

AGENDA FOR THE EXECUTIVE

Date: Monday, 8 July 2013

Time: 6:00 pm

Venue: Collingwood Room - Civic Offices

Executive Members:

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

Councillor T M Cartwright, 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



1. Apologies for Absence

2. Minutes (Pages 1 - 6)

To confirm as a correct record the minutes of the meeting of Executive held on 10 June 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

There are no Minutes/References from Other Committees to be reported at this meeting.

Matters for Decision in Public

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

8. Leisure and Community

To consider and reach a decision on the following matter:

Non-Key Decision

- (1) **Hire of Open Space at Cams Alders** (Pages 7 - 22)
a report by the Director of Streetscene

9. Health and Housing/Policy and Resources

To consider and reach a decision on the following matter:

Key Decision

- (1) **Alternative Approach to Supporting Housing Delivery** (Pages 23 - 30)
a report by the Director of Community and Director of Finance and Resources

10. Policy and Resources

To consider and reach a decision on the following matter:

Non-Key Decisions

- (1) **Actual General Fund Revenue Expenditure 2012/13** (Pages 31 - 48)
a report by the Director of Finance and Resources
- (2) **Actual Housing Revenue Account Expenditure and Financing 2012/13**
(Pages 49 - 56)
a report by the Director of Finance and Resources
- (3) **Actual Capital Expenditure and Financing 2012/13** (Pages 57 - 68)
a report by the Director of Finance and Resources
- (4) **Treasury Management Annual Report 2012/13** (Pages 69 - 80)
a report by the Director of Finance and Resources

11. 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.

12. Health and Housing

To consider and reach a decision on the following matter:

Key Decision

- (1) **Door Replacements Project** (Pages 81 - 86)
a report by the Director of Finance and Resources

13. Policy and Resources

To consider and reach a decision on the following matter:

Key Decision

- (1) Daedalus Investment Opportunity** (Pages 87 - 94)
a report by the Director of Finance and Resources

P GRIMWOOD
Chief Executive Officer

www.fareham.gov.uk

27 June 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)

Date: Monday, 10 June 2013

Venue: Collingwood Room - Civic Offices

Present:

S D T Woodward, Policy and Resources, Executive Leader
T M Cartwright, Public Protection, Deputy Leader
B Bayford, Health and Housing
K D Evans, Strategic Planning and Environment
Mrs C L A Hockley, Leisure and Community
L Keeble, Streetscene

Also in attendance:

Miss S M Bell, Chairman of Leisure and Community Policy Development Review Panel

Miss T G Harper, Chairman of Streetscene Policy Development Review Panel

Mrs K Mandry, Chairman of Public Protection Policy Development Review Panel (for Minute 11(1))

D C S Swanbrow, Chairman of Scrutiny Board

P W Whittle, JP, (for Minute 9(1))



1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 13 May 2013 be confirmed and signed as a correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

There were no Executive Leader's announcements given at this meeting.

4. DECLARATIONS OF INTEREST

Councillor Mrs K Mandry declared a Non-Pecuniary Interest when she addressed the Executive on item 11(1) – Development Sites and Policies Plan: Gypsy and Travellers Policy and Sites Consultation, as she is a personal acquaintance of Mr Gaisford who gave a deputation on the item.

5. PETITIONS

There were no petitions presented for this meeting.

6. DEPUTATIONS

The Executive received deputations from Mr Raymond Randall and Mr Geoff Eales in relation to Item 8(1) – Lockwood Community Centre Business Plan.

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

The Executive received deputations from Mr Andrew Gainsford and Mrs Phyllis Smith in relation to item 11(1) – Developments Sites and Policies Plan: Gypsy and Travellers Policy and Sites Consultation.

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

7. MINUTES / REFERENCES FROM OTHER COMMITTEES

- (1) The Executive received the minutes from the Housing Tenancy Board held on 20 May 2013.

RESOLVED that the Executive endorses the recommendation of the Housing Tenancy Board to reduce the sheltered housing guest room charge to £7.00 for one person per night and £10.00 per night for a couple.

RESOLVED that the Executive notes the contents of the Work Programme for 2013/14.

- (2) The Executive received comments from the Public Protection Policy Development and Review Panel following the meeting held on 21 May 2013 and took account of those comments in determining the items at minute 10(1) below.
- (3) The Executive received comments from the Scrutiny Board following the meeting held on 30 May 2103 to consider the call-in of the decision made by the Executive on Improving Customer Satisfaction.

The Executive noted that the Scrutiny Board accepted the decision to waive contract procedure rules and approve the appointment of Vanguard Consultancy to provide guidance, expertise and support in implementing a fundamental change to the way the Council delivers its services to customers.

8. LEISURE AND COMMUNITY

- (1) Lockswood Community Centre Business Plan

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

RESOLVED that the Executive agrees:

- (a) to note the 2 year operating budget from the Lockswood Community and Sports Association for the management of the Lockswood Community Centre;
- (b) to provide an interest free loan of £7,000 to the Lockswood Community and Sports Association (to be repaid in full by 31 July 2015);
- (c) that the Council retain responsibility for payment of the utility bills for the building for the first two years of operation, with the cost being reimbursed to the Council at the end of the financial year;
- (d) that the Council act as a guarantor of the Lockswood Community and Sports Association's pension liabilities on the understanding that the scheme is closed to new members when acceptance of admitted body status to the Local Government Pension Scheme is confirmed;
- (e) that the management of the Lockswood Community Centre is transferred to the Lockswood Community and Sports Association under a " Tenancy at Will" agreement for an initial period of up to two years, as an interim measure, prior to lease terms being finalised; and
- (f) that under the tenancy at will agreement, the Council retain responsibility for the maintenance of the Lockswood Community Centre building.

9. HEALTH AND HOUSING

- (1) Development of Land at Palmerston Avenue

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

RESOLVED that the Executive agrees:

- (a) to progress with the development proposals for 16 one bedroom flats on land in the Council's ownership at Palmerston Avenue including submitting a planning application;
- (b) to submit a bid for funding to the Homes and Communities Agency (HCA) for grant towards the cost of the development; and
- (c) to approve a provisional budget of £1,600,000 to be funded from the Housing Revenue Account Capital Programme.

10. PUBLIC PROTECTION

- (1) Parking Enforcement Policy

RESOLVED that the updated Fareham Parking Enforcement Policy, as detailed in Appendix A to this report, be approved.

11. STRATEGIC PLANNING AND ENVIRONMENT

- (1) Development Sites and Policies Plan: Gypsy and Travellers Policy and Sites Consultation

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

Councillor Mrs K Mandry declared a Non-Pecuniary Interest when she addressed the Executive on item 11(1) – Development Sites and Policies Plan: Gypsy and Travellers Policy and Sites Consultation, as she is a personal acquaintance of Mr Gaisford who gave a deputation on the item.

RESOLVED that the Executive authorises a formal four-week consultation on:

- (a) a new policy on gypsies, travellers and travelling showpeople;
- (b) supporting text setting out the justification for the proposed policy's inclusion and to help aid its interpretation;
- (c) development site briefs on two proposed gypsy and traveller site allocations at The Retreat, Newgate Lane and 302A Southampton Road;
- (d) the Sustainability Appraisal/Strategic Environmental Assessment High Level Assessment of the new policy and proposed site allocations; and
- (e) habitats Regulation Assessment Screening for Likely Significant Effects of the new policy and proposed site allocations.

12. POLICY AND RESOURCES

- (1) Matched Funding - Quarterly Report

Subject to the removal of the third paragraph of Appendix A to the report, RESOLVED that the Executive agrees:

- (a) that a matched funding award of up to £22,500 be considered for Portchester Bowls Club;
- (b) that a matched funding award of up to £20,000 be considered for Titchfield Old English Bowling Club;
- (c) that a matched funding award of up to £11,000 be considered for Fareham Hockey Club;
- (d) any award would be subject to all contributory funding being secured;
- (e) the award for Titchfield Old English Bowling Club and Fareham Hockey Club would be subject to the work receiving all necessary Local Authority approvals i.e. planning permission and building regulations; and
- (f) a Community Use Agreement is entered into with Portchester Bowls Club, Titchfield Old English Bowling Club and Fareham Hockey Club.

13. EXCLUSION OF PUBLIC AND PRESS

RESOLVED that in accordance with the Local Government Act 1972 the Public and Press be excluded from the remainder of the meeting, as the Executive considers that it is not in the public interest to consider the matters in public on the grounds that they will involve the disclosure of exempt information, as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act.

14. POLICY AND RESOURCES

(1) Tenders - Six Monthly Report

RESOLVED that the details of all tenders received and contracts awarded during the six month period ending 6 April 2013, as set out in Appendix A to this report, be noted.

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

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 8 July 2013

Portfolio:	Leisure and Community
Subject:	Hire of Open Space at Cams Alders
Report of:	Director of Streetscene
Strategy/Policy:	
Corporate Objective:	Leisure for Health and Fun

Purpose:

The purpose of this report is to advise Members of a request to hire the open space at Cams Alders recreation ground to hold a community funfair.

Executive summary:

Members will recall that at the Executive meeting on 13 May 2013 a report requesting the hire of open space for a funfair at Titchfield Recreation Ground was refused due to the potential impact on the football pitches that are present on the site.

Following the Executive decision, Councillor Hockley and officers met with the Fairground operator to explain the reasons for the refusal and explore alternative venues.

As a result a new application has been received to hold a Community Fair at Cams Alders Recreation Ground on the 5 – 12 September 2013 on a trial basis.

Cams Alders recreation ground is located in the Fareham South Ward. It is a very large open space and accommodates a number of facilities. These include the Rainbow Centre, Palmerston Bowling Club, Fareham Heathens RFC and Fareham Town FC.

Each of the organisation has a vested interest in the recreation ground and either has a licence or lease on part of the site. So although the site is large, space to accommodate a funfair is actually quite limited.

However, following discussion with Fareham Town Football Club, it is proposed that the Community Fair is allowed to operate as a one off pilot on land to the eastern and or northern side of Fareham Town Football Club.

Local Ward Councillors have been consulted and support the proposal as a pilot and subject to normal controls.

Recommendation:

That the Executive:

1. Grant approval for Charles Cole to operate a Community Fair at Cams Alders Recreation Ground between 5-12 September 2013 as a trial, subject to the following conditions:
 - (i) all requirements of the Council's Safety Advisory Group being met;
 - (ii) payment in advance of £300 per trading day to the Council;
 - (iii) a returnable damage deposit of £1000 payable in advance;
 - (iv) proof of £10 million public liability insurance; and
 - (v) all relevant safety certificates being supplied.
2. Agree to make a donation of £600 (from the income received for the hire of the open space by the Community Fair) to Fareham Town Football Club to support local youth development opportunities.

Reason:

To ensure that the operation of a fun fair is undertaken at a suitable location and that all aspects of health and safety are complied with.

Cost of proposals:

There is no cost to the Council. The Council will receive an income of £1,200 for this event.

Appendix A: Original Application form and letter

Background papers: Executive – 13 May 2013 – Hire of Open space at Titchfield and Park Lane Recreation grounds
Executive – 9 January 2012 – Hire of Open Space Policy

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 8 July 2013

Subject: Hire of Open Space at Cams Alders

Briefing by: Director of Streetscene

Portfolio: Leisure and Community

INTRODUCTION

1. The purpose of this report is to advise Members that a request has been received to hire the open space at Cams Alders recreation ground to hold a community funfair.

BACKGROUND

2. Members will recall that at the meeting of the Executive on 13 May 2013 a report requesting the hire of open space for a funfair at Titchfield Recreation Ground was refused due to the potential impact on the football pitches that are present on the site.
3. Since that meeting, Councillor Hockley and officers have met with Fairground Operator (Charles Cole) to discuss the reasons for refusal and to explore alternative options.
4. As a result a new application has been received to hold a Community Fair at Cams Alders Recreation Ground on the 5 – 12 September 2013 on a trial basis.
5. Local Ward Councillors and the Council's Safety Advisory Group (SAG) have been consulted and their comments are detailed later in the report.

CAMS ALDERS RECREATION GROUND

6. Cams Alders recreation ground is located in the Fareham South Ward. It is a very large open space, surrounded by properties and accommodates a number of facilities. These include the Rainbow Centre, Palmerston Bowling Club, Fareham Heathens RFC and Fareham Town FC. It is now very accessible by public transport as the BRT runs alongside.

