchester			
Portsview Avenue (o/s No. 56 towards Fareham)	Resident	Medium	Westbound
Linden Lea	TM team	Medium	
Fareham			
Kiln Road	Repeat	Medium	
Highlands Road (adjacent to Kennedy Ave)	Repeat	Medium	
Rowan Way	TM team	Medium	Eastbound
Highlands Road (by Hampton Grove)	CATS	Medium	
Funtley Hill (near bottom of hill before corner)	TM team	Medium	Northbound

CAT Area & Requested SLR Site	REQUESTED BY	PRIORITY	DIRECTION
Fishers Hill	CATS	Medium	
Longfield Avenue	HCC	Medium	
Bishopsfield Road (by college)	HCC	Medium	
Crofton			
Eric Road	Repeat	Medium	
Stubbington Lane	Repeat	Medium	
Mays Lane	Repeat	Medium	
Titchfield			
Longacres (SDR)	Resident	Medium	
Common Lane (near Bromwich Lane)	Resident	Medium	
Fishers Hill	CATS	Medium	
Catisfield Road	Cllr Mrs Hockley	Medium	
Western Wards			
Lower Church Road	Resident	Medium	
A27 Bridge Road (uphill section)	Resident	Medium	Eastbound
A27 Bridge Road (near to Swan Close)	Repeat	Medium	
Locks Road	Resident	Medium	
Heath Road	Cllr Cartwright	Medium	

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APPENDIX E

Traffic Regulation Order - Flowchart



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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 February 2013

Portfolio: Public Protection
Subject: **Pedestrian Zone Traffic Regulation Order, West Street, Fareham**
Report of: Director of Regulatory and Democratic Services
Strategy/Policy:
Corporate Objective: A safe and healthy place to live and work

Purpose:
To seek the approval of the Executive to make permanent the existing Experimental Traffic Regulation Order (TRO) in and near to the pedestrian zone area of Fareham Town Centre.

Executive summary:
An Experimental TRO was introduced in the pedestrian zone in Fareham town centre in March 2012, to improve control over parking, cycling, and the movement of heavy good vehicles. This extended to include cycling in the bus lane in parts of West Street and Quay Street. These measures have worked well and it is therefore suggested that they should be made permanent.

Recommendation:
That the existing Experimental Traffic Regulation Order in West Street and Quay Street is made permanent.

Reason:
To provide a safer place for anyone who uses the pedestrian zone, and to improve cycling amenity in the Fareham area.

Cost of proposals:
The cost will be met from the Traffic Management budget

Appendices A: [Pedestrian Zone - Measures adopted in February 2012](#)

Background papers: Report to Executive 6th February 2012

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 11 February 2013

Subject: Pedestrian Zone Traffic Regulation Order, West Street, Fareham

Briefing by: Director of Regulatory and Democratic Services

Portfolio: Public Protection

Background

1. On 6 February 2012, the Executive gave authority to introduce an Experimental Traffic Regulation Order in and around West Street pedestrian area in the Town Centre to improve control over parking, cycling, and the movement of heavy good vehicles.
2. The Experimental Order brought in measures which made changes to the previous Order, which had been in force since 27 September 1993 under the powers of the Town and Country Planning Act 1990.
3. The order applies to West Street, from its junction with Quay Street for a distance of 253 metres in a westerly direction (ie. to its junction with Harper Way).
4. In summary, the changes were to :
 - Permit loading by all vehicles between the hours of 06.00 and 09.30, also 16.30 and 19.00 (on all days), thus removing the weight restriction which had applied previously;
 - Permit cyclists to cycle westbound in the bus lane along West Street, between High Street and Quay Street, and similarly to cycle southbound in the bus lane along Quay Street, between West Street and the police station;
 - Prohibit waiting at all times throughout the pedestrian zone, except for loading at permitted times; and
 - Permit cycling within the pedestrian zone before 9am and after 5pm every day.
5. These changes are shown on the drawing at Appendix A

Parking Enforcement

6. The prevailing condition prior to the Experimental Order extinguished vehicular rights, but this made it difficult to enforce without a specific restriction on parking. It is reported that parking enforcement has been made very much easier by the introduction of a specific prohibition, and a number of Penalty Charge Notices have been issued to vehicles parked in contravention of the order.

Cycling

7. No adverse comments have been received in respect of the permitted hours of cycling in the pedestrian zone, but a number of favourable comments have been received verbally.
8. Approximately 40 warnings have been given by the police and Police Community Support Officers (PCSO's) to cyclists who have been stopped from cycling during the prohibited times. From the start of 2013, it is intended that fixed penalty tickets will be issued by the police and PCSO's, depending upon the nature and severity of the cycling offence.

Financial Implications

9. It was previously considered that Hampshire County Council could contribute to the costs of the scheme, however the costs were not great and were met from the existing Traffic Management budget.
10. The cost of making the order permanent is minimal since no further signing would be required, the only cost would be that of the formal advertisement to make the order permanent.

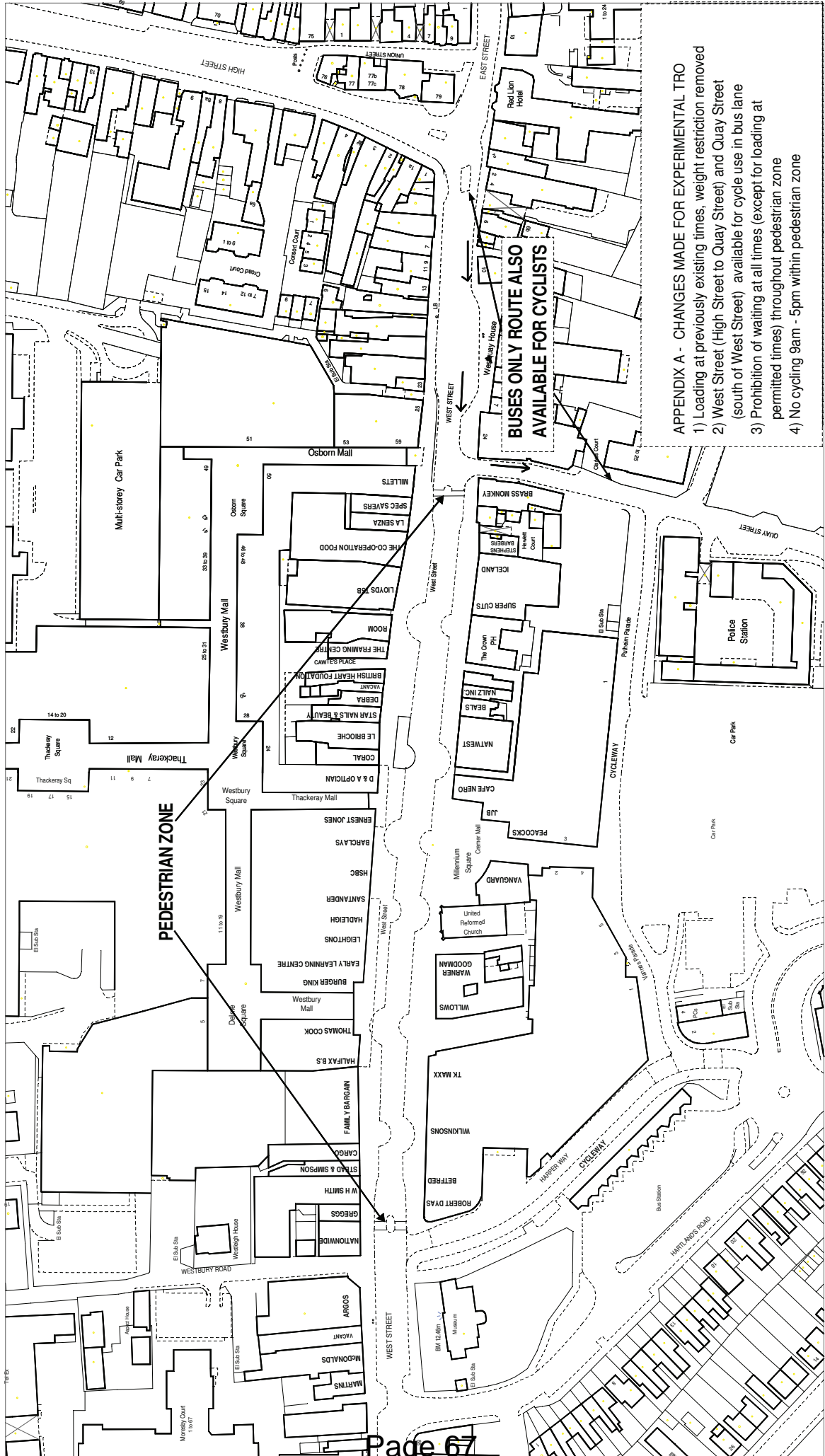
Consultations

11. Comments have been received in favour of making the scheme permanent, from the Police, the Town Centre Manager, Hampshire County Council and Ward Councillors.

Conclusion

12. It is recommended that the Experimental Order is made permanent in its entirety.

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APPENDIX A - CHANGES MADE FOR EXPERIMENTAL TRO

- 1) Loading at previously existing times, weight restriction removed
- 2) West Street (High Street to Quay Street) and Quay Street (south of West Street) available for cycle use in bus lane
- 3) Prohibition of waiting at all times (except for loading at permitted times) throughout pedestrian zone
- 4) No cycling 9am - 5pm within pedestrian zone

BUSES ONLY ROUTE ALSO AVAILABLE FOR CYCLISTS

PEDESTRIAN ZONE

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 February 2013

Portfolio:	Policy, Strategy and Finance
Subject:	Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2013/14
Report of:	Director of Finance and Resources
Strategy/Policy:	Finance Strategy
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:

This report seeks final confirmation of the recommendations to Full Council, on 22 February 2013, in respect of the revenue budget, capital programme and council tax for 2013/14.

Executive summary:

On 7 January 2013, the Executive reviewed the Council's overall finance strategy and considered proposals relating to the capital programme, revenue budgets and the council tax for 2013/14. This report updates the Council's budgets to reflect the decisions taken on 7 January 2013.

There is one new capital scheme added to the capital programme for the years 2012/13 to 2016/17 which leaves a programme totalling to £22,903,000.

The revenue budget for 2013/14 will be £9,823,300. With Central Government support and retained business rates estimated to be £4,090,980 and the option of accepting additional council tax freeze grant for 2013/14 equating to £61,460 this brings the total funding to £4,152,440.