Contact: Sue Woodbridge, Public and Open Spaces Manager
E-mail – swoodbridge@fareham.gov.uk (Tel: 01329 824546)

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7. Each organisation has a vested interest in the recreation ground and either has a licence or lease on part of the site. So although the site is large, space to accommodate a funfair is actually quite limited.
8. Significantly, Fareham Town Football Club leases (for 99yrs) almost half of the recreation ground, effectively all land to the North of the central road running through the site. Therefore, their co-operation will be required prior to any agreement being made with the fun fair operators.

DETAILS OF THE FAIR

9. Although the size of the funfair can be flexible to some degree, the space required is approximately 1.5 – 2 football pitches in size, so ideally it needs to be located on a recreation ground with good access.
10. The activities proposed would include five big rides like the Dodgems, Miami and Twister, 3 or 4 small children’s rides, 1 or 2 bouncy castles, 3 or 4 games such as Hook a Duck, 1 hot dog stall and 1 traditional fairground sweets stall.
11. Items such as portable toilets, security barriers and ground protectors would also be provided by the fair organisers.
12. The fairground operators would be present on the recreation ground for a total of eight days although three of those days would be for construction and dismantling of the rides. The following table shows in more detail.

Day	Activity	Opening hours
Monday	Pull in and build up	0
Tuesday	Pull in and build up	0
Wednesday	Build up	0
Thursday	Trading Fair	5pm - 9pm
Friday	Trading Fair	5pm - 9pm
Saturday	Trading Fair	2pm - 9pm
Sunday	Trading Fair	2pm - 6pm
Monday	Pull down and pull off by noon	0

13. Trading days are designed to fit in with after school times and weekends and to avoid late night problems and can be varied to meet local needs, especially at weekends.
14. The fairground operators would live on site throughout their stay.

VIEWS FROM WARD COUNCILLORS

15. Ward members have been contacted to obtain their views and are supportive of having the fun fair on site, as it will provide entertainment for the children in the local area, however they have some concerns. They are happy to agree to the Funfair taking place as long as there are assurances that any potential for damage to the site is minimised, the security of the site is maintained at all times and that where possible local residents that might be affected are provided with leaflets or similar to advise them of the forthcoming event.

VIEWS OF THE RUGBY AND FOOTBALL CLUBS

16. The Heathen Rugby Club has invested considerable funds and resources on assisting with the maintenance of the two rugby pitches, so obviously do not wish the funfair to be located on their pitches.
17. They have also expressed concern that on the proposed weekend there will be rugby matches on the Saturday afternoon, equating to approximately 60 players and on the Sunday morning there will be youth training and matches for approximately 200 children and parents and also matches in the afternoon, albeit it with less participants.
18. These sorts of numbers visiting Cams Alders can produce issues with car parking and therefore there could be a problem if the funfair occupied any part of the car park.
19. They are also concerned that although the funfair is to be located away from the Rugby pitches, there may still be possible issues with anti-social behaviour, damage to the pitches and club house/surrounding buildings etc.
20. On a positive note, the funfair will attract a lot of youngsters to the area who may not know that Fareham Heathens are there, which may provide an opportunity for publicity.
21. With regard to Fareham Town Football Club, they obviously have similar concerns as the Rugby Club. Damage to pitches and the actual use by their club teams on the weekend of 17 and 18 September 2013. It will be a very busy weekend, as are most weekends on this site.
22. Due to the fact that the Football Club do lease the site, it is essential to obtain their approval and to work with them to find a suitable location on the site.
23. The Football Club have agreed to allow the Funfair to take place on the area of land that the lease from the Council, in return for £600 towards their youth development programme, assurances that there will be no damage to the ground and that a site visit is arranged prior to the event take place to agree final location.

VIEW FROM OFFICERS

24. Although initially Cams Alders recreation ground appears to be a large open space that could easily accommodate a fun fair, it has a lot of limitations. The usable parts of the site have been reduced slightly due to the BRT and the requirement by HCC to undertake planting and landscape enhancements.
25. At the weekends when both Clubs have fixtures and training sessions there are a considerable number of players, spectators and cars visiting the site, which has caused congestion in the past.
26. The community fair should only be published locally so that residents and their children can walk to the site rather than attracting people from further afield who may be tempted to drive. The close proximity of the Eclipse bus route is an advantage in this respect.
27. Cams Alders can be a very wet site in the winter with poor drainage and dependant on whether the summer is dry can have a bearing on the likelihood of possible damage being caused.
28. Coles funfairs have assured the Council that should the site be unsuitable following an inspection prior to the event, then the fair would be cancelled.
29. Through discussions with the Football Club, a location has been identified, although the size of the fair may need to be scaled down to fit on site. The finer details will need to be agreed on site with the Football Club but it is likely that the amount of rides maybe less than originally proposed.
30. There is a residential block of flats and a couple of houses nearby that could potentially be affected, but with forward planning, a leaflet drop and close monitoring of the situation it is hoped that any disturbance or problems will be prevented or minimised.

SAFETY ADVISORY GROUP (SAG)

31. The current application has been submitted to the Safety Advisory Group membership which includes the Police.
32. **As of yet I have yet to receive any feedback on the renewed location.**
33. Should the funfair be approved, it would be subject to complying with any requests by the Safety Advisory Groups, which may include a meeting.

RISK ASSESSMENT

34. There are obvious risks associated with having a Community Fair on the Council's open space. These mainly relate to health and safety requirements for the safe construction of the equipment, ensuring the safety of the users of the rides, management of crowds, traffic management and damage to the recreation ground, especially the football pitch.

Contact: Sue Woodbridge, Public and Open Spaces Manager
E-mail – swoodbridge@fareham.gov.uk (Tel: 01329 824546)

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35. The fair operators will be required to provide proof of public liability insurance of £10 million, a detailed risk assessment, and submission of relevant safety certificates as required.

FINANCIAL IMPLICATIONS

36. As this request is from a commercial company, there is an opportunity to charge a commercial fee for the use of the open space.
37. It has been suggested that a fee of £300 per trading day is paid. This would allow the operators to only charge between £1.50 and £2.00 per ride.
38. From the amount received, a payment of £600 will be made to Fareham Town Football Club towards their youth development programme.
39. In addition to this a returnable deposit of £1000 should be collected in advance of any event taking place on any recreation ground.

RECOMMENDATION

40. That the Executive considers the Officer's recommendation to:
- (a) grant approval for Charles Coles funfair to operate at Cams Alders Recreation Ground between 5-12 September 2013 on a trial basis subject to the following conditions:
 - (i) any requirements of the SAG group being met;
 - (ii) payment in advance of £300 to the Council per trading day;
 - (iii) a returnable damage deposit of £1000 payable in advance;
 - (iv) proof of £10 million public liability insurance; and
 - (v) all relevant safety certificates being supplied.
 - (b) Agree to make a donation of £600 (from the income received for the hire of the open space by the Community Fair) to Fareham Town Football Club to support local youth development opportunities.

CONCLUSION

41. An application has been received for the hire of open space at Cams Alders recreation grounds to hold a community fair. Consultations have been undertaken with Local Ward Councillors, Officers and the Safety Advisory Group and it is considered that the Executive should approve this application.

Reference Papers: Executive – 9 January 2012 – Hire of Open Space Policy
Executive – 13 May 2013 – Hire of Open space at Titchfield and Park Lane Recreation grounds

Contact: Sue Woodbridge, Public and Open Spaces Manager
E-mail – swoodbridge@fareham.gov.uk (Tel: 01329 824546)

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Original Covering Letter

To Fareham Borough Council Safety Advisory Group: Re application to run Community Fun Fairs 2013

From Charles Cole's Fun fairs, 42, Studland Rd, Millbrook Southampton SO16 9AY
Mobile xxxxxxxxxxxx. Email xxxxxxxxxxxx

Dear SAG Event Chairman

I met with Fareham council officers Paul Doran and Sue Woodbridge on 5th March 2013 and they advised me on the event application process used in Fareham. Having looked at the form and discussed my proposals they suggested I write this covering letter to provide additional information which may be of assistance to SAG.

I would be most grateful if you could consider my application as soon as possible as my first proposed date for Titchfield Recreation Ground is 13-20 May 2013 .Thank you.

Who are we?

We are a family business which has been running fun fairs in the South of England for over 5 generations. The family has strong links with the Fareham area going back almost 100 years.

We used to attend the Titchfield Carnival funfair and also run small fairs at other sites but these seem to have not taken place recently

I run many one day fairs at events such as Bonfire nights at HMS Collingwood. In Fareham we do the Christmas lights switch on, working with Patricia Grey.

I also run community fairs in various neighbourhoods in Southampton. These events revive the old traditions of fun fairs, providing a safe environment suitable for families, at a reasonable price, at times to suit local needs. I work closely with Southampton city council, the police and local community groups.

The following people can provide references for my work at the community fun fairs if you wish to contact them

Sylvia Baker, Merry Oak Community Centre 63 magnolia road Southampton SO197NL
Telephone 02380 366013 02380398368

Pauline Coombes Finance officer , Fawley Parish Council Gang Warily Community Centre, Newlands Road, Fawley, Southampton, Hampshire. SO45 1GA
Telephone 02380 890761

Craig Lintott; Events coordinator Event management, Southampton city council Civic centre Southampton SO14 7LP 02380832077 craig.lintott@souythampton.gov.uk
Patricia Grey of Fareham Council

Contact: Sue Woodbridge, Public and Open Spaces Manager
E-mail – swoodbridge@fareham.gov.uk (Tel: 01329 824546)

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Proposed Venues 2013

I would like to run 1 or 2 events in 2013

Titchfield Recreation ground and Fareham leisure centre

Proposed dates

May 13-20th Titchfield and September 5-12 Leisure Centre

Space needed

These small events are flexible to meet local needs and require no more space than 1.5 or 2 football pitches

Proposed activities

We usually have 5 “big” rides such as Dodgems, Miami, and Twister, 3 or 4 small children’s rides, 1 or 2 Bouncy Castles, 3 or 4 games such as Hook a Duck , 1 hot dog stall and 1 traditional fairground sweets stall.

We provide power through portable generators, portaloos if there are no suitable public conveniences, security barriers and ground protectors as necessary. We are very aware of the need to protect land and work with local groundsmen

Hours

The fair site is usually occupied from the Monday for 7 days. Monday and Tuesday are setting up days. Showpeople and helpers build the rides and stalls and live on site This provides good safety and security .Trading days are designed to fit in with after school times and weekends and avoid late night problems and can be varied to meet local needs, especially at weekends*

DAY	ACTIVITY	OPENING HOURS
Monday	Pull in and build up	0
Tuesday	Pull in and build up	0
Wednesday	Trading fair	5pm-9pm
Thursday	Trading fair	5pm-9pm
Friday	Trading fair	5pm-9pm
Saturday	Trading fair	2pm -9pm*
Sunday	Trading fair	2pm-6pm*
Monday	Pull down and pull off by noon	0

Here is a sample of the local publicity we provide to local residents in Southampton
[Reduced size for this letter]

Contact: Sue Woodbridge, Public and Open Spaces Manager
E-mail – swoodbridge@fareham.gov.uk (Tel: 01329 824546)

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**SAMPLE COMMUNITY HANDOUTS
VERACITY GROUND COMMUNITY FUNFAIR**

Thursday 7th until Sunday 10th June

A small family fun fair, operated by Charles Cole, will be operating on the Veracity Ground from Thursday 7th June until Sunday 10th June. It is anticipated that the fair will offer local entertainment for families and young people in the area.

The Community Funfair will be:-

- Small in scale - no more than 6 adult rides, 4 children's rides and side stalls
- Aimed at local families and children
- Low cost
- Ensuring that noise levels will be kept to a minimum

Opening times: Thursday 7th June (5.00pm – 9.00pm)
 Friday 8th June (5.00pm – 10.00pm)
 Saturday 9th June (2.00pm – 10.00pm)
 Sunday 10th June (2.00pm – 9.00pm)

For further information or enquiries please contact
Southampton City Council Event Management on 023 8083 2906

****Show this leaflet to an operator and receive 50p off one ride****

We also put posters beside the highway to show people the way to the site

Costs

Prices are subject to the rent charged for the land but are kept as low as possible. In the past in Southampton we have arranged a rent with the local community group and they have used this money for their own centre and activities. More recently, as the number of community events has grown, the city council have asked us to pay the rent to them.

Attendance

We aim to attract only people who live within walking distance. In the current economic hard times many families cannot afford holidays or days out and even public transport can be too expensive. We estimate no more than 400 people a day will attend. We always liaise with local police.