Taking these changes into consideration, the council tax for 2013/14 will be £140.22 per Band D property and would mean that Fareham's element of the Council Tax has remained unchanged for 5 years. This represents no increase from the council tax set for 2012/13, compares favourably to the current rate of inflation and complies with the Council's corporate objectives.

Recommendation:

That the following proposals be approved and recommended to the special meeting of the Council to be held on 22 February 2013:-

- (i) the capital programme and financing as amended in paragraphs 3-7 of £22,903,000;
- (ii) an overall revised revenue budget for 2012/13 of £10,458,500;

- (iii) a revenue budget for 2013/14 of £9,823,300; and
- (iv) a council tax for Fareham Borough Council for 2013/14 of £140.22 per band D property, which represents no increase when compared to the current year.

Reason:

To allow the Full Council to approve the Council Tax for 2013/14

Cost of proposals:

Not Applicable.

Appendix A: Revenue Budget Summary 2012/13 and 2013/14

Background papers: None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 11 February 2013

Subject: Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2013/14

Briefing by: Director of Finance and Resources

Portfolio: Policy, Strategy and Finance

INTRODUCTION

- On 7 January 2013 the Executive reviewed the Council's overall finance strategy and considered proposals relating to:
 - The capital programme for 2012/13 to 2016/17;
 - The revised revenue budget for 2012/13;
 - The revenue budget for 2013/14; and
 - The council tax for 2013/14.
- The purpose of this report is to update the Council's spending plans to take account of the decisions taken by the Executive in relation to these various issues.

THE CAPITAL PROGRAMME 2012/13 TO 2016/17

- At the meeting on 7 January 2013 the Executive approved a report detailing the Commercial Property Investment Acquisition Strategy and agreed an initial capital investment of £3million towards this strategy.
- Taking this into account, the capital programme for the period 2012/13 to 2016/17 of £22,903,000 is as shown in the following tables:

	£000s
Public Protection	329
Streetscene	67
Leisure & Community	7,136
Housing	6,672
Planning & Environment	1,200
Policy, Strategy & Finance	7,499
TOTAL	22,903

Contact: Neil Wood, Management and Financial Accounting Manager

E-mail – nwood@fareham.gov.uk (Tel: 01329 824506)

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	£000s
2012/13	5,939
2013/14	3,081
2014/15	3,240
2015/16	1,777
2016/17	1,611
Unallocated	7,255
TOTAL	22,903

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

	£000s
Capital Receipts	7,168
RTB receipts for housing schemes	5,090
Capital Fund Account	4,021
External Contributions	3,867
Major Repairs & Renewals Reserve	1,648
Matched Funding reserve	337
TOTAL	22,131

6. In addition, the following resources are anticipated to be available between 2012/13 and 2016/17:

	£000s
Revenue Contribution to Capital schemes	4,862
Contribution to Capital Fund	2,500
Government Grants	1,326
External Contributions	1,131
Capital Receipts	200
TOTAL	10,019

7. The programme and projected resources indicate that, as at 31 March 2017, there will be a surplus of capital resources of £9,247,000.
8. Importantly, the surplus assumes an estimate of future capital receipts as well as continued revenue contributions towards capital investment, totalling nearly £10m. In the event that these resources do not materialise, the surplus will be significantly reduced.
9. It must also be borne in mind that the implications of some of the Council's priority actions and emerging capital spending pressures have not yet been quantified.
10. Spending pressures in this respect include repair and refurbishment or replacement works to Council assets (for example, community centres, car parks, sports pavilions and changing accommodation) that have yet to be added to the capital programme.

SPENDING RESERVE

11. The spending reserve currently stands at £2,390,000 which is 5% of gross expenditure for 2012/13 which represents the minimum required balance as set out in the approved Medium Term Finance Strategy.

REVISED BUDGET 2012/13

12. In January, the Executive considered in detail the revised budget for 2012/13, which totalled £10,458,500 and is no change when compared to the base budget for the year.

SERVICE BUDGETS 2013/14

13. The following paragraphs of this report indicate the changes to the service budgets resulting from the decisions of the Executive on 7 January 2013.

Planning Committee

14. There were no changes to this committee which confirms the budget total as £669,000.

Licensing and Regulatory Affairs Committee

15. No changes were made to this Committee's budget, confirming the total as £395,800.

Leisure & Community Portfolio

16. No changes were made to the portfolio budget, which is now confirmed to be £1,681,800.

Housing Portfolio

17. No changes were made to this Committee's budget, confirming the total as £1,369,400.

Strategic Planning and Environment Portfolio

18. There were no changes made to the portfolio budget, which is now confirmed to be -£234,100.

Policy, Strategy and Finance Portfolio

19. At the Executive meeting in January the agreed changes to the Council Tax Support Scheme which has resulted in reducing the hardship funding by £18,000. This means the hardship fund will now be £82,000.

20. As a result of this change the total budget for this portfolio will now be confirmed as £2,113,000.

Public Protection Portfolio

21. There were no changes made to the portfolio budget, which is now confirmed to be £2,435,700.

Streetscene Portfolio

22. There were no changes made to the portfolio budget, which is now confirmed to be £4,281,600.

OTHER BUDGETS 2013/14

23. Since the January Executive further information has been released regarding Central Government Support. As a result of this, more of the New Homes Bonus award in 2013/14 will be available to support investment in capital schemes and other projects.

24. As a result of this change the Other Budgets total will be -£2,888,900.

THE OVERALL BUDGET POSITION FOR 2013/14

25. Taking account of the various changes referred to in the preceding paragraphs, the overall total budget for 2013/14, detailed in Appendix A, is confirmed as £9,823,300. This total is £635,200 below the base budget for 2012/13 of £10,458,500.

GOVERNMENT SUPPORT

26. The amount of government support that the Council expects to receive in 2013/14 is summarised in the following table:

	2012-13	2013-14
	£	£
Core Funding	4,000,458	3,498,055
Individual grants now included in core funding (council tax support and homelessness prevention)	n/a	442,903
Council Tax Freeze Grant (2011/12)	150,022	150,022
TOTAL	4,150,480	4,090,980

27. This finance settlement core funding represents a cash reduction of 12.6% when compared to 2012/13.
28. The grant includes “damping” protection of £585,000, which is a mechanism used to smooth out large fluctuations in funding when the formula for distributing funding is changed. Without this damping protection, the grant for the Council would reduce by over £1m and this increases financial risk faced by the Council in future years as, historically, the damping mechanism is usually phased out over a period of time when the Governments model is amended year to year.
29. It is therefore imperative that the Council continues to identify and secure cash-releasing efficiencies each year in order to maintain the high level of service currently provided and continue to achieve its high corporate priority of council tax increases at or below the rate of inflation.

COUNCIL TAX AND NATIONAL NON-DOMETIC RATE BASE

30. The revised council tax base for 2012/13 is 43,465 Band D equivalent properties which is the same as the original estimate.
31. The council tax base for 2013/14 is 40,244 Band D equivalent properties.
32. The reduction shown between the two financial years is due to the changes in Council Tax Support Scheme which is calculated in the Council Tax Base rather than being part of the service budgets (which was the case for Council Tax Benefit).
33. The net rate yield from National Non-Domestic Rates for 2013/14(before Transitional arrangements) is £37,889,240.

COUNCIL TAX FOR 2013/14

34. With a net budget for 2013/14 of £9,823,300 and government support of £4,152,440(including the option of additional freeze grant for 2013/14 of £61,460), the Executive is able to recommend no council tax increase for 2013/14, as compared to the current rate of inflation of 2.9% (this is the published RPIX inflation rate for November 2012). This is shown in the following table:

	Base Budget 2012/13	Base Budget 2013/14	Variation
	£	£	£
Total Budget	10,458,500	9,823,300	-635,200
Less:			
Government Support	4,150,480	4,090,980	-59,500
Use of Collection Fund surplus	60,991	27,846	-33,145
Council Tax Freeze Grant	152,367	61,460	-90,907
Total due from Council Tax Payers	6,094,662	5,643,014	-451,648
Council Tax base	43,465	40,244	
Council Tax	£140.22	£140.22	
Cash Increase	+ £0.00	+ £0.00	
Percentage Increase	+ 0.00%	+ 0.00%	

ASSURANCE STATEMENT BY THE CHIEF FINANCIAL OFFICER (CFO)

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

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

RISK ASSESSMENT

38. While all spending plans can be met from within existing resources, growing financial pressures increase the risk that spending plans exceed desirable levels.
39. Also, the budget reflects the implications of the changing economic situation. However, these changes will continue to affect the Council's finances. It is therefore very important to retain sufficient balances to cater for the unexpected in these uncertain times.
40. Where opportunities exist to increase income sources for the Council, and plans are well advanced, these have been incorporated into the budget.
41. Finally, the largest risk in the budget setting remains changes to Central Government Funding and reliance on government policy keeping damping measures in place.

CONCLUSION

42. In making a recommendation to full Council on the council tax for 2013/14, the Executive has evaluated the Council's overall financial position in relation to existing commitments, the level of resources and the projected financial position in the future; not just the overall budget position for next year.