Risk assessments

I can confirm each piece of equipment has its own risk assessment, a copy of which can be made available.

Health and safety

I can confirm each piece of equipment has certificates of ADIPS which covers all necessary testing, a copy of which can be made available.

We provide a space immediately behind the rides area which will be closed to the public where we will provide seating, refreshments etc for our staff statutory rest breaks.

Contact: Sue Woodbridge, Public and Open Spaces Manager
E-mail – swoodbridge@fareham.gov.uk (Tel: 01329 824546)

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Insurance

I can confirm we are insured for £10 million public liability; a copy of the certificate can be made available.

Showman's Guild

I am a member of the Showman's Guild but understand that these events may not be covered by the established events arrangements

I appreciate that, because these fairs have lapsed for many years, these will be trial events and some adjustments may need to be made. This is the process we have followed successfully in Southampton. I would be very happy to meet with any members of SAG, ward councillors, police or local groups to give any more information you require and discuss any concerns you may have.

I can be contacted on xxxxxxxxxx or email xxxxxxxxxxxxxxxx

I look forward to hearing from you soon and hopefully providing some entertainment for Fareham families this year. Thank You

Yours Sincerely,
Charles Cole

Safety Advisory Group Application Form F1	Safety Advisory Group Event Chairman Regulatory Services Fareham Borough Council Civic Offices, Civic Way Fareham PO16 7AZ
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Contact Details of Organiser Charles Cole

1. Name of Club / Organisation Charles Cole Funfair

2. Main contact name and address
42 Studland Road, Millbrook
Southampton

Postcode: SO16 9AY

3. Email address charles.cole5@btinternet.com

4. Telephone Number Landline: / Mobile: 07886594275

Event Details

5. Name of ground or area required for event: Titchfield Recreation Ground
Fareham Leisure Centre

6. Date(s) of event: From: 13-20 May To: 20 May
5 September To: 12 September

Approximate times on site: From: Monday AM To: Sunday pm / Monday

7. Site Plan attached e + bc see attached letter

8. Name of event: COMMUNITY FUNFAIR
 Type of event (e.g. Fete, Dog Show, etc) FUNFAIR (SMALL)

9. Details of proposed activities (e.g. stalls, funfair, bonfire etc.)
See attached letter

10. Estimated Maximum Number of Persons Attending (including spectators) 400

(N.B. If there will be more than 499 people attending you will also need to complete Traffic Management Information form (F3) and a Safety Advisory Group attendance form (F4). Forms can be downloaded from www.fareham.gov.uk or from the Parking Enforcement Manager by telephoning 01329 336100).

11. If available do you require the use of any facilities? e.g. use of pavillion, water supply, electricity (please note that charges may be made for such facilities).
 Yes No

If yes, please state what is required:
Water is essential. Electricity is desirable.

12. Specifically is this a (please tick one box only)

Commercial Fund raising Non-commercial
Community service event Charity event

Name of Charity:

Charity Registration Number:

Will all income raised go to the Charity concerned? (Please tick) Yes No

13. Is the event limited to friends/relatives? Yes No

(In the case of a school to staff/children/parents)

Is the event free? Yes No Admission Price? £ *see letter*

Will you be selling programmes? Yes No Price? £

Insurance

14. Has insurance been arranged in respect of Public Liability or Third Party risks (including products liability where appropriate)? Yes No

15. What is the name of the insurer? *Ardent Travelling Showmans Policy*

16. What is the value of cover? *£10 million*

(Recommended that this should not be less than £5 million – copy to be sent to Fareham Borough Council)

Highway and Traffic Implications

17. Will vehicles be driven across the ground? Yes No

18. If yes how many and what vehicles? Number: *8-10* Type: *HGV*
(cars, lorries etc) *6* *Vans*
4 *Cars*

19. Are any footpaths, bridleways or roads that are normally open to the public affected or used as part of the event? Yes No

20. Are you proposing any directional signing on the highway to direct the public to the event? Yes No

21. Do you anticipate the need for any road closures and traffic diversions? Yes No

22. Have you considered the need to restrict or control parking on the highway in the vicinity of your event? Yes No

23. Are there any car parks to be closed in order to hold the event? Yes No

24. How many parking spaces will be available for persons working at the event? *None*
Workers stay on site

25. How many dedicated parking spaces will be available for the public attending the event? *None - see letter*

2

IMPORTANT NOTES

If a formal traffic order is required, then please allow at least 12 weeks notice to process the order.

If you have said "Yes" to questions Q19 to Q25 above you must complete the Traffic Management Information Form F6 referred to in the Guidance Notes / covering letter.

If you have not identified any dedicated parking and are proposing to rely on public car parks and parking on the highway then you will also be expected to complete the Traffic Management Information Form F6 referred to in the Guidance Notes / covering letter.

Alternative Arrangements

26. Is there a possible alternative site? Yes No *see letter* Where?
27. Is there a possible alternative date Yes No When?

Event Activities

28. Please tick the appropriate boxes to show the activities you intend to utilise or permit at the event? (some of these may not be permitted at all sites).

- | | | | |
|--------------------------------------|-------------------------------------|-------------------------|---|
| Fireworks/Pyrotechnics | <input type="checkbox"/> | Music | <input checked="" type="checkbox"/> |
| Carnival/procession | <input type="checkbox"/> | Live Entertainment | <input type="checkbox"/> |
| Fairground equipment | <input checked="" type="checkbox"/> | Lost Children Point | <input type="checkbox"/> |
| Aircraft | <input type="checkbox"/> | Barrier/Fencing | <input type="checkbox"/> |
| Parachutist's | <input type="checkbox"/> | Marquees | <input type="checkbox"/> |
| Balloon Launch | <input type="checkbox"/> | Portable Generator | <input checked="" type="checkbox"/> |
| Hot Air Balloons | <input type="checkbox"/> | Power Supply | <input checked="" type="checkbox"/> |
| Horses/Donkeys Other Animals | <input type="checkbox"/> | Toilets | <input checked="" type="checkbox"/> <i>see letter</i> |
| Motorcycles | <input type="checkbox"/> | Alcohol | <input type="checkbox"/> |
| Other Motor Vehicles | <input type="checkbox"/> | Food/Drink Concessions | <input type="checkbox"/> |
| Coconut Shy | <input type="checkbox"/> | Barbecues | <input type="checkbox"/> |
| Inflatables (e.g. Bouncy Castle) | <input checked="" type="checkbox"/> | Re-enactment Groups | <input type="checkbox"/> |
| Portable Staging | <input type="checkbox"/> | Bonfire | <input type="checkbox"/> |
| P.A. System | <input type="checkbox"/> | Foreshore Boat | <input type="checkbox"/> |
| Stewarding/Security | <input checked="" type="checkbox"/> | Living History Or Other | <input type="checkbox"/> |
| On Site Communications | <input type="checkbox"/> | Market Stalls | <input type="checkbox"/> |
| Water (Limited Supply At Some Sites) | <input checked="" type="checkbox"/> | | |
| Other: (Please Specify) | <input type="checkbox"/> | | |

3

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 8 July 2013

Portfolio:	Health and Housing and Policy and Resources
Subject:	Alternative Approach to Supporting Housing Delivery
Report of:	Director of Community and Director of Finance and Resources
Strategy/Policy:	Corporate Strategy, Housing Strategy
Corporate Objective:	Dynamic Prudent and Progressive Council A Balanced Housing Market

Purpose:

To outline a new approach to support housing delivery in the borough.

Executive summary:

The current market and financial conditions have resulted in a significant downturn in the delivery of new homes to buy and/or rent. At the same time, there is a growing need for affordable homes in the borough and a reducing level of finance available to support affordable housing investment in the traditional ways.

This report outlines an alternative approach to supporting the delivery of new homes through the creation of a local housing company as a Joint Venture Company. Officers have been exploring this option in partnership with colleagues from Eastleigh Borough Council and two local Registered Providers (Housing Associations). The option provides an opportunity to help stimulate economic growth locally and increase the supply of new homes to buy and/or rent.

The Executive is invited to support the proposal in principle and authorise expenditure on specialist advice and legal costs to progress this option to the next stage.

Recommendation:

That the principle of progressing a Joint Venture Company for the delivery of housing is supported and officers be asked to develop a specific proposal with Eastleigh Borough Council and other Registered Providers for consideration by the Executive in September 2013.

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Reason:

To support the delivery of affordable housing in the borough.

Cost of proposals:

Fareham's proportion of the costs for preparing the legal framework for the Joint Venture Company and the provision of specialist advice are unlikely to exceed £5,000. These costs can be met from within existing resources (Housing General Fund).

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FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 8 July 2013

Subject: Alternative Approach to Supporting Housing Delivery

Briefing by: Director of Community and Director of Finance and Resources

Portfolio: Health and Housing and Policy and Resources

INTRODUCTION

1. Due to the current market and financial conditions there has been a significant downturn in the housing market causing some development sites to stall, and buyers unable to easily secure mortgage finance. At the same time, there is a growing need for affordable homes in the borough and a reducing level of finance available to support affordable housing investment in the traditional ways.
2. This report provides details of an alternative approach to supporting the housing market in the borough.

TRADITIONAL APPROACH

3. Currently, affordable homes are delivered in the main by Registered Providers (previously known as Housing Associations). Typically, free serviced land is made available for affordable housing through the planning process or the Registered Provider purchases development sites on the open market. The construction cost of building the affordable homes are met by the Registered Provider by borrowing secured against either current assets and or forecasts of future rental income. Registered Providers must also secure the approval of the Regulator (the Homes and Communities Agency) for all development and borrowing. Registered Providers are also able to apply to the Homes and Communities Agency for a capital grant under the Affordable Housing Programme 2011-15 towards the cost of construction. These grants are typically between 10-15% of the cost of construction with the balance being met from borrowing. Bidding under the Affordable Housing Programme closed in April 2011 and all funds have been allocated up to 2015. An announcement is expected in June 2013 on the availability of funding for future programmes beyond 2015.

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4. Fareham Borough Council is also a Registered Provider and was successful in securing grant funding from the Affordable Housing Programme 2011-2015 towards the cost of redevelopment of Collingwood House. However, following the Government's reform of the Housing Revenue Account system, Local Authorities are restricted in their ability to borrow against the value of their own housing stock and or forecast future rental income. In Fareham's case our borrowing capacity within the Housing Revenue Account is restricted to approximately £2m (which is sufficient to build less than 20 new Council houses).
5. The Council has adopted a target to enable 500 new affordable homes in the Borough over the period 2011-17. This averages out at approximately 83 properties per annum. Although the target of 83 properties per annum has been exceeded for the first two years, the forecast output for the remaining three years is not as promising. With the Affordable Housing Programme 2011-2015 being fully allocated and the Council having limited scope to borrow against the Housing Revenue Account there is a need to explore alternative options for funding the delivery of affordable housing, particularly with the opportunities that will be presented by new development at Welborne.

ALERNATIVE OPTIONS

6. Having identified these difficulties, officers have been exploring alternative, innovative proposals as a way of providing a boost to flagging confidence in the housing market by:
 - Introducing new initiatives to help bring vacant properties back to use.
 - Encouraging developers to progress the development of housing sites in the knowledge that there are potential buyers.
 - Providing more incentives for the development of mixed sites in line with the Councils Housing Strategy.

Land or Development Guarantee

7. Working with other agencies, the Council has been working with Registered Providers (RPs) to encourage them to purchase vacant housing stock on new developments (i.e. the Tanners Gate development of Hunts Pond Road).
8. A proposal being considered is for the Council to loan money to the RP's to purchase vacant properties with a view to either:
 - property being let on intermediate or market rents
 - dependent on viability of sales, consider marketing for shared ownership sales
9. A variation on this scheme would be to work directly with developers and provide a guarantee based on the land value that, once a property is built, if it is not sold then the Council would purchase the property. The value would be agreed in advance taking account of the current market situation.

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Joint Venture Model for housing delivery

10. An alternative option that is being explored is the creation of a “housing company”, an arms-length entity which develops affordable and market housing in partnership with other third parties such as Registered Providers, land owners/developers or even other local authorities.
11. The benefit of such an approach is that the council could have a stake in developments across the borough without putting the Housing Revenue Account at risk from the development. As a part shareholder, the Council would only bear a proportion of the risk, yet could maintain an influence over the management and letting of the stock. It would also leverage in external funding to developments and could open up access to a wider range of privately owned sites, which wouldn't otherwise be possible if the Council led wholly on the scheme.
12. The Company which held the housing assets would not be owned or controlled by the Council, but would be structured in such a way as to only be able to act on behalf of the Council in purchasing vacant properties or giving guarantees on land values to encourage developers to build new properties.
13. The Council would provide the housing company with the capital finance to purchase the properties and this will be repaid to the Council (at a market rate) through loans secured on the value of the properties. As, over time, property values start to rise so the loan would increase in value in accordance with the value of the property. The loans can be classified as capital spend and can therefore be considered for borrowing under the Prudential Code.
14. The properties would be leased to a Registered Provider and or Fareham Borough Council who will then let them to tenants for up to 5 years at either market, affordable or social rents. Incentives to purchase could be offered with the tenancy to help achieve the sales of the properties in the longer term. Letting properties at market and affordable rents rather than social lettings will ensure that the site will generate a mix of tenures.
15. As a model for delivering homes in the borough, officers have been in discussions with Eastleigh Borough Council and two Registered Providers to progress the concept. As a result, it is felt there is merit in working collaboratively on this in order to share knowledge expertise and exploratory costs of setting up such a venture.
16. Whilst in the early stages of development, the model currently being explored is attached at appendix A. The approach would involve Fareham BC initially taking an equal share in a Joint Venture Company (JVCo) which would act as the vehicle for progressing opportunity sites. Specific sites would be progressed in a “subsidiary, set up as a limited liability partnership (LLP). By doing so, this would isolate other Joint Venture partnerships from any risks associated with specific sites; (only those party to the LLP will have a liability).

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17. As potential sites came forward, each party could consider whether they wish to be involved or not, and as the work of the JVCo would be recharged to the LLP's to a great extent, the financial exposure of being party to the JVCo is very limited.

RISK ASSESSMENT

18. Potentially there are a number of risks associated with a Joint Venture Company which need to be mitigated where possible. These include legal liabilities and financial risks. Officers will be seeking specialist advice to ensure that these risks are minimised in accordance with best practice - possibly jointly with Eastleigh Borough Council to reduce cost.
19. Financial risks; ensuring that suitable due diligence is undertaken as development come forward and making sure that appropriate returns are secured on loans made to the LLP
20. Social Risk; the Council will have less control compared to direct provision, but the JVCo offers the opportunity to attract external funds and accelerate delivery. Also benefit from greater flexibility and avoids constraints otherwise encountered if developing within the HRA.
21. The Council will need to consult the Housing Regulator (Homes & Communities Agency) regarding the participation by Local Authorities and RP's in the JVCo and seek their approval of the governance & regulation arrangements.
22. In establishing the JVCo the Council is effectively entering the property market and there are inevitably risks associated with this venture. In summary they are:
- The property once purchased (or built in the case of the land guarantees) fails to be let, although at present the lettings market is very buoyant. If a significant number of properties are not let the Council would have to fund that element of the borrowing cost supported by the rental stream.
 - Property values continue to fall. In this case the SPV will have purchased property that has a balance sheet value of less than the loan. This could be a problem if the housing market remains depressed for many years in which case the timing of the potential sale of the property could be crucial.
 - The need for the SPV outlives its useful life and needs to be wound-up. The structure of the SPV will be such that in that event all the property owned by the SPV become the property of the Council and the rental stream is paid (potentially still via a Housing Association or Letting Agent) to the Council instead the loan repayments.

FINANCIAL IMPLICATIONS

23. The cost of investigating and ultimately setting up a JVCo is estimated to be no more than £5,000 plus officer time. Individual developments would be considered on their merits and being a party to any LLP's would be subject to a separate decision by the Executive and would have to be supported by a detailed business case.

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24. The cost of any land/development guarantee would, again be limited in the first instance and would be subject to a specific separate decision making process via the Executive. In the event that the Council guarantee was exercised, then stock acquisition would be funded in accordance with the business using prudential borrowing, enabling budgets or reserves (Housing Revenue Account or General fund, depending on the role for which the asset is used).

CONSULTATIONS

25. The Council will need to consult with the Homes and Communities Agency (the Statutory Regulator for Registered Providers and Stock Retaining Authorities) and District Audit to ensure that the proposed model meets with their approval.

CONCLUSION

26. The Council has adopted a target to enable 500 new affordable homes by 2017 as a corporate high priority. In addition, the Council is committed to securing longer term housing growth via the new community at Welborne.
27. However, the current market and financial conditions have resulted in a significant downturn in new housing delivery across both nationally and locally.
28. At the same time, there is a growing need for affordable homes in the borough and a reducing level of finance available to support affordable housing investment in the traditional ways.
29. Financial restrictions on the Council's Housing Revenue Account combined with reduced funding available from traditional routes are impacting significantly on the delivery of affordable housing in the borough. Consequently, there is a need to explore new approaches to help deliver the much needed new homes to buy and or rent.
30. Officers consider the proposal outlined in this report is worthy of further investigation and invite the Executive to support the proposal in principle and authorise officer to incur expenditure on specialist advice to enable a detailed proposal to be considered at a future meeting of the Executive.

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 8 July 2013

Portfolio:	Policy and Resources
Subject:	Actual General Fund Revenue Expenditure 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 the Executive with details of the actual revenue expenditure for 2012/13 and seeks approval for the completion, in 2013/14, of the 2012/13 expenditure programmes set out in the briefing paper contained in the report.

Executive summary:

The General Fund actual revenue expenditure for 2012/13 totals £9,562,675 which represents an overall saving of £895,825 compared to the revised budget.

With financing adjustments the overall saving for 2012/13 is £883,949. It has not been possible to complete a number of expenditure programmes in 2012/13 and approval is sought to complete these programmes, totalling £299,800, in the current year.

When the use of the saving in 2012/13 to complete these programmes is taken into account the net saving for the year is reduced to £426,649.

The revenue budget report to the Executive on 7 January 2013 highlighted that the Council's spending reserve should be 5% of gross expenditure budget for each financial year. On this basis, the minimum required balance on the reserve for 2013/14 is £2.238million. Any surplus over and above this figure will be dealt with as part of the medium term financial strategy during the budget setting process.

Full details are set out in the briefing paper contained in this report.

Recommendation:

- (a) That completion of the expenditure programmes contained in this report be approved; and
- (b) That the report be noted

Reason:

To enable the completion of the expenditure programme for 2012/13.

Cost of proposals:

There are no additional costs relating to the recommendations.

Appendices A: Summary of Actual Revenue Expenditure 2012/13

B: Actual Revenue Expenditure 2012/13 on individual services

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 8 July 2013

Subject: Actual General Fund Revenue Expenditure 2012/13

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. The General Fund actual revenue expenditure for 2012/13 totals £9,562,675 and this represents an overall saving of £895,825, compared with the revised budget approved by the Executive in February.
2. Later paragraphs of this report also set out details of a number of expenditure programmes that were not completed in 2012/13 and approval is sought for these programmes to be completed in the current year. If these proposals are approved, this will reduce the overall saving for the year to £426,649.
3. The following table summarises the position:-

	Revised Budget £000s	Actual Expenditure £000s	Variation £000s
Service Budgets	13,253	15,506	2,253
Less Other Budgets	-2,908	-6,057	-3,149
Total Budget	10,345	9,449	-896
Add Use of Balances Adjustment	113	113	0
Net Budget	10,458	9,562	-896
Financing	-10,458	-10,446	12
Net Total	0	-884	-884
Adjust for:			
Earmarked income received in year	0	158	158
Carry Forwards	0	300	300
Final Position	0	-426	-426

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4. The overall position in the table is detailed in Appendix A and the detailed position on each service is set out in Appendix B. The main reasons for the variations are set out in the following paragraphs of this report.
5. Also in the report there are proposals to utilise the balance to fund one-off projects and also add additional fund to current projects.

EXPENDITURE ON CAPITAL GRANTS AND INTANGIBLE ASSETS

6. Local authorities must show within individual service revenue budgets the expenditure incurred on capital grants and intangible assets, such as computer software, even though this expenditure is included as part of the capital programme. Grants paid are shown in full, in the year in which they are made, but software costs are spread over their useful life.
7. These costs have been charged to individual services, but these are offset by an equivalent credit included in the overall revenue summary, so that there is no overall effect on the Council's net revenue expenditure.

EMPLOYEE EXPENDITURE 2012/13

8. The approved 'cost of employment' budget for 2012/13 was £15,302,600 which was revised to reflect authorised changes to the establishment leaving a final budget for the year of £15,467,600. The actual expenditure for 2012/13 was £14,787,355 giving an under spend for the year of £680,245 or 4.4% compared to the final budget.
9. An analysis of this saving between corporate core, general fund services and housing revenue account services is shown the following table:-

		£
Corporate Core	Saving	199,425
Housing Revenue Account	Saving	152,910
General Fund	Saving	327,910
GRAND TOTAL	SAVING	680,245

10. The saving has mainly arisen from vacancies, which have been partially offset by additional expenditure on agency staff. The vacancies resulted in an under spend of £1,105,551 including salary costs, overtime and employers contributions for superannuation and national insurance costs. The offset of agency costs reduced this figure by £209,503.
11. Other areas reducing the under spend included severance costs (£336,263) and recruitment costs (£26,828).

SERVICE BUDGETS

12. A detailed analysis for the individual services is shown in Appendix B and the main reasons for the variations are set out in the following paragraphs of this report.

Planning Committee

13. The actual net expenditure of £722,848 will be reported to the Committee on 17 July 2013. The following table summarises the overall position:-

	Revised Budget	Actual	Variation
	£000s	£000s	£000s
Gross Expenditure	1,089	1,118	29
Gross Income	359	395	36

14. There were no significant variations in any of the services.

Licensing and Regulatory Affairs Committee

15. The actual net expenditure of £455,240 will be reported to the Committee on 9 July 2013. The following table summarises the overall position:-

	Revised Budget	Actual	Variation
	£000s	£000s	£000s
Gross Expenditure	796	727	-69
Gross Income	316	272	-44

16. The main area of under spend on this committee was on the election service where the cost of the County Council elections was less than anticipated.

The Leisure & Community Portfolio

17. The actual net expenditure was £1,269,486 compared with the revised budget of £1,791,500 and the following table summarises the overall position:-

	Revised Budget	Actual	Variation
	£000s	£000s	£000s
Gross Expenditure	2,097	1,696	-401
Gross Income	306	426	120

18. The main variations within this portfolio were due to revaluation of assets resulting in lower than anticipated capital charges.
19. Significant variations in the capital budgets were showing as under spends for the Leisure Centre, Ferneham Hall and Community Centres with an increase in charges for Outdoor Sport and Recreation.
20. Other areas that have seen changes include Community Centres where there have been increased costs on facilities at Lockswood Centre in respect of repairs and maintenance of the buildings. There have also been increased costs in respect of legal services relating to Portchester Community Centre.
21. There have been underspends on sports pavilions and also on Community Development where the Fareham Park budget was not spent during the year. These two items are included on the carry forward list detailed later in this report.

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22. All the other service areas within this Portfolio had relatively small variances.

The Housing Portfolio

23. The actual net expenditure was £1,122,637 compared with the revised budget of £1,482,200 and the following table summarises the overall position:-

	Revised Budget	Actual	Variation
	£000s	£000s	£000s
Gross Expenditure	2,277	2,099	-178
Gross Income	795	976	181

24. The saving of £130,000 on Private Sector Housing Renewal is due to the reduced number of grants reaching payment stage in the year. The budget will therefore be rolled forward to 2013/14, and more detail is contained in the capital outturn report elsewhere on the agenda. The saving of £49,000 on Home Energy Conservation has arisen because the programme was not fully utilised in 2012/13.
25. Payments to Registered Social Landlords in respect of Enabling capital grants were £48,000 below budget, mainly due to scheme delays or alternative funding being secured.
26. The under spend of £92,000 on Homelessness reflects an increase in income due to more properties being available for rent during the year. The increase in the use of private sector properties has also seen a saving in bed and breakfast costs.
27. All the other service areas within this Portfolio had relatively small variances.

The Strategic Planning and Environment Portfolio

28. Actual net income was -£-496,318 compared with the revised budget of -£326,300 and the following table summarises the overall position:-

	Revised Budget	Actual	Variation
	£000s	£000s	£000s
Gross Expenditure	2,222	2,171	-51
Gross Income	2,548	2,668	119

29. The main variation in this portfolio was the net income on Parking Services which was £64,000 more than anticipated. Parking usage has reduced during the year but this triggered use of the income protection bond, put in place under the agreement with Tesco, to supplement parking income should it fall below an agreed level.
30. Coast Protection showed an under spend of £39,000 which is largely due to staff vacancies.