Reference Papers: None

Consolidated General Fund Revenue Budget 2012/13 (revised) and Proposed Budget 2013/14

	Budget 2012/13 £	Revised 2012/13 £	Variation £	Budget 2013/14 £	Variation £
Committees					
Planning Committee	713,700	730,400	16,700	669,000	-44,700
Licensing & Regulatory Affairs Committee	503,900	479,600	-24,300	395,800	-108,100
Executive - Portfolio Budgets					
- Leisure & Community	1,688,500	1,791,500	103,000	1,681,800	-6,700
- Housing	2,029,200	1,482,200	-547,000	1,369,400	-659,800
- Strategic Planning & Environment	-752,300	-326,300	426,000	-234,100	518,200
- Policy, Strategy & Finance	2,147,000	2,210,500	63,500	2,113,000	-34,000
- Public Protection	2,757,600	2,485,600	-272,000	2,435,700	-321,900
- Streetscene	4,470,000	4,400,000	-70,000	4,281,600	-188,400
SERVICE BUDGETS	13,557,600	13,253,500	-304,100	12,712,200	-845,400
Capital Charges	-1,935,500	-1,763,400	172,100	-1,763,400	172,100
Capital Financing Costs					
- Use of Housing Capital Receipts	-1,115,000	-558,300	556,700	-415,600	699,400
- Direct Revenue Funding	1,290,000	1,385,000	95,000	1,301,000	11,000
- Direct Revenue Funding NHB	658,000	658,000	0	897,300	239,900
Interest on Balances	-591,000	-874,500	-283,500	-874,500	-283,500
FRS17 Adjustment	0	0	0	0	0
Portchester Crematorium	-150,000	-150,000	0	-150,000	0
New Homes Bonus	-658,000	-658,000	0	-1,092,700	-434,700
Contribution to(+)/from(-) Reserves	-597,600	-833,800	-236,200	-791,600	-194,000
OTHER BUDGETS	-3,099,100	-2,795,000	304,100	-2,888,900	210,200
BUDGET TOTAL	10,458,500	10,458,500		9,823,300	-635,200
NET BUDGET	10,458,500	10,458,500		9,823,300	-635,200

COUNCIL TAX 2013/14

	Budget 2012/13 £	Budget 2013/14 £
NET BUDGET	10,458,500	9,823,300
EXTERNAL SUPPORT		
Non-Domestic Rates	4,071,554	1,558,458
Revenue Support Grant	78,926	2,532,522
Council Tax Freeze Grant	152,367	61,460
	<u>4,302,847</u>	<u>4,152,440</u>
USE OF COLLECTION FUND BALANCE	60,991	27,846
NET AMOUNT DUE FROM COUNCIL TAX PAYERS	6,094,662	5,643,014
COUNCIL TAX BASE	43,465	40,244
COUNCIL TAX PER BAND D PROPERTY (ROUNDED)	£140.22	£140.22
CASH INCREASE	£0.00	£0.00
PERCENTAGE INCREASE	0.00%	0.00%

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 February 2013

Portfolio:	Policy, Strategy and Finance
Subject:	Housing Revenue Account Spending Plans, including the Capital Programme for 2013/14
Report of:	Director of Finance and Resources
Strategy/Policy:	Housing Strategy
Corporate Objective:	A balanced housing market

Purpose:

This report seeks Executive endorsement for the revised budget for 2012/13, the base budget, rent increases and fees and charges for 2013/14 and the capital programme and its financing for the years 2012/13 to 2016/17.

Executive summary:

The Executive recommended and the Council approved, in February 2012, the base budget and rent increase for 2012/13, for Housing Revenue Account services.

This report sets out the Housing Revenue Account revised budget for 2012/13 and base budget for 2013/14 along with the capital programme and its financing for the years 2012/13 to 2016/17. The report examines the issues affecting the Housing Revenue Account, including changes to housing benefit and the rent increase with effect from 1 April 2013.

The Government introduced a system of rent setting, common to local authorities and registered providers, based on relative property values and local earnings levels. The first stage of the restructuring was introduced in 2003/04, and there was, initially, a ten year period from April 2002 for convergence between local authorities and registered social landlords to be achieved. The period to converge rents is reviewed every year and they are now set to converge in 2015/16.

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

Recommendation:

- (a) individual rent increases in line with the rent restructuring model, be approved for Council dwellings with effect from 1 April 2013;
- (b) rents for Council garages be increased by 5% with effect from 1 April 2013;
- (c) discretionary fees and charges be increased to provide a minimum increase of 5% with effect from 1 April 2013;
- (d) the revised budget for 2012/13 be approved;
- (e) the base budget for 2013/14 be approved;
- (f) the capital programme and financing for 2012/13 to 2016/17 be approved; and
- (g) annual budgets and assumptions are set with the aim of ensuring sufficient surpluses are held to repay debt on the date of maturity of each loan.

Reason:

There is a legal requirement to set a budget for the Housing Revenue Account and also to set rent increases which will achieve rent restructuring and convergence over a period prescribed by Central Government.

Cost of proposals:

As detailed in the report.

- Appendices A:** Capital Programme and Financing
B: Housing Revenue Account Budget
C: Housing Repairs Account
D: Examples of Rent
E: Fees and Charges
F: Graph of Balances

Background papers:**Reference papers:**

- (a) Executive 6 February 2012 - Housing Revenue Account Spending Plans including the Capital Programme 2012/13
- (b) Executive 16 July 2012 - Actual Housing Revenue Account Expenditure and Financing 2011/12
- (c) Executive 1 October 2012 - Annual Review of the Council's Finance Strategy

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 11 February 2013

Subject: Housing Revenue Account Spending Plans, including the Capital Programme for 2013/14

Briefing by: Director of Finance and Resources

Portfolio: Policy, Strategy and Finance

INTRODUCTION

1. This report brings together the revenue and capital spending plans for 2012/13 and 2013/14. On 1 October 2012, the Executive approved the Council's Finance Strategy for 2013/14 and later years. The budget guidelines contained with the Strategy have been used as a basis for the Housing Revenue Account (HRA) spending plans.

CAPITAL PROGRAMME - APPENDIX A

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

Year	£'000
2012/13	2,326
2013/14	5,333
2014/15	9,288
2015/16	1,782
2016/17	<u>1,774</u>
Total	<u><u>20,503</u></u>

3. The financing of the capital programme is mainly from the Major Repairs Reserve (MRR), external grants, Capital Fund and Revenue Contributions to Capital (RCCO). The major schemes in 2013/14 and 2014/15 are the new Collingwood House and potential purchase of a sheltered scheme at Coldeast.

REVENUE BUDGETS

4. The following tables summarise the base and revised budgets for 2012/13 and the base budget for 2013/14, the Housing Revenue Account and Housing Repairs Account. Further information can be found in Appendices B and C.

HOUSING REVENUE ACCOUNT - APPENDIX B	Base Budget	Revised Budget	Base Budget
	2012/13 £000s	2012/13 £000s	2013/14 £000s
Income from service	-11,213	-11,230	-11,426
Expenditure on service	7,075	7,479	7,102
Net cost of service	-4,138	-3,751	-4,324
Interest and premiums	1,797	1,807	1,708
Revenue contribution to capital expenditure etc. (Surplus) / deficit	2,116 -225	2,164 220	2,885 269
Opening Balance	-5,278	-4,813	-4,593
Closing Balance	-5,503	-4,593	-4,324

HOUSING REPAIRS ACCOUNT - APPENDIX C	Base Budget	Revised Budget	Base Budget
	2012/13 £000s	2012/13 £000s	2013/14 £000s
Income	-1,677	-2,012	-1,680
Expenditure	1,677	2,012	1,680
(Surplus) / deficit	0	0	0
Opening balance	-1,800	-1,800	-1,800
Closing balance	-1,800	-1,800	-1,800
Overall closing balance	-7,303	-6,393	-6,124
Properties at 31 March	2,403	2,403	2,368
Average balance per property £'s	£3,039	£2,660	£2,586

5. The HRA budget for 2013/14 includes a further transfer of £2,164,000 into the Capital Fund that was set up in 2012/13 for the purpose of repaying debt and for reinvesting in existing or new stock.
6. The revised budget for 2012/13 includes expenditure for work not completed in 2011/12 of £272,000. This was for Disabled Modifications, External Decorations, Gas Servicing, Pre-Decoration Repairs and Asbestos Survey.

7. It is our intention to continue to maintain a fixed end of year balance on the Repairs Account of £1,800,000. This provides a sufficient cushion to pay for any unexpected repairs and to protect the HRA from fluctuations in the level of repairs.
8. A graph depicting in-year surpluses/deficits, balances of debt and reserves over a time period of 30 years can be viewed in Appendix F.

RENT CONVERGENCE AND INCREASES - APPENDIX D

9. Rents are set in line with the Government's rent setting policy which was used in calculating the level of debt that was taken on in 2011/12 to leave the Housing Revenue Account Subsidy System. The target date for convergence with housing association rent remains at 2015/16. A limit is set for individual property increases of Retail Price Index (RPI) - as at end September each year - + 0.5% plus £2. Applying this, results in an average rent increase for tenants of 4.23% (£3.42 per week average increase). Housing benefit will cover this increase for around 64% of tenants. Appendix D shows examples of the proposed new rents.
10. April 2013 sees a change to housing benefit that will affect tenants who are under-occupying their property. For a household that is under-occupying by one bed, they will see a reduction in their housing benefit of 14%. For a household that is under-occupying by 2 or more bedrooms, they will see a reduction of 25%.
11. 1,529 tenants receive housing benefit, of which 122 are under-occupying. 110 will be affected by a 14% reduction in benefit and 12 by 25%. In anticipation of an increase of bad and doubtful debts, the bad debt provision is being increased to 2%.
12. Rents for Council garages are not covered by rent restructuring. The number of garages which are not let is stable year on year. It is proposed that garage rents for 2013/14 increase by 5%.

FEES AND CHARGES - APPENDIX E

13. The current fees and charges for the HRA and the proposed charges for 2013/14 are set out in Appendix E. The proposed discretionary fees have been increased wherever possible to achieve a minimum 5% increase in income except for Guest Rooms where an increase of 51% is suggested.
14. The statutory charge is subject to the control and advice of Government. The current level of charge has been set at the maximum allowed.

RISK ASSESSMENT

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

16. Factors taken into account include revenue repairs which tend to be demand led and include emergency repairs not included in the budgeted provision and not covered by insurance; potential future problems such as those related to asbestos, contaminated land, PRC construction (pre-cast reinforced concrete), fire risks, access, and legionella, which would lead to an increased capital programme; fluctuations in interest rates and uncertainty over the Supporting People funding to provide support for people receiving the sheltered housing service.
17. The table below gives examples of changes in the level of resources and expenditure that could occur in the future as a result of events outside and within the Council's control and which need to be taken into account when considering how much money should be held in reserves. It is very unlikely that all these things would happen at the same time.

Examples of potential changes in level of resources or expenditure	Effect on expenditure £'000s	Effect on income £'000s
10% increase in revenue repairs	+£100	
20% increase in cyclical repairs	+£90	
Loss of income if void rate rises to 2.5%		-£258
Loss if income if bad debts increase to 5%		-£310
Increase from 4 to 10 RTBs per annum - income		-£26
Increase to 10 RTBs per annum - response repairs	-£3	

18. The above list of potential risks indicates that it is essential to preserve the account balances held now for the HRA and the Repairs Account. Reserves are held so that we can:
- continue to manage and maintain homes;
 - improve and redevelop estates;
 - cover any unexpected expenditure;
 - take advantage of new opportunities to meet housing needs;
 - repay debt; and
 - meet the challenges of any change to Decent Homes Standard.

CONCLUSION

19. The Executive will be asked to approve the following recommendations to Full Council:
- (a) individual rent increases in line with the rent restructuring model, be approved for Council dwellings with effect from 1 April 2013;
 - (b) rents for Council garages be increased by 5% with effect from 1 April 2013;
 - (c) discretionary fees and charges be increased to provide a minimum increase of 5% with effect from 1 April 2013;
 - (d) the revised budget for 2012/13 be approved;
 - (e) the base budget for 2013/14 be approved;
 - (f) the capital programme and financing for 2012/13 to 2016/17 be approved;
and
 - (g) annual budgets and assumptions are set with the aim of ensuring sufficient surpluses are held to repay debt on the date of maturity of each loan.

APPENDIX A

CAPITAL PROGRAMME AND FINANCING	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Improvement Work					
Tenants Modernisations	950	950			
Electric Upgrading	200	200			
Security Doors	0	50			
Communal Lifts	0	0			
Other Communal Works	80	50			
	1,230	1,250	0	0	0
Energy Conservation					
Central Heating and Boiler	380	368			
Windows and Doors Replacement	200	350			
	580	718	0	0	0
Environmental Works					
Recycling Bin Stores	0	30			
External Works	30	50			
	30	80	0	0	0
Capitalised Repairs / Renewals					
Re-roofing	3	20			
Structural Repairs	1	150			
TV Systems	70	0			
Drain Replacement	6	20			
Mobility Scooter Storage	15	20			
	95	210	0	0	0
New Builds	113	0	0	0	0
Upgrade of Orchard/Housing Management System	50	0	0	0	0
New & Redeveloped Sheltered Schemes	228	3,075	7,635	70	0
TOTAL PROGRAMME	2,326	5,333	7,635	70	0
Total resources still to be allocated			1,653	1,712	1,774
TOTAL	2,326	5,333	9,288	1,782	1,774

	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
CAPITAL PROGRAMME AND FINANCING					
FINANCED BY:					
Major Repairs Reserve	2,213	3,986	4,073	1,782	1,774
Revenue contribution from HRA		722	3,051		
Grants and Contributions					
Social Housing Grant		625			
Capital Receipts	113				
Capital Fund			2,164		
Total Financing	2,326	5,333	9,288	1,782	1,774

APPENDIX B

<u>HOUSING REVENUE ACCOUNT</u>	Actual 2011/12	Base 2012/13	Revised 2012/13	Base 2013/14
	£000s	£000s	£000s	£000s
Income				
Rents - Dwellings	-9,388	-10,050	-10,105	-10,320
Rents - Garages	-221	-220	-214	-224
Rents - Other	-18	-17	-18	-18
Service Charges (Wardens, extra assistance, heating)	-276	-276	-242	-240
Cleaning	-121	-134	-119	-108
Grounds Maintenance	-69	-74	-73	-75
Other Fees and Charges	-14	-16	-24	-21
Leaseholder Service Charges	-65	-66	-65	-65
Grants receivable	-415	-360	-370	-354
	-10,586	-11,213	-11,230	-11,426
Expenditure				
General Administrative Expenses	1,447	1,730	1,657	1,488
Corporate & Democratic Core	58	61	61	61
Corporate Management	113	86	87	87
Unapportioned Overhead	2	10	0	0
Communal Heating Services	73	63	78	70
Communal Lighting	31	37	38	38
Rents, Rates & Other Taxes	50	44	52	47
Communal Cleaning	139	151	143	140
Grounds Maintenance	232	201	190	188
Sheltered Housing Service	595	603	606	601
Fire & Refuse	17	50	45	50
Insurance Liability Provision	-9	0	0	0
Sub-total of management costs	2,748	3,036	2,957	2,770
Contribution to Repairs Account	2,604	1,617	1,971	1,620
Bad Debts Provision	-28	131	14	206
Bad Debts Written off	124	0	0	0
Depreciation	1,880	2,324	2,494	2,456
Reversal of Depreciation greater than MRA	-64	-64	0	0
Debt Management Expenses	47	32	47	47
Holiday Accruals	-12	0	0	0
Negative Subsidy payable to Government	3,032	0	-4	0
	10,330	7,075	7,479	7,099
Net income from service	-256	-4,138	-3,751	-4,327

	Actual 2011/12	Base 2012/13	Revised 2012/13	Base 2013/14
Net income from service	-256	-4,138	-3,751	-4,327
Interest Payable	42	1,836	1,871	1,870
Premium on Debt Redemption	168	99	99	0
Interest earned on internal balances	-125	-138	-163	-163
Net operating income	-170	-2,341	-1,944	-2,620
Revenue contribution to capital	0	0	0	725
Pension Interest Cost & Return on Assets	20			
Movement on Pension Reserve	29			
Transfer to Capital Fund		2,164	2,164	2,164
Pension Reserve Contributions	-47	-48	0	0
(Surplus)/Deficit for year	-167	-225	220	269
Housing Revenue Account balance				
Balance brought forward	-4,646	-5,278	-4,813	-4,593
Surplus/(Deficit) for year	-167	-225	220	269
Balance carried forward	-4,813	-5,503	-4,593	-4,323

HOUSING REVENUE ACCOUNT EXPENDITURE DETAIL	Actual 2011/12	Base 2012/13	Revised 2012/13	Base 2013/14
	£000s	£000s	£000s	£000s
General Administrative Expenses				
Corporate & Democratic Core	58	61	61	61
Corporate Management	113	86	87	87
Unapportioned Overhead	2	10	0	0
Employees	720	751	771	741
Premises	92	87	101	96
Transport-related expenditure	0	0	7	7
Supplies and Services	81	297	225	94
Contract Services	38	79	38	38
Internal Support	521	517	518	519
Income	-5	-2	-3	-3
	1,620	1,886	1,805	1,639
Communal Heating Services				
Premises	73	63	78	70
	73	63	78	70
Communal Lighting				
Premises	31	37	38	38
	31	37	38	38
Communal Cleaning				
Employees	36	37	40	41
Premises	101	112	101	97
Internal Support	2	2	2	2
DSO Surplus	0	0	0	0
	139	151	143	140
Grounds Maintenance				
Employees	12	15	17	14
Premises	186	160	148	148
Supplies and Services	1	0	0	0
Internal Support	33	26	26	26
	233	201	191	188
Sheltered Housing Service				
Employees	511	520	510	512
Premises	50	48	49	46
Transport	0	0	8	8
Supplies and Services	17	17	20	20
Internal Support	18	19	19	16
	595	603	606	601
Other Communal Services				
Premises	34	31	35	31
Supplies and Services	16	14	17	17
Internal Support	0	0	0	0
Fire & Refuse -Premises	17	50	45	50
Insurance Liability Provision	-9	0	0	0
	57	94	97	97

Contact: Caroline Hancock, Finance Strategy and Development Manager

E-mail – chancock@fareham.gov.uk (Tel: 01329 824589)

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APPENDIX C

HOUSING REPAIRS ACCOUNT

Expenditure	Actual 2011/12	Base 2012/13	Revised 2012/13	Base 2013/14
	£000s	£000s	£000s	£000s
Day to Day				
Internal decorating	57	65	46	65
General repairs	635	574	574	574
Other Services - Surveys	35	0	0	0
External works	119	160	160	160
Ancillary & miscellaneous	44	73	197	73
Works to garages	18	21	34	21
Non rechargeable work to void properties	146	103	103	103
Total day to day	1,055	996	1,114	996
Schemes previously in the capital programme				
Repairs	1,192	222	343	222
Total from capital programme	1,192	222	343	222
Cyclical repairs				
External decorating	54	108	162	108
Gas service & associated repairs	222	250	278	250
Lift servicing	29	30	30	30
Pre decorating repairs	3	14	25	14
Emergency lighting	49	48	48	48
Total cyclical	357	450	543	450
Administration				
Supplies & services	16	10	9	9
Legal Services	2	0	4	4
Bad Debt Provision	74	0	0	0
	91	10	12	12
Total expenditure	2,695	1,677	2,012	1,680
Income				
Contribution from HRA	-2,604	-1,617	-1,971	-1,620
DSO Surplus	-55	0	0	0
Fees & charges	-54	-60	-41	-60
Total income	-2,713	-1,677	-2,012	-1,680
Balance brought forward	-1,800	-1,800	-1,800	-1,800
Surplus/Deficit(-) for year	-19	0	0	0
Tfr to Leaseholder Reserve	19			
Balance carried forward	-1,800	-1,800	-1,800	-1,800

EXAMPLES OF RENTS

	Property type	2012/13 Actual Rent	2013/14 Proposed Rent	Increase £ p.w.	Increase % p.w.
Nashe Way	1 Bed Bung	£78.86	£82.67	£3.81	4.83%
Foster Close	1 Bed Flat	£73.15	£75.80	£2.65	3.62%
Grebe Close	2 Bed Bung	£98.12	£102.06	£3.94	4.02%
Addison Road	2 Bed House	£96.08	£99.30	£3.22	3.35%
Foxbury Grove	2 Bed Flat	£80.67	£85.17	£4.50	5.58%
Garden Court	1 Bed Mais	£73.00	£75.70	£2.70	3.69%
Sicity House	2 Bed Mais	£82.72	£85.02	£2.30	2.79%
Fairfield Avenue	3 Bed House	£98.57	£101.49	£2.92	2.96%
Garden Court	3 Bed Flat	£96.92	£99.13	£2.21	2.28%
Foster Close	4 Bed House	£114.57	£117.30	£2.73	2.39%