31. The Local Development Framework (LDF) budget is showing an under spend of over £26,000 which is mainly related to the anticipated use of consultants involved in providing evidence to support the development of the Welborne plan.

The Policy, Strategy and Finance Portfolio

32. Actual net expenditure was £2,021,591 compared to the revised budget of £2,210,500 and the following table summarises the overall position:-

	Revised Budget	Actual	Variation
	£000s	£000s	£000s
Gross Expenditure	30,388	29,237	-1,151
Gross Income	28,177	27,215	962

33. There was an under spend on Housing Benefit of £83,000. The amount of benefits paid out was less than budget by £1,000,000 but this is partly offset by less grant being received of £855,000 and also an increase in the level of bad debts written of being over budget by £62,000.
34. The net income position on Commercial Estates was £92,000 less than budget which was mainly due to a reduction in rents received particularly in relation to the shopping centre where there is an increase in empty units. There was an under spend in this area relating to work around the outside of the shopping centre being delayed and this has been added to the carry forward list.
35. Local Land Charges is showing an over spend of £129,000. This is mainly due to a provision of £150,000 being made against the service. It is possible that this sum will have to be repaid to private property search companies who were charged a personal search fee of the local land charges register when it was deemed that there should be no charge for this service. In August 2010 the Government revoked the personal search fee. The Government has provided Fareham with a grant of £34,000 to offset costs of this action.
36. The under spend on Council Tax Collection of £159,000 was mainly due to a reduction in council tax benefits paid of £43,000 which is partly offset against higher grant received for previous years. There were additional savings in respect of employee costs of £70,000 due to vacant posts.

The Public Protection Portfolio

37. Actual net expenditure was £2,345,950 compared with the revised budget of £2,485,600 and the following table summarises the overall position:-

	Revised Budget	Actual	Variation
	£000s	£000s	£000s
Gross Expenditure	2,961	2,822	-139
Gross Income	476	476	0

38. The main variation in this portfolio was in respect of Community Safety where there was an under spend of £147,000. This was as a result of savings on the CCTV maintenance contract and reduced spend on community safety initiatives for which there is a carry forward items detailed later in the report.
39. All the other service areas within this Portfolio had relatively small budget variances.

The Streetscene Portfolio

40. Actual net expenditure was £4,250,246 compared to the revised budget of £4,400,000 and the following table summarises the overall position:-

	Revised Budget	Actual	Variation
	£000s	£000s	£000s
Gross Expenditure	5,770	5,664	-106
Gross Income	1,370	1,414	44

41. The main variation in the portfolio was for Cemeteries and Closed Churchyards where there was an under spend of £91,000. This was mainly due to building projects totalling £50,000 which were unable to be completed during the year and for which there is a carry forward item detailed later in the report. There was also an increase in income received from fees and charges.
42. The under spend on street cleansing was £54,000. This was mainly due to savings on employee costs of £46,000 due to staff vacancies and delays in filling new posts. There were other savings within the supplies & services mainly due to less use of sub-contractors.
43. The net cost of waste collection was £3,000 less than anticipated.
44. The increased net expenditure on Community Parks & Open Spaces of £31,000 reflects increases in capital costs due to revaluations during the year.

OTHER BUDGETS

Capital Charges

45. The credit in respect of capital charges reflects additional depreciation charges made during the financial year and offsets all of the capital charges made to individual services (as referred to, above).

Use of Housing Capital Receipts

46. This budget reflects the financing for the capital expenditure on Private Sector Renewal and Home Energy Conservation work. As expenditure was lower than anticipated during the year, there is a corresponding reduction in the use of housing capital receipts to finance the works.

Direct Revenue Funding

47. Each year, a contribution is made from the revenue budget, to help finance on-going capital programme works. These include vehicle replacement, ICT equipment, environmental improvements and a general contribution to the capital fund. The actual revenue position has ensured that these contributions could be made, as reflected in this budget heading.

Capital Adjustments

48. A number of schemes within the capital programme include costs that do not fall within the formal definition of capital expenditure and therefore these elements must be financed from within the revenue budget. This credit of £3,207,086 corresponds to the amounts charged to individual services relating to capital grants, non-capital repairs and intangible assets, such as computer software, referred to in the earlier sections of this report.

Interest on Balances

49. The actual income from investment interest in 2012/13 was £938,694 which is £64,194 more than the revised budget. This is due to a higher than anticipated amount of money being available for investment during the year.

Other Income Received

50. This figure represents income received during the year which has been earmarked for specific projects. This includes £100,000 High Street Innovation Fund and £57,470 for Homelessness.

Provision for Retirement Benefits (IAS19 Adjustment)

51. This debit amount offsets all of the credits made to individual services for the difference between the notional pension costs relating to the service of employees in 2012/13 and the amount of employer's superannuation contributions actually paid over to Hampshire County Council during the year.

Portchester Crematorium

52. The Portchester Crematorium Joint Committee distributes a share of its operating surplus to the constituent authorities. This amounted to £150,000 in 2012/13 and is in line with the budget.

PROVISION FOR EXPENDITURE FUNDED FROM 2012/13 UNDER SPENDINGS

53. A proportion of the savings in 2012/13 have accrued because it was not possible to complete certain expenditure programmes last year.
54. In order to minimise the financial burden of this work on the budget for the current year, it is proposed that an equivalent sum from the 2012/13 under spend is brought forward into 2013/14 to allow for their completion.

Description of Goods/Service	Cost	Justification
Fareham Leisure Centre	£13,000	Balance of premises budgets to fund works required to car park scheduled for 2013-14
Cemeteries	£50,000	Building Projects at Roman Grove and Wickham Road Cemeteries
Community Safety Initiatives	£40,000	Special Expenditure budget not used in 2012/13
Community Development - Play Ranger	£17,200	Grant income received 2012/13 but unable to use during year. Tender underway for operator to run play ranger service and youth activities
HGV Licence	£2,000	Delay to theory, perception and driving test in 2012/13 as DVLA have delayed process by not sending dates through
Public Conveniences	£5,000	For delays in work programme for 2012/13
Community Development - Fareham Park Project	£20,000	Corporate priority for projects which help to improve skills and/or reduce deprivation in the Fareham Park Area.
Supporting Troubled Families	£7,100	Funds received in 12/13 not used in year
Outdoor Sports Facilities	£10,000	To allow the refurbishment of the cricket practice nets at Allotment Road, Locks Heath and Bath Lane
Off Street Car Parking	£59,000	New signage required and changes to car parking ticket machines to assist visitors to the Town Centre in accordance with the Town Centre Parking Strategy
Commercial Estates - Other Land and Property	£66,500	H&S inspections and resurfacing of the land to the rear of the shopping centre
Streetscene	£10,000	Planting of new beds to commemorate the anniversaries of World War I and the D-Day landings
TOTAL CARRY FORWARDS	£299,800	
Earmarked funds for Future Use	£157,500	Funds received during the year for High Street Innovation Fund and Homelessness which have not been applied during the 2012/13 financial year
TOTAL	£457,300	

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55. Taking account the carry forward proposals above this reduces the under spend figure to £426,949. It is proposed that any use of this under spend will be dealt with as part of the Medium Term Financial Strategy.

THE POSITION IN 2013/14 AND FUTURE YEARS

56. The Council faces a number of financial challenges over the next three years, from a range of areas. The list, below, are some of the known significant funding pressures, but this list is by no means exhaustive.
- General Government support has decreased in real terms and is expected to continue this trend;
 - Commercial Rents and Town Centre Interests;
 - The Council's investment portfolio is not generating as much interest income as has been observed in previous years;
 - Town Centre parking issues;
 - It is a high priority to minimise council tax increases;
 - Income from fees and charges is unlikely to increase during the fragile economic recovery.
57. These pressures are largely unavoidable, but in addition, the Council will also need to secure resources for new initiatives to meet the priority needs of the borough.
58. The economic recovery has been slower than expected and this has been reflected in a decrease in car parking income and the number of vacancies within town centre. Also existing tenants of shop premises are able to negotiate rents at a lower rate than they are currently paying. This impact is on top of the threat posed by the new retail development in Whiteley.
59. In order to address the known spending pressures in the medium term, opportunities to reduce costs are being explored, such as reducing budgets that have continually under spent in previous years; and opportunities to collaborate with other public sector bodies. These opportunities, however, carry a high degree of uncertainty and can only be progressed when the quantified savings are realistic and certain to be achieved.
60. Given the scale of the financial pressures faced by the Council, it is proposed that the any unallocated saving in 2012/13 be added to the General Fund balance pending the overall review of the Council's finance strategy in the autumn.

RISK ASSESSMENT

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

CONCLUSION

62. This report outlines the financial position during 2012/13, highlighting a saving of £883,949 against the revised budget. Taking into account the proposed spending items to be funded from this under spend, the contribution to the General Fund balance reduces to £426,949.
63. Members are asked to note the contents of the report, and approve the use of £457,300 to fund the projects set out in the above tables.

APPENDIX A

ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2013

	Base £	Revised £	Actual £	Variation £
Committees (Excluding capital accounting adjustments)				
Planning Development Control Committee	713,700	730,400	722,848	-7,552
Licensing and Regulatory Affairs Committee	503,900	479,600	455,240	-24,360
Executive - Portfolio Budgets				
- Leisure & Community	1,688,500	1,791,500	1,269,486	-522,014
- Housing	2,029,200	1,482,200	1,122,637	-359,563
- Strategic Planning and Environment	-752,300	-326,300	-496,318	-170,018
- Policy, Strategy and Finance	2,147,000	2,210,500	2,021,591	-188,909
- Public Protection	2,757,600	2,485,600	2,345,950	-139,650
- Streetscene	4,470,000	4,400,000	4,250,246	-149,754
SERVICE BUDGETS (before acc adjs)	13,557,600	13,253,500	11,691,679	-1,561,821
<u>Capital Accounting Adjustments in service portfolios</u>				
- Leisure & Community - Adjustments	0	0	1,935,895	1,935,895
- Strategic Planning & Environment - Adjusts	0	0	117,450	117,450
- Policy, Strategy and Finance - Adjustments	0	0	1,610,265	1,610,265
- Public Protection - Adjustments	0	0	177,987	177,987
- Streetscene - Adjustments	0	0	-26,927	-26,927
SERVICE BUDGETS (incl Acc adjs)	13,557,600	13,253,500	15,506,350	2,252,850
Capital Charges	-1,935,500	-1,763,400	-1,427,211	336,189
Capital Financing Costs				
- Use of Housing Capital Receipts	-1,115,000	-558,300	-812,014	-253,714
- Direct Revenue Funding	1,948,000	1,385,000	1,385,000	0
- Direct Revenue Funding NHB	0	658,000	657,699	-301
Capital Adjustments	0	0	-3,185,290	-3,185,290
Interest on Balances	-591,000	-874,500	-938,694	-64,194
IAS 19 Adjustment	0	0	139,990	139,990
Portchester Crematorium	-150,000	-150,000	-150,000	0
New Homes Bonus	-658,000	-658,000	-657,699	301
Other Income Received	0	0	-170,890	-170,890
Contribution To/From Reserves	-597,600	-833,800	-784,566	199,234
OTHER BUDGETS	-3,099,100	-2,795,000	-5,943,675	-3,148,675
NET BUDGET	10,458,500	10,458,500	9,562,675	-895,825

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FINANCING

Revenue Support Grant	-78,926	-78,926	-78,926	0
Non-Domestic Rates	-4,071,554	-4,071,554	-4,071,554	0
Council Tax	-6,094,662	-6,094,662	-6,094,662	0
Council Tax Freeze Grant	-152,367	-152,367	-152,367	0
Addition to Collection Fund Balance	-60,991	-60,991	-49,115	11,876

TOTAL	<u>10,458,500</u>	<u>-10,458,500</u>	<u>-10,446,624</u>	<u>11,876</u>
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NET TOTAL	0	0	-883,949	-883,949
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Carry Forwards				299,800
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One-Off Projects				157,500
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Overall Position after adjustments				-426,649
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ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2013