Average for total stock	£80.80	£84.23	£3.42	4.23%
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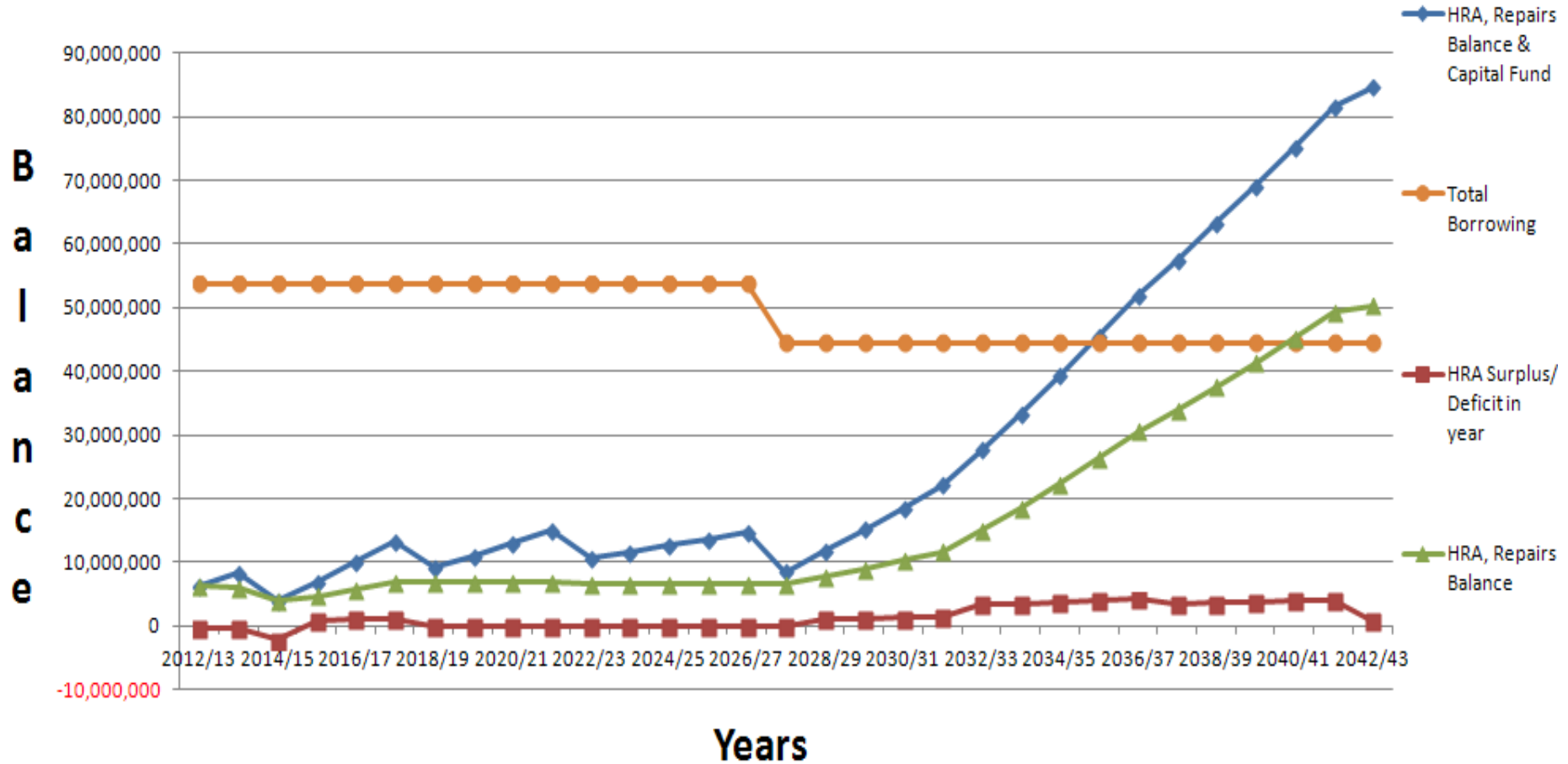
FEES AND CHARGES 2013/14

	Existing Charge inc VAT	Proposed Charge inc VAT	Increase
	£ p	£ p	%
<u>Discretionary Charges</u>			
Sheltered Accommodation for the Elderly			
Guest Room Charge per person per night	6.62	10.00	51%
Rechargeable Repairs to Council Houses			
a) Abortive visit by Officer, Surveyor or Tradesman - Standard charge per visit	38.53	40.50	5.1%
b) Rechargeable works	These will be assessed individually at the time the work is carried out.		
c) Service charges to purchasers of flats and maisonettes	These annual charges are made in advance on the basis of estimated costs. Once the actual cost is known a retrospective adjustment is made		
Recharge of Officer time in agreeing retrospective consent to freeholders			
Fee per occurrence	72.00	75.60	5%
<u>Statutory Charge</u>			
Sale of Council Houses			
Legal and administration fees in connection with granting a service charge loan (statutory maximum of £100)	100.00	100.00	0.0%

GRAPH OF BALANCES

Balances over 30 years

Page 94



FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 February 2013

Portfolio:	Policy, Strategy and Finance
Subject:	Treasury Management Strategy and Prudential Indicators 2013/14
Report of:	Director of Finance and Resources
Strategy/Policy:	Finance and Treasury Management Strategies
Corporate Objective:	A dynamic, prudent, progressive and best practice Council

Purpose:
This report considers the draft Treasury Management Strategy Statement and Prudential Indicators for 2013/14, prior to its submission to the Council for approval.

Executive summary:
Members will be aware that the Local Government Act 2003 and subsequent regulations have introduced the “Prudential” framework that has governed the capital financing and treasury management arrangements of local authorities since 1 April 2004.

The regulations require each Council to prepare and formally approve both an annual treasury management strategy and Prudential Indicators. The document for 2013/14 is attached as Appendix A for consideration by the Executive before being submitted to Council for approval.

Recommendation:
That the draft Treasury Management Strategy and Prudential Indicators for 2013/14, attached as Appendix A to this report, be endorsed and submitted to the Council for approval.

Reason:
In accordance with the Code of Practice for Treasury Management in the Public Services and guidance from the Department of Communities and Local Government (DCLG), the Treasury Management Strategy and Prudential Indicators have to be approved by full Council.

Cost of proposals:
Not applicable.

Appendix A: [Treasury Management Strategy and Prudential Indicators 2013/14](#)

Background papers: None

Contact: Caroline Hancock, Finance Strategy and Development Manager

E-mail – chancock@fareham.gov.uk (Tel: 01329 824589)

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APPENDIX A

TREASURY MANAGEMENT STRATEGY 2013/14

SECTION 1 - INTRODUCTION

BACKGROUND

1. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management service is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
2. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
3. The Chartered Institute of Public Finance Accountants (CIPFA) defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

REPORTING REQUIREMENTS

4. The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. The responsibility for the implementation and monitoring of these reports is the Executive with the Audit & Governance Committee responsible for the effective scrutiny of the treasury management strategy and policies.
5. The three reports are:
 - 1) Treasury Management Strategy and Prudential Indicators, covering:
 - the capital plans (including prudential indicators);
 - the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
 - the investment strategy (the parameters on how investments are to be managed).
 - 2) Mid Year Treasury Management Report - updating members with the progress of the capital position and investment activity, amending prudential and treasury indicators as necessary and whether the treasury strategy is being met or requires revision. In addition, the Executive will receive quarterly update reports.

- 3) Annual Treasury Report - This provides details of the actual prudential and treasury indicators and actual treasury activity compared to the estimates within the strategy.

TREASURY MANAGEMENT STRATEGY FOR 2013/14

6. The strategy for 2013/14 covers two main areas:
 - 1) Capital Issues
 - capital plans;
 - prudential indicators;
 - 2) Treasury Management Issues
 - current treasury position;
 - treasury indicators which will limit the treasury risk and activities of the Council;
 - prospects for interest rates;
 - borrowing strategy;
 - policy on borrowing in advance of need;
 - investment strategy;
 - investment counterparty selection criteria; and
 - policy on use of external service providers.
7. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and the DCLG Investment Guidance.

TRAINING

8. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Recent member training was undertaken in March 2012 and further training will be arranged as required.
9. The training needs of treasury management officers are periodically reviewed.

TREASURY MANAGEMENT CONSULTANTS

10. The Council uses Sector as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not place upon our external service providers.
11. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

SECTION 2 - CAPITAL PRUDENTIAL INDICATORS 2012/13 - 2015/16

12. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist member's overview and confirm capital expenditure plans.
13. A summary of all prudential and treasury indicators can be found in Annex A.

Capital Expenditure (Aff.3)

14. This prudential indicator is a summary of the Council's capital expenditure plans and those forming part of this budget cycle.

Capital Expenditure £'000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	Un- allocated
Public Protection	0	0	0	0	329
Streetscene	34	23	10	0	0
Leisure & Community	3,173	1,609	1,644	286	0
Housing	1,356	586	510	510	3,200
Strategic Planning & Environment	429	160	72	20	498
Policy, Strategy & Finance	948	702	1,004	961	3,228
Total General Fund	5,940	3,080	3,240	1,777	7,255
HRA	2,326	5,333	9,288	1,782	0
Total	8,266	8,413	12,528	3,559	7,255

15. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

Capital Expenditure £'000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	Un- allocated
General Fund	5,940	3,080	3,240	1,777	7,255
HRA	2,326	5,333	9,288	1,782	0
Total	8,266	8,413	12,528	3,559	7,255
Financed by:					
Capital receipts	2,071	542	818	785	6,200
Capital grants	2,415	2,006	1,680	321	0
Capital reserves	2,686	4,412	6,381	1,907	228
Revenue	1,094	1,453	3,649	546	827
Net financing need for the year	0	0	0	0	0

The Council's Borrowing Need (Capital Financing Requirement) (Aff.5)

16. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply 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 in the table above, which has not immediately been paid for, will increase the CFR.
17. The CFR projections are as follows:

£'000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
General Fund	-2,754	-2,754	-2,754	-2,754
HRA	51,338	53,805	53,805	53,805
Total CFR	54,092	51,051	51,051	51,051

Affordability Prudential Indicators

18. The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Financing costs as a percentage of net revenue stream (Aff.1)

19. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.
20. The positive percentage for the HRA for 2012/13 to 2015/16 reflects the net borrowing costs for the HRA settlement.

	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
General Fund	-11%	-14%	-15%	-15%
HRA	15%	15%	15%	14%
Total	3%	2%	2%	2%

Incremental impact of capital investment decisions on council tax and housing rents (Aff.2)

21. This indicator identifies the revenue costs associated with proposed changes to the capital programme compared to the Council's existing approved commitments and current plans. It takes account of the cost of financing any borrowing, the loss of interest on the use of any internal funding sources, the additional revenue costs of the capital schemes and any income/savings generated by those schemes. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.
22. Similar to the council tax calculation, the housing rents indicator identifies the trend in the cost of proposed changes in the housing capital programme compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Council tax band D	£2.06	£1.15	£1.20	£0.66
Weekly housing rent levels	£0.82	£0.65	£1.13	£0.22

SECTION 3 - TREASURY MANAGEMENT STRATEGY 2013/14

23. The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

CURRENT PORTFOLIO POSITION

24. The Council's treasury portfolio position at 31 March 2012, with forward projections are summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any under or over borrowing.

£'000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Borrowing at 1 April	41,671	42,471	42,271	42,071
Expected change in borrowing	800	(200)	(200)	(200)
Other long term liabilities	0	0	0	0
Borrowing at 31 March	42,471	42,271	42,071	41,871
The Capital Financing Requirement	51,051	51,051	51,051	51,051
Under/(over) borrowing	8,580	8,780	8,980	9,180

25. Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
26. The Director of Finance and Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

TREASURY INDICATORS: LIMITS TO BORROWING ACTIVITY

The Operational Boundary (Aff.4)

27. This is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational Boundary £'000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Borrowing	49,555	47,000	46,000	46,000
Other long term liabilities	5,445	2,000	2,000	2,000
Total	55,000	49,000	48,000	48,000

The Authorised Limit for External Borrowing

28. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
29. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
30. The Council is asked to approve the following Authorised Limit:

Authorised Limit £'000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Borrowing	49,555	57,000	63,000	64,000
Other long term liabilities	16,445	4,000	4,000	4,000
Total	66,000	61,000	67,000	68,000

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

HRA Debt Limit £'000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Total	56,850	56,850	56,850	56,850

PROSPECTS FOR INTEREST RATES

32. The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Sector central view on interest rates.

Annual Average %	Bank Rate	PWLB Borrowing Rates		
		5 year	25 year	50 year
Dec 2012	0.50	1.50	3.70	3.90
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.50	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

33. The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.
34. The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.
35. This challenging and uncertain economic outlook has several key treasury management implications:
- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
 - Investment returns are likely to remain relatively low during 2013/14 and beyond;
 - Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
 - There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

BORROWING STRATEGY

36. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.
37. Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Director of Finance and Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

Treasury Management Limits on Activity (Pru.3 and 4)

38. There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
 - Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
 - Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
39. The Council is asked to approve the following treasury indicators and limits:

Upper limits on interest rate exposures	2012/13	2013/14	2014/15	2015/16
	%	%	%	%
- Upper limit on variable interest rate exposures	25	25	25	25
- Upper limit on fixed interest rate exposures	100	100	100	100
Maturity structure of borrowing	Upper Limit			
	%	%	%	%
- Loans maturing within 1 year	25	25	25	25
- Loans maturing within 1 - 2 years	25	25	25	25
- Loans maturing within 2 - 5 years	25	25	25	25
- Loans maturing within 5 - 10 years	50	50	50	50
- Loans maturing in over 10 years	100	100	100	100

POLICY ON BORROWING IN ADVANCE OF NEED

40. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
41. Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the quarterly or annual reporting mechanism.

DEBT RESCHEDULING

42. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
43. The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
44. Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
45. All rescheduling will be reported to the Council at the earliest meeting following its action.

SECTION 4 - ANNUAL INVESTMENT STRATEGY 2013/14

INVESTMENT POLICY

46. The Council's investment policy has regard to DCLG's Guidance on Local Government and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes.
47. The Council's investment priorities will be security of capital first, liquidity second and then the return.
48. In accordance with the above guidance from DCLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of these reflect in the eyes of each agency. Using the Sector ratings service, potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.
49. Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
50. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
51. The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.
52. The intention of the strategy is to provide security of investment and minimisation of risk.

INVESTMENT COUNTERPARTY SELECTION CRITERIA

53. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure that:
 - It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the sections below; and

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
54. The Director of Finance and Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
55. The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not the institution will fall outside the lending criteria.
56. Credit rating information is supplied by Sector, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.
57. All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.
- if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - in addition to the use of credit ratings, the Council will be advised of information in movements in Credit Default Swap and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
58. Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information (for example Credit Default Swaps, negative rating watches/outlooks). This additional information will be applied to compare relative security of differing investment counterparties.
59. The following internal measures are also in place:
- Investment decisions formally recorded and endorsed using a Counterparty Decision Document; and

- Monthly officer reviews of the investment portfolio and quarterly reviews with the Chief Executive Officer.
60. The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality. The Council will use banks which are UK banks and/or are non-UK and domiciled in a country which has a minimum sovereign rating of AA and have as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated):

	Fitch	Moody's	Standard and Poor's
Short Term	F1	P-1	A-1
Long Term	A	A2	A
Viability/Financial Strength	bb-	C-	-
Support	3	-	-

- In the event that the UK loses its AAA status which impacts on the ratings of UK banks, clearing banks that have a systemic and reputational value will continue to be used.
- Banks 2 - Part nationalised UK banks (Lloyds Banking Group and Royal Bank of Scotland). These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- Bank subsidiary and treasury operation - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building Societies - Building societies have formed the basis of the UK's savings culture and are under strict FSA directives in regard to their borrowing and lending criteria. The Council will use all societies which meet the ratings for banks outlined above and/or have assets in excess of £5bn.
- Other investment counterparties:
 - UK Government (including gilts and the Debt Management Account Deposit Facility)
 - Local authorities
 - Money market funds
 - Enhanced cash funds

COUNTRY AND SECTOR CONSIDERATIONS

61. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA from Fitch. This list will be added to, or deducted from by officers should ratings change in accordance with this policy.
62. The Council will limit the amount of investments with building societies to 25% of the portfolio.

63. As far as possible, the Council will aim to maintain at least 25% of investments maturing within 1 year, and have no more than 50% of investments that have a maturity date of more than 1 year.

TIME AND MONETARY LIMITS APPLYING TO INVESTMENTS

64. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long Term Rating	Money Limit	Time Limit
Banks 1 - good credit quality	A	£6m	5 years
Banks 2 - part-nationalised	N/A	£8m	3 years
Building societies - Assets over £5bn	N/A	£2m	1 year
Debt Management Account Deposit Facility	AAA	Unlimited	6 months
Local Authorities	N/A	Unlimited	5 years
Money Market Funds	AAA	£6m per fund	Liquid
Enhanced Cash Funds	AAA	£6m per fund	Liquid

INVESTMENT STRATEGY

65. The Council's in-house managed funds are mainly existing resources earmarked to finance future capital expenditure and resources derived from favourable cash flow with a core balance of £10 - £15 million available for investment over a year.
66. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
67. The Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2015. The Bank Rate forecasts are:

Year	Bank Rate
2012/13	0.50%
2013/14	0.50%
2014/15	0.75%
2015/16	1.75%

68. There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

Investment Treasury Indicator and Limit (Pru.5)

69. Total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

£M	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Principal sums invested > 364 days	12	16	16	16

70. For its cash flow generated balances, the Council will seek to utilise its call accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the reinvestment of interest.

External Fund Managers

71. Up to £13 million of the Council's investments are externally managed on a discretionary basis by Tradition. This level is based on the core balance of £10-15 million and is reviewed periodically as the core balance changes.
72. Tradition will comply with the Annual Investment Strategy and their performance is reviewed quarterly by the Director of Finance and Resources.
73. The agreement between the Council and Tradition additionally stipulate guidelines and duration and other limits in order to contain and control risk.

OTHER ISSUES

74. Where cash flows determine it necessary, the Council's bankers - NatWest (part of the RBS group) will be used on an unlimited basis. If their credit quality is reduced, the Council will continue to use their banking services but no investments will be placed with them.
75. The unprecedented changes in the economy and the financial sector are such that this Strategy Statement provides a framework within which Officers will operate. The Director of Finance and Resources will take further precautionary steps to manage the investment portfolio within the framework, responding to the economic conditions as they evolve throughout the year.

SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii) Responsible body - Executive

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval

- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Responsibility for scrutiny - Audit and Governance Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

ANNEX A

SUMMARY OF PRUDENTIAL AND TREASURY INDICATORS

Indicator	Description	2012/13	2013/14	2014/15	2015/16
<u>Aff.1</u>	Affordability Measure: Financing Costs as a percentage of net revenue stream				
	Overall Position	3%	2%	2%	2%
1a	General Fund	-11%	-14%	-15%	-15%
1b	Housing Revenue Account	15%	15%	15%	14%
<u>Aff.2</u>	Affordability Measure: Incremental impact of capital investment on Council Tax and Housing Rents				
2a	Council Tax increases, borrowing costs only	£2.06	£1.15	£1.20	£0.66
2b	Housing Rent increases, borrowing costs only	£0.82	£0.65	£1.13	£0.22
<u>Aff.3</u>	Affordability Measure: Capital Expenditure (£'000s)	Estimate	Estimate	Estimate	Estimate
	General Fund	£5,940	£3,080	£3,240	£1,777
	Housing Revenue Account	£2,326	£5,333	£9,288	£1,782
	Total Capital Expenditure	£8,266	£8,413	£12,528	£3,559
<u>Aff.4</u>	Affordability Measure: External Debt Level (£'000s)				
	Authorised limit, comprising	£66,000	£61,000	£67,000	£68,000
	- borrowing	£49,555	£57,000	£63,000	£64,000
	- other long term liabilities	£16,445	£4,000	£4,000	£4,000
	Operational boundary, comprising	£55,000	£49,000	£48,000	£48,000
	- borrowing	£49,555	£47,000	£46,000	£46,000
	- other long term liabilities	£5,445	£2,000	£2,000	£2,000
<u>Aff.5</u>	Affordability Measure: Capital Financing Requirement (CFR) (£'000s)				
	General Fund CFR closing balance in the year	£51,338	£51,051	£51,051	£51,051
		£-2,754	£-2,754	£-2,754	£-2,754
	HRA CFR closing balance in the year	£54,092	£53,805	£53,805	£53,805
<u>Pru.1</u>	Prudence Measure: Gross Debt and Capital Financing Requirement (CFR) (£'000s)				
	Gross Debt	£42,471	£42,271	£42,071	£41,871
	CFR (for last, current and next 2 years)	£204,204	£204,204	£204,204	£204,204
	Has measure been achieved?	Achieved	Achieved	Achieved	Achieved
	Memorandum Item : Prudence margin	£161,733	£161,933	£162,133	£162,233
<u>Pru.2</u>	Prudence Measure: Adoption of the CIPFA Treasury Management Code of Practice				
	Has the Code been adopted in its entirety?	Yes	Yes	Yes	Yes
<u>Pru.3</u>	Prudence Measure: Upper Limits to fixed and variable interest rate exposure				
	Upper limit to variable interest rate exposures	25%	25%	25%	25%
	Upper limit to fixed interest rate exposures	100%	100%	100%	100%
<u>Pru.4</u>	Prudence Measure: Maturity structure of borrowing	<u>Upper Limit</u>	<u>Upper Limit</u>	<u>Upper Limit</u>	<u>Upper Limit</u>
	Loans maturing within 1 year	25%	25%	25%	25%
	Loans maturing within 1 - 2 years	25%	25%	25%	25%
	Loans maturing within 2 - 5 years	25%	25%	25%	25%
	Loans maturing within 5 - 10 years	50%	50%	50%	50%
	Loans maturing in over 10 years	100%	100%	100%	100%
<u>Pru.5</u>	Prudence Measure: Total Principal sums invested for periods of more than 364 days (£'000s)				
	Upper Investment Limit for the year	£12,000	£16,000	£16,000	£16,000

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 February 2013

Portfolio:	Policy, Strategy and Finance
Subject:	Quarterly Financial Monitoring Report 2012/13
Report of:	Director of Finance and Resources
Strategy/Policy:	Finance Strategy
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:

This report provides comparative information on the Council's revenue and capital expenditure for the nine months ended 31 December 2012. Members are invited to consider the financial performance in the quarter, and any corrective action that may be deemed appropriate.