Including Capital Accounting Adjustments	Base 2012/13 £	Revised 2012/13 £	Actual 2012/13 £	Variation £
Planning Committee				
Processing Applications	262,900	279,500	277,983	-1,517
Planning Advice	218,900	245,400	245,078	-322
Enforcement of Planning Control	158,300	143,000	142,220	-780
Appeals	73,600	62,500	57,567	-4,933
	<u>713,700</u>	<u>730,400</u>	<u>722,848</u>	<u>-7,552</u>
Licensing & Regulatory Affairs Committee				
Hackney Carriage and Private Hire Vehicles	-16,800	-12,600	-15,429	-2,829
Licensing	300	-10,600	-8,002	2,598
Health and Safety Enforcement	190,400	163,100	160,734	-2,366
Election Services	330,000	339,700	317,937	-21,763
	<u>503,900</u>	<u>479,600</u>	<u>455,240</u>	<u>-24,360</u>
Leisure & Community				
Fareham Leisure Centre	290,000	281,000	-105,512	-386,512
Ferneham Hall	421,600	433,100	384,098	-49,002
Community Development	121,300	135,900	100,865	-35,035
Community Centres	169,600	330,500	2,020,799	1,690,299
Allotments	29,900	25,000	19,006	-5,994
Westbury Manor Museum	103,700	103,200	85,933	-17,267
Community Schools	28,500	0	0	0
Leisure Partnership	68,800	58,000	40,120	-17,880
Outdoor Sport and Recreation	385,800	361,300	590,084	228,784
Tourist Information Offices	60,200	55,100	52,834	-2,266
Meals on Wheels & Luncheon Clubs	9,100	8,400	17,154	8,754
	<u>1,688,500</u>	<u>1,791,500</u>	<u>3,205,381</u>	<u>1,413,881</u>

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Including Capital Accounting Adjustments	Base 2012/13 £	Revised 2012/13 £	Actual 2012/13 £	Variation £
Housing				
Private Sector Housing Renewal	465,000	664,000	534,320	-129,680
Homelessness	179,000	192,600	100,144	-92,456
Other Council Property	-11,700	-25,200	-30,334	-5,134
Welfare Services - Private Sector alarms	-16,500	-15,800	-17,412	-1,612
Housing Advice	304,400	319,900	297,758	-22,142
Housing Strategy	109,100	108,400	96,900	-11,500
Home Energy Conservation	45,600	75,200	26,017	-49,183
Registered Social Landlord	954,300	163,100	115,244	-47,856
	2,029,200	1,482,200	1,122,637	-359,563
Strategic Planning and Environment				
Parking Strategy	-2,674,200	-2,325,400	-2,388,881	-63,481
Public Transport	84,600	81,700	58,567	-23,133
Coast Protection & Defences Against Flooding	151,500	151,400	112,868	-38,532
Traffic Management	-4,100	-21,800	-19,312	2,488
Highways Construction Agency	800	0	0	0
Local Development Framework	1,022,400	1,134,300	1,107,949	-26,351
Individual Environmental projects	354,700	346,600	460,028	113,428
Protection of Trees	52,600	52,200	52,717	517
Conservation & Listed Building Policy	56,200	63,000	51,709	-11,291
Countryside Recreation and Management	147,100	137,900	137,938	38
Sustainable development strategies	56,100	53,800	47,549	-6,251
	-752,300	-326,300	-378,868	-52,568
Policy, Strategy and Finance				
Housing Benefit Payments	0	0	-83,232	-83,232
Housing Benefit Administration	437,700	464,390	478,523	14,133
Democratic Representation and Management	1,232,800	1,171,200	1,159,503	-11,697
Commercial Estates	-2,368,900	-2,256,000	-552,941	1,703,059
Henry Cort	141,200	142,700	142,504	-196
Neighbourhood Working	144,200	135,800	130,424	-5,376
Publicity and Promotion	272,100	260,700	246,010	-14,690
Grants & Contributions	286,200	287,400	247,413	-39,987
Unapportionable Central Overheads	183,500	183,500	71,476	-112,024
Corporate Management	823,400	843,000	808,029	-13,175
Economic Development	140,300	141,000	177,445	36,445
Local Land Charges	-129,000	-153,600	-24,919	128,681
Local Tax Collection	983,500	990,410	831,621	-158,789
	2,147,000	2,210,500	3,631,856	1,421,356

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Including Capital Accounting Adjustments	Base 2012/13 £	Revised 2012/13 £	Actual 2012/13 £	Variation £
Public Protection				
Pest Control	32,900	56,250	68,656	12,406
Food Safety	169,800	142,800	137,119	-5,681
Dog Control	57,900	33,650	36,612	2,962
Pollution Reduction	244,500	235,700	238,188	2,488
Emergency Planning	59,900	56,900	55,096	-1,804
Clean Borough Enforcement	106,100	101,200	89,668	-11,532
Community Safety	445,000	512,200	364,072	-148,128
Building Regulations Services	93,600	94,800	107,961	13,161
Regulation Enforcement & Proc	46,200	51,600	55,945	4,345
Other Building Control Work	82,600	66,300	69,682	3,382
Traffic Management	98,000	107,900	96,217	-11,683
Off-Street Parking	1,321,100	972,000	1,170,075	198,075
On-Street Parking	0	54,300	34,646	-19,654
	2,757,600	2,485,600	2,523,937	38,337
Streetscene				
Cemeteries & Closed Churchyards	220,300	251,200	161,082	-90,118
Public Clocks & War Memorials	4,900	22,700	14,122	-8,578
Street Furniture	150,300	151,400	136,676	-14,724
Street Cleansing	981,100	978,600	924,551	-54,049
Public Conveniences	214,600	215,700	197,039	-18,661
Household Waste Collection	924,200	985,700	946,054	-39,646
Trade Refuse	-58,900	-55,200	-57,885	-2,685
Recycling	797,600	638,000	668,729	30,729
Garden Waste Collection	309,400	317,800	327,862	10,062
Community Parks and Open Spaces	958,500	930,500	983,336	52,836
Foreshore	-32,000	-36,400	-78,247	-41,847
	4,470,000	4,400,000	4,223,319	-176,681
TOTAL	13,557,600	13,253,500	15,506,350	2,252,850

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 8 July 2013

Portfolio:	Policy and Resources
Subject:	Actual Housing Revenue Account Expenditure and Financing 2012/13
Report of:	Director of Finance and Resources
Strategy/Policy:	
Corporate Objective:	A Balanced Housing Market and A Dynamic, Prudent and Progressive Council

Purpose:

The purpose of this report is to provide the Executive with the details of the actual expenditure and income for 2012/13 in the Housing Revenue and Repairs Accounts

Executive summary:

The final figures for 2012/13 show that, overall, the actual deficit on the Housing Revenue Account and Housing Repairs Account is £455,000 compared to a forecast deficit of £220,000. Of this, £554,000 relates to non-capitalised repairs from the capital programme. However, if the requested carry forwards are agreed then the deficit will increase to £751,200.

The briefing paper attached to this report explains the actual financial position for 2012/13, together with the reasons for the significant variances when compared with the revised budget, which was agreed by the Executive in February 2013.

Recommendation:

- (a) That the balances on the Housing Revenue and Repairs Accounts as at 31 March 2013 be carried over to 2013/14.
- (b) That the following budgets be carried forward:
 - i. £122,900 Asbestos Survey
 - ii. £98,500 Disabled Modifications
 - iii. £45,900 External Decorations
 - iv. £28,900 Gas Servicing

Reason:

To ensure that the balances on the Housing Revenue and Repairs Accounts at 31 March 2013 will be available in future years, and that 2013/14 budgets are sufficient to meet the level of work programmed.

Cost of proposals:

There are no additional costs relating to the recommendations

Appendix A: Housing Revenue and Repairs Accounts

Background papers: Report to the Executive Housing Revenue Account Spending Plans dated 11 February 2013.

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 8 July 2013

Subject: Actual Housing Revenue Account Expenditure and Financing 2012/13

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. On 11th February 2013, the Executive considered the revised budget for the Housing Revenue Account (HRA) and Housing Repairs Account for the financial year 2012/13. At this time, the estimated deficit for the revenue account was £220,000.
2. The final figures for 2012/13 show that, overall, the actual deficit is £455,000 for the combined Housing Revenue and Repairs Accounts.
3. The actual position compared with the revised budget is detailed in Appendix A. The tables below summarise the position and indicates the effect of the year's activities on the overall position.

Housing Revenue Account	Revised Budget 2012/13 £000s	Actual 2012/13 £000s	Variance 2012/13 £000s
Income	(11,234)	(11,162)	72
Expenditure	7,483	7,596	113
(Surplus)/Deficit on HRA Services	(3,751)	(3,566)	185
Interest & Premia	1,807	1,798	(9)
Revenue contribution to capital expenditure, Pensions etc	0	59	59
Transfer to reserve	2,164	2,164	0
(Increase)/Decrease in HRA balances in year	220	455	235
Balance brought forward	(4,814)	(4,814)	0
Balance carried forward	(4,594)	(4,359)	235

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Repairs Account	Revised Budget 2012/13 £000s	Actual 2012/13 £000s	Variance 2012/13 £000s
Contribution from HRA	(1,971)	(2,183)	(212)
Other Income	(40)	(38)	2
Expenditure	2,011	2,305	294
Transfer from Leaseholder Reserve	<u>0</u>	<u>(84)</u>	<u>(84)</u>
(Increase)/Decrease in Repairs Account balance in year	0	0	0
Balance brought forward	<u>(1,800)</u>	<u>(1,800)</u>	<u>0</u>
Balance carried forward	<u>(1,800)</u>	<u>(1,800)</u>	<u>0</u>

Leaseholder Reserve Account

	2012/13 £000s
Transfer to/from Repairs Account	84
Opening Balance	<u>(251)</u>
Closing Balance	<u><u>(167)</u></u>

Capital Development Fund

	2012/13 £000s
Transfer from Housing Revenue Account	(2,164)
Opening Balance	<u>0</u>
Closing Balance	<u><u>(2,164)</u></u>

TOTAL BALANCE (8,490)

The following paragraphs examine the most significant variances in more detail.

HRA EXPENDITURE

4. Contributions to the Repairs Account: The most significant variance of £212,000 overspend in the HRA budget, related to:

- an underspend on Responsive & Void Maintenance of (£159,000)
- an underspend on Catch Up Repairs of (£95,000)
- an underspend on Cyclical Repairs/Maintenance of (£88,000)
- capital expenditure that for accounting reasons cannot be capitalised and therefore charged to Revenue £554,000

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5. Dwelling Rents: There was a reduction in dwellings rents of £57,000 received during the year. This can be accounted for by:
- the change to the Right-to-Buy rules leading to the sale of 8 properties in the year compared to an estimate of 2 at the time of setting the base budget.
 - Collingwood House flats being vacant earlier than was anticipated when setting the budget.

HRA REFORMS

6. 2012/13 was the first year we were released from the constraints of the HRA Subsidy System. By way of comparison to 2011/12 when over £3m was paid to the Government; in this year, interest of £1.8m was paid on borrowings.

REPAIRS EXPENDITURE

7. A total of £2,305,000 was spent on maintaining the housing stock during 2012/13 which included the following types of expenditure plus a small sum on administration.
8. Responsive repairs: £1,040,000 was spent on day-to-day responsive repairs compared to the revised estimate of £1,114,000. The budget for Asbestos Surveys was under spent by £122,900 and it is requested that this is carried forward to 2013/14.
9. Other repair works: £803,000 was spent on repairs that had previously been budgeted within the capital programme compared with the revised estimate of £342,600. This includes expenditure on the upgrading of electrical works, heating systems, window replacements, external works plus other communal works. Whilst they were part of the year's capital programme, the total monies spent did not add to the value of the properties on a like for like basis. Consequently, the part not adding value has been charged to the Repairs Account. For 2012/13, £98,500 of the £308,600 provided for disabled modifications was not utilised and it is requested that this sum be carry forward to 2013/14.
10. Cyclical repairs: £459,000 was spent on cyclical repairs compared with a revised budget of £542,500. This includes external decorating, gas servicing and emergency lighting. The following items were under spent in 2012/13 and have been requested to be carried forward to 2013/14:
- (a) Of the £161,700 provided for external decorating, £45,900 is requested to be carried forward to complete contractual works
 - (b) Of the £277,600 provided for gas servicing, £28,900 is requested to be carried forward to finance invoice queries.

CONCLUSION

11. The report sets out the actual expenditure and income for the HRA and Housing Repairs Account. The combined balance on the HRA, Repairs Account, Leaseholder Reserve and Capital Development Fund at 31 March 2013 is £8,490,000. This compares to the estimated balance of £8,809,000. The difference is primarily due to the capital expenditure that was charged to revenue.
12. Since the date of the February Executive, the Housing Tenancy Board has met to discuss the new charge for Guest Room hire at the sheltered blocks. Following deputation for residents, it is agreed to reduce the charge from £10 per person per night to; £7 per single person per night or £10 per couple per night.
13. The Executive are asked to note the contents of the report, and approve the carry forward balances and budgets, in order that agreed work can be completed in the current year.