Executive summary:

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

Revenue	Budget 2012/13	Budget to 31 Dec 12	Actual to 31 Dec 12	Variation
	£000s	£000s	£000s	£000s
Service Budgets	13,254	23,334	22,167	-1,167
Non-Service Budgets	-2,795	-1,163	-1,116	47
Net	10,459	22,171	21,051	-1,120

The main variations in spending to 31 December 2012 are within cost of employment (-£326,001) and housing benefit payments (-£516,847). Vacancies are the main reason behind the under spend on the cost of employment. Housing benefit payments are under budget although it is expected this will be closer to the budgeted position by the end of the financial year.

Capital Programme	Budget 2012/13	Budget to 31 Dec 12	Actual to 31 Dec 12	Variation
	£000s	£000s	£000s	£000s
General Fund	8,893	3,611	3,336	-275
HRA	2,843	1,620	1,311	-309
Total	11,736	5,231	4,647	-584

Contact: Neil Wood, Management and Financial Accounting Manager

E-mail – nwood@fareham.gov.uk (Tel: 01329 824506)

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Revenue and capital spending plans are showing an under spend for the period. While there are no areas of immediate concern, it is appropriate to monitor financial performance over the final quarter to ensure that any slippage does not adversely affect the services provided to residents and customers. Commentary on the most significant variations is set out in the in the briefing paper accompanying the report.

Recommendation:

That the report on revenue and capital budget monitoring be noted.

Reason:

To provide members of the Executive with a summary of the Council's budgetary performance to 31 December 2012.

Cost of proposals:

Not applicable.

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 11 February 2013

Subject: Quarterly Financial Monitoring Report 2012/13

Briefing by: Director of Finance and Resources

Portfolio: Policy, Strategy and Finance

INTRODUCTION

1. This report sets out, in detail, the variations between the budgeted and actual income/expenditure to 31 December 2012 for both revenue and capital budgets.

REVENUE EXPENDITURE SUMMARY

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

ACTUAL REVENUE EXPENDITURE TO 31 DECEMBER 2012

	Budget 2012/13 £	Budget to 31 Dec 12 £	Actual to 31 Dec 12 £	Variation £
Committees				
Planning	730,400	554,300	517,036	-37,264
Licensing & Regulatory Affairs	479,600	360,500	285,846	-74,654
Executive - Portfolio Budgets				
- Leisure & Community	1,791,500	685,800	646,556	-39,244
- Health & Housing	1,482,200	785,800	683,076	-102,724
- Strategic Planning & Environment	-326,300	-623,000	-701,972	-78,972
- Policy, Strategy and Finance	2,210,500	16,918,400	16,264,915	-653,485
- Public Protection	2,485,600	1,808,900	1,734,361	-74,539
- Streetscene	4,400,000	2,843,300	2,737,418	-105,882
SERVICE BUDGETS	13,253,500	23,334,000	22,167,236	-1,166,764
NON-SERVICE BUDGETS	-2,795,000	-1,162,700	-1,115,568	47,132
NET BUDGET	10,458,500	22,171,300	21,051,668	-1,119,632


















Contact: Neil Wood, Management and Financial Accounting Manager

E-mail – nwood@fareham.gov.uk (Tel: 01329 824506)

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THE KEY COUNCIL SERVICES

3. 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 2012/13	Budget to 31 Dec 12	Actual to 31 Dec 12	Variation	
	£	£	£	£	
Parking Services	-1,353,400	-948,300	-933,490	14,810	
Commercial Estates	-2,256,000	-1,572,200	-1,515,481	56,719	
Local Tax Collection	990,400	938,700	867,612	-71,088	
Community Parks and Open Spaces	930,500	655,000	628,677	-26,323	
Street Cleansing	978,600	677,400	666,589	-10,811	
Processing Planning Applications	279,500	215,200	195,789	-19,411	
Homelessness	192,600	256,300	202,707	-51,793	
Land Charges	-153,600	-113,400	-137,579	-24,179	
Housing Benefits Payments	0	14,731,500	14,214,653	-516,847	
Waste Collection & Recycling Services	1,941,500	1,493,600	1,473,699	-19,901	
Trade Waste	-55,200	-327,000	-321,608	5,392	
Ferneham Hall	433,100	61,700	51,730	715	
Interest on Investments	-874,500	-655,900	-608,988	46,912	
Cost of Employment	15,467,700	11,498,866	11,172,865	-326,001	
Key					
	budget currently on track and likely to be in a positive position at year end				
	budget is either off track currently or is expected to be off track at year end				
	budget currently off track and likely to be in a negative position at year end				

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

- (a) Parking Services is showing a variation of £15,000 above the budget, which is mainly as a result of reduced income from users of the Council's car parks which is down on budget and also below the level for the same period during the last financial year. The budget has been revised to reflect the downturn in usage.
- (b) Commercial estates is showing that the income due to the Council is under budget by almost £57,000. This is mainly due to rental income from the shopping centre which has seen a fall due to empty units reflecting the continued downturn in the retail sector. It is anticipated that the overall deficit for the service will be £100,000 by the end of the financial year.
- (c) Waste Collection and Recycling Services covers Household Waste Collection, Recycling and Garden Waste Collection. These services combined are currently showing an under spend of £20,000. There are underspends in all of the expenditure budget headings within waste services with income currently in line with the budget.
- (d) Housing benefits payments are currently £517,000 under the budget for the year. The budget was increased at revised stage to reflect the continuing increase in caseload and it is anticipated that the gap between expenditure and budget will close before the end of the financial year. Expenditure will be offset by income at year end when Government Grant is received.
- (e) Interest on investments is lower than budgeted for the year due to lower interest rates on the Council's investments. Longer term investments with higher rates continue to reach maturity and are being replaced with shorter term lower rate deals that are reflective of the current position within the investment market.
- (f) 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 9 months of the year, savings on salaries and wages have arisen, mainly as a result of employee vacancies and also due to organisational structure changes. While this has been partly offset by the additional expenditure on agency employees, it is anticipated that there will be an overall saving in this area at the end of the year.

THE COUNCIL'S FUNDAMENTAL PARTNERSHIPS

5. 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 2012-13	Budget to 31 Dec 12	Actual to 31 Dec 12	Variation	
	£	£	£	£	
Project Integra	26,800	0	0	0	
Community Safety Partnership	279,900	187,700	99,341	-88,359	
Fareham and Gosport CCTV Partnership	218,500	134,900	77,594	-57,306	
Portchester Crematorium Joint Committee	- 150,000	0	0	0	
Building Control Partnership	212,700	159,600	151,328	-8,272	
Key					
	budget currently on track and likely to be in a positive position at year end				
	budget is either off track currently or is expected to be off track at year end				
	budget currently off track and likely to be in a negative position at year end				

6. There are no major causes for concern within the Council's Fundamental Partnerships.















CAPITAL PROGRAMME

7. On 6 February 2012, the Executive approved the 2012/13 capital programme for the General Fund services of £6.186m and £2.169m for the Housing Revenue Account (HRA), giving a combined total of £8.355m.
8. Details of actual capital expenditure in 2011/12 were reported to the Executive on 16 July 2012 and it was noted that the slippage on the capital programme for 2011/12 of £2.911m for General Fund and HRA services, would now be included in the capital programme for 2012/13, giving a revised total of £11.266m.
9. Since the capital programme was approved earlier in the year, a number of new schemes have been added to the 2012/13 programme.
10. The following table sets out the updated capital programme for 2012/13 and has been used as the basis for monitoring progress to 31 December 2012:-

	Approved Programme	2011/12 Slippage	New Schemes	Total
	£	£	£	£
Public Protection	50,000	78,700	0	128,700
Streetscene	37,000	30,400	0	67,400
Leisure and Community	3,359,600	637,000	106,500	4,103,100
Health & Housing	1,365,000	1,117,900	115,000	2,597,900
Strategic Planning & Environment	700,200	56,300	0	756,500
Policy, Strategy & Finance	674,200	529,300	29,000	1,323,500
Total General Fund	6,186,000	2,449,600	250,500	8,886,100
Housing Revenue Account	2,169,000	461,700	220,000	2,850,700
Updated Capital Programme	8,355,000	2,911,300	470,500	11,736,800

MAJOR CAPITAL SCHEMES

11. The Council has a number of major capital schemes where expenditure is in excess of £200,000. These schemes, with forecast budget to 31 December 2012, are detailed in the following table:-

Capital Scheme	Budget 2012/13	Budget to 31 Dec 12	Actual to 31 Dec 12	Variation	
	£	£	£	£	
Ferneham Hall Repairs	285,200	30,000	26,889	-3,111	
Wicor Rec Sport Changing Facilities	813,600	610,500	660,711	50,211	
Portchester Community Centre	1,541,400	1,231,000	1,095,779	-135,221	
Disabled Facilities Grants	655,700	340,000	334,519	-5,481	
Enabling: Coldeast Close	400,000	400,000	406,096	6,096	
Vehicles and Plant	462,300	80,000	76,281	-3,719	
ICT	318,700	130,000	129,674	-326	
HRA: Electrical Upgrading	200,000	147,000	110,883	-36,117	
HRA: Tenants Modernisation	950,000	650,000	558,148	-91,852	
HRA: Replacement Windows/Doors	200,000	50,000	33,212	-16,778	
HRA: Central Heating and Boiler Replacement	470,000	320,000	248,831	-71,169	
	budget currently on track and likely to be in a positive position at year end				
	budget is either off track currently or is expected to be off track at year end				
	budget currently off track and likely to be in a negative position at year end				

12. The main variations in the major schemes where expenditure is over £200,000 are detailed below:-
- (a) Expenditure to date at Ferneham Hall has been for new Auditorium chairs, a projector and external neon signage. Works planned for the last quarter of the year include refurbishment of Auditorium tiered seating and kitchen equipment improvements.
 - (b) The Wicor Changing Facilities were complete one week ahead of programme and within budget. The facility became operational in January 2013.
 - (c) The new Portchester Community Centre is complete and was opened in January 2013. The project is now into phase 2 (demolition of the old community centre) which is expected to complete at the end of March 2013.
 - (d) A total of £334,519 has been spent on Disabled Facilities Grants with an additional £166,000 of grant applications committed to date.
 - (e) The Enabling budget allocated £400,000 to bring back into use four long term empty properties at Coldeast Close. The works are now complete and all four long term properties are now occupied by homeless families.
 - (f) Three street cleansing vehicles, two grounds maintenance vehicles and the Mayor's car have been purchased to date from the Vehicles and Plant capital scheme. Two refuse vehicles are due to be purchased in the last quarter of the year.
 - (g) The major projects for the year for the ICT programme include the on-going SharePoint development for the HUB, upgrading and increasing the current Storage and Back-up systems, upgrade of the main computer suite electrical installation and continuation of the rolling programme of PC and server upgrades.
 - (h) The HRA Electrical Upgrades scheme is progressing in line with budget. A programme of periodic electrical inspections is continuing with urgent remedial works being undertaken as identified. It is anticipated that there will be an overspend on this budget, financed from other capital budgets, to ensure properties that require electrical inspections are undertaken within the recommended period.
 - (i) For the Tenants Modernisation scheme, properties have received new kitchens and bathrooms due to age and condition. The programme is determined by the recent stock condition survey and is programmed to continue in all areas of the Borough. This now includes providing level access showering facilities at our flagship sheltered accommodation schemes. A proportion of the budget is held for such works to vacant properties as needed throughout the year.

- (j) Works to renew maisonette entrance doors have now been completed. Further door replacement works have been determined for properties in Portchester and North Fareham using the recent stock condition survey information. Procurement is now in progress with commencement on site anticipated in March 2013.
- (k) Replacement of old and inefficient boilers has been progressing well. Seasonal changes in the autumn and winter months result in a number of reactive replacements where boilers are considered to be beyond economical repair. The boiler stock is in a good condition following the planned investment resulting in a reduced number of reactive replacements. This is likely to be underspent compared to the year's budget.

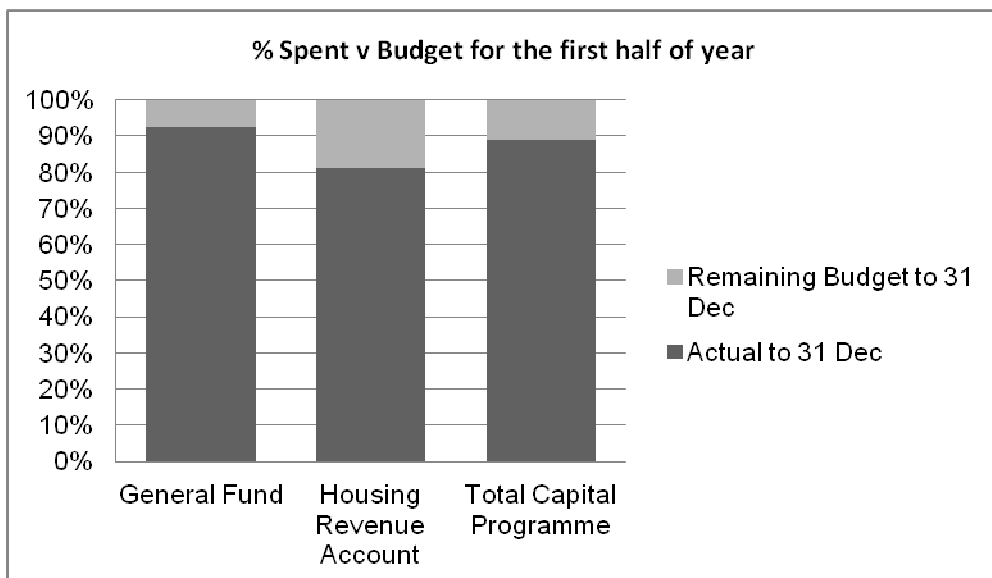
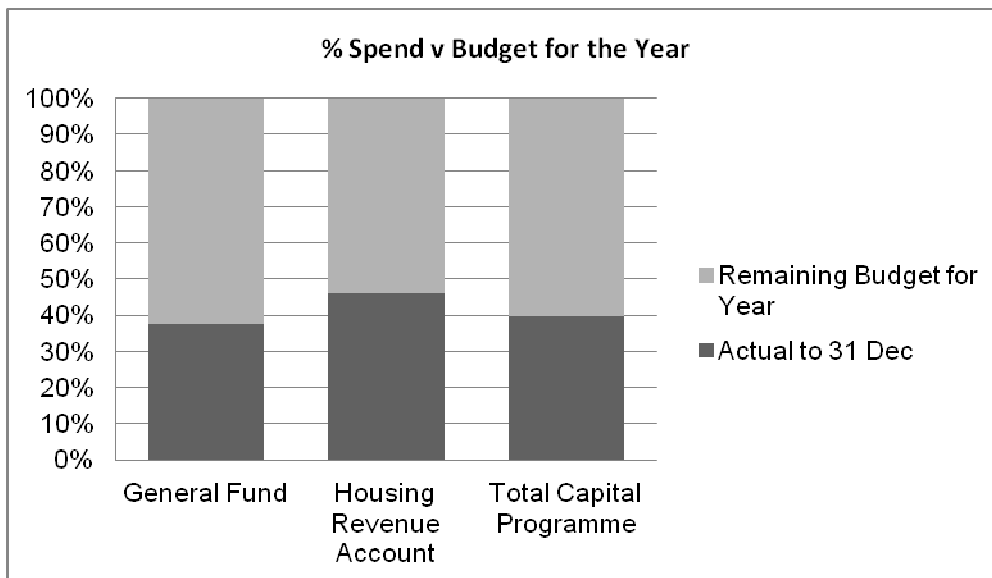
CAPITAL MONITORING

13. The following table provides summary information for the third quarter to 31 December 2012, for the schemes within each portfolio.

	Updated Budget 2012/13	Budget to 31 Dec 12	Actual to 31 Dec 12	Variation
	£	£	£	£
Public Protection	128,700	0	0	0
Streetscene	67,400	0	0	0
Leisure and Community	4,103,100	2,313,550	2,100,960	-212,590
- Buildings	2,160,000	1,309,950	1,168,979	-140,971
- Play and Parks	380,500	177,200	124,510	-52,690
- Outdoor Recreation	1,353,400	695,500	671,855	-23,645
- Grants to Community Groups	119,000	82,800	89,000	6,200
- Other Community Schemes	90,200	48,100	46,616	-1,484
Health & Housing	2,605,100	847,400	790,804	-56,596
- Home Improvement Loans	759,000	417,400	369,708	-47,692
- Enabling	1,497,200	400,000	421,096	21,096
- Other	348,900	30,000	0	-30,000
Strategic Planning and Environment	756,500	220,000	205,068	-14,932
- Environmental Improvements	120,000	120,000	114,087	-5,913
- Car Parks	616,500	100,000	90,981	-9,019
- Other	20,000	0	0	0
Policy, Strategy and Finance	1,232,600	230,000	239,152	9,152
- Fareham Town Centre	136,800	30,000	33,197	3,197
- Vehicles and Plant	462,300	70,000	76,281	6,281
- ICT	286,800	130,000	129,674	-326
- Depot	89,000	0	0	0
- Civic Offices	15,700	0	0	0
- Other	242,000	0	0	0
Total General Fund	8,893,400	3,610,950	3,335,984	-274,966

Housing Revenue Account				
- Improvement Work	1,520,500	856,500	705,886	-150,614
- Energy Conservation	670,000	370,000	282,042	-87,958
- Environmental Work	72,000	9,500	15,325	5,825
- Capitalised Repairs/Renewals	178,900	69,800	76,477	6,677
- New Build	352,000	269,250	188,618	-80,632
- Other HRA Schemes	50,000	45,000	42,815	-2,185
Total Housing Revenue Account	2,843,400	1,620,050	1,311,163	-308,887
Total Capital Programme	11,736,800	5,231,000	4,647,147	-583,853

14. The graphs below show the actual expenditure to 31 December 2012 as a percentage of the programme for the equivalent period and for the whole year. 89% of the capital programme has been spent compared to the profiled budget for the third quarter of the year. 40% has been spent compared to the budget for the year.



RISK ASSESSMENT

15. Whilst it would be too early to draw very firm conclusions regarding the final revenue and capital budget position for 2012/13 after nine months, it is equally important that the Executive is made aware of the trends in both expenditure and income where they differ from those anticipated when the original budgets were prepared.
16. It is also worth noting that expenditure tends to increase during the latter months of the year as work programmes proceed so any under spends in the first half of the year are unlikely to continue throughout the whole of the financial year.
17. A potential risk to the capital programme relates to scheme slippages. Delayed schemes could result in increased contract costs for which funding may not be available and could also impact on the Council achieving its corporate objectives.
18. The Council's expenditure and income are monitored by officers throughout the year and these projections will be updated each quarter, as part of the budget monitoring reports. These were reflected in the Finance Strategy for 2013/14 that was presented to the Executive at its meeting in October and also in the Spending Plans report that went to the Executive in December.
19. There remains concerns with the general economic climate, which could continue to affect other Council services, particularly within the business sector where a large proportion of the Council's income is reliant on businesses continuing to rent property owned by the Council such as industrial estates or the trade waste service where businesses ceasing to trade can affect income to that service. There is also an impact on services such as car parking where income levels have been reducing over the last couple of years and are continuing to reduce in the current financial year.

CONCLUSION

20. It is important that there is a timely reporting system in place to focus the Executive on key variances. To reflect this, revenue and capital monitoring reports include detailed information about the more significant areas of the Council's expenditure and income.
21. No particular actions are considered necessary at the present time as variations have been reflected in the revised budget, which was considered in detail by the Executive in December 2012 and January 2013. Officers will, however, continue to monitor the actual revenue and capital expenditure very closely and any variance that will impact on the Council's overall financial position will be reported to the Executive as soon as possible, in advance of the normal monitoring arrangements.

Reference Papers:

- (a) 6 February 2012 Executive Report - Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2012/13.

- (b) 6 February 2012 Executive Report - HRA Spending Plans including the Capital Programme for 2012/13.
- (c) 16 July 2012 Executive Report - Actual Capital Expenditure and Financing 2011/12.

Agenda Item 13(1)

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

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