Reference Papers:

11 February 2013 Executive Report - Housing Revenue Account Spending Plans including the Capital Programme for 2013/14

Appendix A

HOUSING REVENUE ACCOUNT

	Revised Budget 2012/13 £000s	Actual 2012/13 £000s	Variance 2012/13 £000s
Income			
Gross rental income:			
- Dwellings	10,105	10,048	(57)
- Other	232	232	0
Charges for services & facilities	523	510	(13)
Contributions towards expenditure	370	368	(2)
Refund Subsidy from DCLG	4	4	0
Total Income	<u>11,234</u>	<u>11,162</u>	<u>(72)</u>
Expenditure			
Contribution to Repairs Account	1,971	2,183	212
Supervision & Management	2,844	2,789	(55)
Rent, Rates & other Taxes	52	50	(2)
Negative Subsidy to DCLG	0	0	0
Depreciation & Impairment	2,494	2,489	(5)
Debt Management Costs	47	24	(23)
Increase/(Decrease) in HRA Bad Debt Provision	14	74	60
Bad Debts Written Off	0	14	14
HRA Share of Corporate & Democratic Core	61	57	(4)
Total Expenditure	<u>7,483</u>	<u>7,680</u>	<u>197</u>
Net Cost of HRA Services	(3,751)	(3,482)	269
Interest Payable	1,871	1,864	(7)
Amortisation of premia for debt redemption	99	99	0
Pension interest costs and expected return on pension assets	0	185	185
Pension Reserve contributions			0
Movement on Pension Reserve	0	260	260
Interest Receivable	(163)	(165)	(2)
(Surplus)/Deficit for the year on HRA Services	<u>(1,944)</u>	<u>(1,239)</u>	<u>705</u>
Additional amounts required to be debited/ (credited) to HRA balances for the year.			
Pension Reserve Contributions	0	(436)	(436)
Revenue Contribution to Capital Outlay	0	48	48
Depreciation greater than Major Repairs Allowance	0	(1)	(1)
Difference between any other item of income or expenditure determined in accordance with The Code and determined in accordance with statutory requirements	0	3	3
Transfer to Reserves	2,164	2,080	(84)
(Increase)/Decrease in HRA balances for the year.	<u>220</u>	<u>455</u>	<u>235</u>
HRA Surplus brought forward	<u>(4,814)</u>	<u>(4,814)</u>	<u>0</u>
HRA Surplus carried forward	<u>(4,594)</u>	<u>(4,359)</u>	<u>235</u>

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REPAIRS ACCOUNT

	Revised Budget	Actual	Variance
	2012/13	2012/13	2012/13
	£000s	£000s	£000s
Contribution from HRA	(1,971)	(2,183)	(212)
Other Income	(40)	(38)	2
Expenditure:			0
-Day to day response repairs	1,114	1,040	(74)
-Previous capital works	343	802	459
-Cyclical repairs	543	454	(89)
-Administration and bad debts	11	9	(2)
Transfer to/(from) leaseholder Reserve	0	(84)	(84)
(Increase)/Decrease in Repairs Account balance in year	0	0	0
Balance brought forward	(1,800)	(1,800)	0
Balance carried forward	(1,800)	(1,800)	0

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 8 July 2013

Portfolio: Policy and Resources
Subject: **Actual Capital Expenditure and Financing 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 the Executive with details of the actual capital expenditure for 2012/13 and seeks approval for the proposed methods of financing the actual capital expenditure.

Executive summary:

Actual capital expenditure on housing and other services in 2012/13 was £6,217,523 compared with the revised capital programme of £8,266,456. The overall variance was £2,048,933 and a detailed analysis of the variations is given in Appendix A to the report.

Total savings of £455,275 were achieved, additional expenditure of £165,473 was incurred and a total of £1,759,131 will be carried forward into 2013/14.

Details of the various methods used to finance this expenditure are set out in Appendix B to the report.

Recommendation:

- (a) That the capital programme for 2012/13 be approved and financed as set out in Appendix B to this report;
- (b) That the individual expenditure incurred, amounting to £165,473 be financed retrospectively from the surplus capital resources; and

That the actual capital expenditure for 2012/13 be noted.

Reason:

To provide the Executive with details of the capital expenditure and financing in 2012/13.

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Cost of proposals:

The necessary resources are available to finance the capital programme for 2012/13 including the additional expenditure of £165,473.

Appendices A: Comparison of Capital Programme and Actual Capital Expenditure for 2012/13

B: Capital Financing for 2012/13

Background papers: None

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FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 8 July 2013

Subject: Actual Capital Expenditure and Financing 2012/13

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. The capital programme for 2012/13, approved earlier this year for both the General Fund and Housing Revenue Account (HRA) services, was £8,266,456. The actual capital expenditure, detailed in Appendix A, was £6,217,523 giving an overall variation of £2,048,933, as summarised in the table below.

	Capital Programme	Actual Expenditure	Savings	Additional Expenditure	Carry over to 2013/14
	£	£	£	£	£
Public Protection	0	-670	670	0	0
Streetscene	34,522	-17,607	20,259	0	31,870
Strategic Planning & Env	429,000	260,024	43,686	0	125,290
Leisure & Community	3,172,614	2,457,855	117,762	16,222	613,219
Housing	1,355,915	1,121,278	0	15,069	249,706
Policy & Resources	948,405	593,731	0	0	354,674
General Fund	5,940,456	4,414,611	182,377	31,291	1,374,759
HRA	2,326,000	1,802,912	272,898	134,182	384,372
Total	8,266,456	6,217,523	455,275	165,473	1,759,131

SAVINGS

2. In the year, there were a number of schemes that were completed at a lower cost than originally anticipated. The savings for the year totalled £455,275 of which £182,377 related to the General Fund and £272,898 to the HRA.
3. The main area of saving for the General Fund was £56,559 for the Western Wards Sports Changing Facilities which was completed under budget. Other savings include £46,010 for Parks and Play Schemes, £32,550 for Environmental Improvement Works in West Street, £20,259 for the Public Conveniences Improvement Programme and £12,644 for Crofton Bowls Fencing and Planting.

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4. The main savings on the HRA were £201,317 for Tenants Modernisations and £61,048 for Other Communal Works.

ADDITIONAL EXPENDITURE

5. The total additional expenditure was £165,473 of which £76,000 relates to the repurchase of housing stock approved by the Executive on 5 November 2012 and overspending on Re-roofing of £26,936 and External Works of £23,624 for the HRA. Additional expenditure was also needed for 101 Gosport Road of £15,000 and £9,988 for the Diamond Jubilee Town Centre Play Area. Both were fully funded by external contributions.

CARRY OVER TO 2013/14

6. There are a number of schemes still in progress and a total of £1,759,131 will be carried forward to 2013/14 as set out in the following paragraphs:

STREETSCENE PORTFOLIO SCHEMES

Cemeteries Health & Safety

7. The carry forward of £5,910 will fund outstanding improvement works in 2013/14.

Public Convenience Improvement Programme

8. The under spend of £18,522 on the Public Convenience Improvement Programme will be carried forward to 2013/14.

Glass Recycling - Replacement of Skips and Bins

9. There was little expenditure in 2012/13 so the remaining budget of £7,438 will be carried forward to 2013/14 to replace the existing stock of skips and bins.

STRATEGIC PLANNING AND ENVIRONMENT PORTFOLIO SCHEMES

Car Parks

10. There was an over spend of £4,864 on the Osborn Road 5 Year Programme. This will be offset against the budget for 2013/14.
11. The under spend of £10,154 on the rolling programme of Car Park Surface Improvements will be carried forward to 2013/14.

Environmental Improvements

12. Flood alleviation works by the Environment Agency at Burnt House Lane are complete. £20,000 matched funding will be carried forward to 2013/14 as a contribution towards the works.
13. A carry forward of £100,000 will be used to fund the environmental improvement works on the North West section of West Street.

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LEISURE AND COMMUNITY PORTFOLIO SCHMES

Ferneham Hall Major Repairs Programme

14. The main expenditure at Ferneham Hall during the year was for new chairs and the refurbishment of the tiered seating in the Auditorium. The under spend of £57,812 will be carried forward to 2013/14 to fund the ongoing repairs programme.

Community Health & Safety Fund

15. There was little expenditure in 2012/13 so the budget of £9,332 will be carried forward to fund any urgent and unexpected health and safety maintenance issues in 2013/14.

Portchester Community Centre

16. The new Portchester Community Centre opened in January 2013. The under spend of £282,402 will be carried forward to 2013/14 to fund the remaining fees, final payments in relation to the construction contract and the extension to the existing car park.

Outdoor Recreation Schemes

17. The new Wicor Recreation Sports Changing Facilities became operational in January 2013. The under spend of £146,711 will be used to fund car park improvements planned for November 2013.
18. A carry forward of £30,000 is required for Sarisbury Green Cricket Pavilion and £3,200 for Bath Lane Cricket Pavilion due to delays to the schemes.
19. The tennis courts have been removed at Portchester Community Centre and the £60,050 carry forward will be used to finish off works on the scheme.

Other Community Schemes

20. There was no expenditure on Footpath Improvements and Improved Access for People with Disability therefore budgets totalling £23,096 will be carried forward to 2013/14.

HOUSING PORTFOLIO SCHEMES

Home Improvement Loans

21. The grants programme was not fully utilised in 2012/13 and the balance of £64,770 will now be used in 2013/14.

Disabled Facility Grants

22. The carry forward of £53,356 for Disabled Facility Grants is to meet existing commitments that were unable to be fulfilled in 2012/13.

Enabling

23. Under spends on the Redevelopment of Broadlaw Walk, Empty Homes Strategy and Feasibility Studies totalling £91,580 will be carried forward to 2013/14.

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POLICY AND RESOURCES PORTFOLIO SCHEMES

Town Centre Redevelopment

24. A total of £56,803 will be carried forward to 2013/14 for continuing works under this scheme. This budget is expected to be used to contribute to the cost of future proposals for the redevelopment of Fareham Town Centre and to meet the cost of refurbishing the Henry Cort play area.

Vehicles & Plant

25. A total of £80,750 will be carried forward to 2013/14 for this rolling programme to fund future vehicles and plant.

ICT Capital Budgets

The under spend of £84,070 will be carried forward and included in the proposed spending plans identified within the ICT development plan.

Depot Refurbishment Works

27. A total of £3,147 was spent against the budget of £43,955 in 2012/13. The remaining £40,808 will be carried forward to fund heating and hot water control improvements, Depot conversion for the relocation of Building Control, door replacements and changing room improvements.

Civic Offices 10 Year Improvement Plan

28. The negative expenditure in 2012/13 was due to an over accrual in 2011/12. The carry forward of £92,243 will be used to fund improvement works in 2013/14 including roof repairs, plant room cladding, window replacement and rewiring the plant room and rear staircase.

HOUSING REVENUE ACCOUNT SCHEMES

Improvement Work

29. There was an under spend of £43,363 for Electrical Upgrading. This will be carried forward to 2013/14 to fund emergency lighting projects.

Energy Conservation

30. There was an under spend of £117,353 for Central Heating and Boilers which will be carried forward to fund boiler replacements. There was also an under spend of £138,093 for Windows and Doors Replacement which will be carried forward to fund the current project which has been delayed by asbestos surveys.

Collingwood House

31. There is a carry forward of £85,563 to fund the major redevelopment of Collingwood House in 2013/14.

CAPITAL PROGRAMME 2012/13 TO 2016/17

32. The Capital programme will be reviewed by Officers in light of the slippage and re-phasing of works and an updated programme for 2013/14 to 2017/18 will be presented to the Executive as part of the Finance Strategy for 2014/15.

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CAPITAL FINANCING

33. Details of the various methods used to finance the capital expenditure in 2012/13 are set out in Appendix B. Members will be pleased to note the Council's success in attracting external funding which, in 2012/13, was sufficient to fund 32% of the Council's Capital Programme.
34. The overall capital expenditure and financing is summarised in the table below:

	General Fund £'000	HRA £'000	Total Programme £'000
Revised Budget	6,220	2,326	8,546
Actual Expenditure	4,415	1,803	6,218
Financed by:			
Revenue Resources	1,030	1,691	2,721
Capital Receipts	1,413	112	1,525
External Contributions	1,971	0	1,971
Total Financing	<u>4,415</u>	<u>1,803</u>	<u>6,218</u>

RISK ASSESSMENT

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

Reference Papers: None

APPENDIX A

ACTUAL CAPITAL EXPENDITURE AND FINANCING 2012/13

	Capital Programme £	Actual Expenditure £	Savings £	Additional Expenditure £	Carry over to 2013/14 £
PUBLIC PROTECTION					
CCTV	0	(670)	670		0
PUBLIC PROTECTION - TOTAL	0	(670)	670	0	0
STREETSCENE					
Cemeteries Health & Safety	7,000	1,090			5,910
Public Convenience Improvement Programme	18,522	(20,259)	20,259		18,522
Glass Recycling - Replacement Skips and Bins	9,000	1,562			7,438
STREETSCENE - TOTAL	34,522	(17,607)	20,259	0	31,870
STRATEGIC PLANNING & ENVIRONMENT					
Car Parks					
Osborn Road 5 Year Programme	20,000	24,864			(4,864)
Car Park Surface Improvements	114,000	103,846			10,154
Bath Lane Car Park Resurfacing	25,000	13,864	11,136		0
	159,000	142,574	11,136	0	5,290
Environmental Improvements					
Burnt House Lane	20,000	0			20,000
West Street Fareham	150,000	117,450	32,550		0
West Street - North West Section	100,000	0			100,000
	270,000	117,450	32,550	0	120,000
STRATEGIC PLANNING & ENV - TOTAL	429,000	260,024	43,686	0	125,290
LEISURE & COMMUNITY					
Buildings					
Ferneham Hall Repairs	107,236	49,424			57,812
Burridge Community Facilities	4,324	2,095	2,229		0
Community Buildings Health & Safety Fund	11,000	1,668			9,332
Western Wards Pool	50,000	49,384			616
Portchester Community Centre	1,641,351	1,358,949			282,402
	1,813,911	1,461,520	2,229	0	350,162
Play and Parks Schemes					
Cross Fell Walk Youth Facility	45,000	45,000			0
Locks Heath Park Youth Facility	45,000	17,626	27,374		0
Laurel Gardens Play Area	35,000	19,150	15,850		0
Hollybrook Gardens	63,000	60,214	2,786		0
Blackbrook	9,001	9,309		308	0
Diamond Jubilee Town Centre Play Area	0	9,988		9,988	0
	197,001	161,287	46,010	10,296	0
Outdoor Recreation Schemes					
Western Wards Sports Changing Facilities	56,047	(512)	56,559		0
Wicor Rec Sports Changing Facility	813,649	666,938			146,711
Sarisbury Green Cricket Protection	30,000	0			30,000
Bath Lane Cricket Pavilion	5,000	1,800			3,200
Crofton Bowls Fencing & Planting	20,000	7,356	12,644		0
Portchester Community Centre Tennis Courts	81,400	21,350			60,050
Outdoor Rec: Wicor	2,390	2,500		110	0
	1,008,486	699,432	69,203	110	239,961

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	Capital Programme £	Actual Expenditure £	Savings £	Additional Expenditure £	Carry over to 2013/14 £
Grants to Community Groups					
Portchester Community School Sports Pitches	50,000	50,000			0
1350 Fareham & District Squadron Air Training Corps Minibus	14,000	14,000			0
Titchfield Amateur Boxing Club Extension	25,000	25,000			0
	89,000	89,000	0	0	0
Other Community Schemes					
Green Flag Awards	6,120	5,800	320		0
Allotment Improvements	35,000	40,816		5,816	0
Footpath Improvements	10,000	0			10,000
Improved Access for People with Disability	13,096	0			13,096
	64,216	46,616	320	5,816	23,096
LEISURE & COMMUNITY - TOTAL	3,172,614	2,457,855	117,762	16,222	613,219
HOUSING					
Improvement Loans					
Home Improvement Loans	103,290	38,520			64,770
Disabled Facilities Grants	655,702	602,346			53,356
	758,992	640,866	0	0	118,126
Enabling					
Coldeast Close	406,923	406,992		69	0
101 Gosport Road	15,000	30,000		15,000	0
Redevelopment of Broadlaw Walk	85,000	42,500			42,500
Empty Homes Strategy	20,000	0			20,000
Feasibility Studies	30,000	920			29,080
	556,923	480,412	0	15,069	91,580
Other Housing					
Home Energy Conservation Act	40,000	0			40,000
	40,000	0	0	0	40,000
HOUSING - TOTAL	1,355,915	1,121,278	0	15,069	249,706
POLICY & RESOURCES					
Town Centre Redevelopment					
Land Acquisition	77,000	33,197			43,803
Henry Cort Millennium Scheme Works	13,000	0			13,000
	90,000	33,197	0	0	56,803
Rolling Programmes					
Vehicles & Plant	462,250	381,500			80,750
ICT	274,200	190,130			84,070
	736,450	571,630	0	0	164,820
Council Buildings					
Depot Refurbishment Works	43,955	3,147			40,808
Civic Offices: 10 Year Improvement Plan	78,000	(14,243)			92,243
	121,955	(11,096)	0	0	133,051
POLICY & RESOURCES - TOTAL	948,405	593,731	0	0	354,674
GENERAL FUND - TOTAL	5,940,456	4,414,611	182,377	31,291	1,374,759

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	Capital Programme £	Actual Expenditure £	Savings £	Additional Expenditure £	Carry over to 2013/14 £
HOUSING REVENUE ACCOUNT					
Improvement Work					
Electric Upgrading	200,000	156,637			43,363
Tenants Modernisations	950,000	748,683	201,317		0
Other Communal Works	80,000	18,952	61,048		0
Security Doors	0	5,494		5,494	0
Mobility Scooter Storage	15,000	14,498	502		0
	1,245,000	944,264	262,867	5,494	43,363
Energy Conservation					
Central Heating and Boilers	380,000	262,647			117,353
Windows and Doors Replacement	200,000	61,907			138,093
	580,000	324,554	0	0	255,446
Environmental Improvements					
Recycling Bin Stores	0	472		472	0
External Works	30,000	53,624		23,624	0
	30,000	54,096	0	24,096	0
Capitalised Repairs					
Structural Repairs	1,000	2,122		1,122	0
Re-roofing	3,000	29,936		26,936	0
Drain Replacement	6,000	6,534		534	0
TV Systems	70,000	62,413	7,587		0
	80,000	101,005	7,587	28,592	0
Other Schemes					
New Builds	113,000	112,141	859		0
Stock Repurchase	0	76,000		76,000	0
Collingwood House	228,000	142,437			85,563
Housing System Upgrade	50,000	48,415	1,585		0
	391,000	378,993	2,444	76,000	85,563
HOUSING REVENUE ACCOUNT - TOTAL	2,326,000	1,802,912	272,898	134,182	384,372
OVERALL TOTAL	8,266,456	6,217,523	455,275	165,473	1,759,131

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Actual Capital Financing 2012/13

	General Fund £	HRA £	Total £
Revenue Resources:			
Direct Revenue Funding	678,872	602,485	1,281,359
Capital Fund Account	262,548	0	262,548
Matched Funding Reserve	89,000	0	89,000
Major Repairs Reserve	0	1,088,287	1,088,287
Capital Receipts:			
Usable Capital Receipts	1,388,397	112,140	1,500,537
Capital Development Fund	24,697	0	24,697
External Contributions:			
Government Grants:			
- Disabled Facilities Grant	336,390	0	336,390
- HCA Grant	36,923	0	36,923
Other Contributions:			
- Hampshire County Council	752,529	0	752,529
- Leisure Developer Contributions	617,223	0	617,223
- Football Foundation	215,462	0	215,462
- Other Developer Contributions	12,569	0	12,569
	4,414,611	1,802,912	6,217,523

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 8 July 2013

Portfolio:	Policy and Resources
Subject:	Treasury Management Annual Report 2012/13
Report of:	Director of Finance and Resources
Strategy/Policy:	Finance and Treasury Management Strategies
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:

The Annual Report on Treasury Management for 2012/13 has been prepared in order to comply with the reporting requirements of the Code of Practice for Treasury Management produced by the Chartered Institute of Public Finance and Accountancy and adopted by the Council.

Executive summary:

The financial year 2012/13 continued the challenging environment of previous years; low investment returns and continuing counterparty risk continued.

Full details of investment and borrowing activity in 2012/13 are set out in the main body of this report. Investment activity in 2012/13 is summarised below:

	£m
Investments as at 1 April 2012	32.9
Investments made in 2012/13	141.1
Investments repaid in 2012/13	141.2
Investments as at 31 March 2013	32.8

Total investment interest receivable for the year was £647,761. The total of external interest paid on borrowing and other amounts invested with the Council was £1,401,421.

The net total of £753,660 has been allocated to the Council's funds as shown in the following table:

	£
Net amount credited to the General Fund	938,694
Net amount credited to the Whiteley Fund	6,440
Net amount debited to the Housing Revenue Account	(1,698,794)
Net Total	(753,660)

During 2012/13, the Council complied with its legislative and regulatory requirements of the Prudential Code.

Recommendation:

That the Treasury Management Annual Report for 2012/13 be noted.

Reason:

This report has been prepared in order to comply with the reporting requirements of the Code of Practice for Treasury Management.

Cost of proposals:

Not applicable.

Appendices A: Total Investment Activity 2012/13

B: 2012/13 Prudential and Treasury Indicators

Background papers: None

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BOROUGH COUNCIL

Executive Briefing Paper

Date: 8 July 2013

Subject: Treasury Management Annual Report 2012/13

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2012/13. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
2. During 2012/13 the minimum reporting requirements were that the full Council should receive the following reports:
 - An annual treasury strategy at the start of the year (Council 26/04/12);
 - A mid-year (minimum) treasury update report (Council 13/12/12);
 - An annual report following the year describing the activity compared to the strategy (this report).
3. In addition, the Council has received quarterly treasury management update reports on 03/09/2012, 05/11/2012 and 11/02/2013 which were received by the Executive.
4. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
5. The Council also confirms that it has complied with the requirement under the Code to give scrutiny to treasury management activity, by the Audit and Governance Committee.

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THE ECONOMY AND INTEREST RATES

6. The financial year 2012/13 continued the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk. The original expectation for 2012/13 was that Bank Rate would start gently rising from quarter 4 2014. However, economic growth in the UK was disappointing during the year due to the UK austerity programme, weak consumer confidence and spending, a lack of rebalancing of the UK economy to exporting and weak growth in the UK's biggest export market - the European Union (EU).
7. The UK coalition Government maintained its tight fiscal policy stance against a background of warnings from two credit rating agencies that the UK could lose its AAA credit rating. Moody's and Fitch followed up this warning by actually downgrading the rating to AA+ in February 2013 and April 2013 respectively. Key to retaining the AAA rating from S&P will be a return to strong economic growth in order to reduce the national debt burden to a sustainable level, within a reasonable timeframe.
8. Weak UK growth resulted in the Monetary Policy Committee increasing quantitative easing (QE) by £50bn in July to a total of £375bn. Bank Rate therefore ended the year unchanged at 0.5% while CPI inflation fell from 3% at the start of the year to end at 2.8% in March, with a fall back to below 2% pushed back to quarter 1 2016.
9. The EU sovereign debt crisis was an ongoing saga during the year with first Greece and then Cyprus experiencing rises which were met with bailouts after difficult fraught negotiations.
10. Gilt yields oscillated during the year as events in the ongoing Eurozone debt crises ebbed and flowed, causing corresponding fluctuations in safe haven flows into/out of UK gilts. This together with a further £50bn QE in July and widely expected further QE to come combined to keep PWLB rates depressed for much of the year at historically very low levels.
11. The Funding for Lending Scheme, announced in July, resulted in a flood of cheap credit being made available to banks and this has resulted in money market investment rates falling sharply in the second half of the year. However, perceptions of counterparty risk have improved after the ECB statement in July that it would do "whatever it takes" to support struggling Eurozone countries. This has resulted in some return of confidence to move away from only very short term investing.

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THE STRATEGY FOR 2012/13

12. The expectation for interest rates within the strategy for 2012/13 anticipated low but rising Bank Rate (starting in quarter 4 of 2014) with similar gradual rises in medium and longer term fixed borrowing rates over 2011/12. Variable or short-term rates were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
13. The actual movement in gilt yields meant PWLB rates fell sharply during the first quarter of the year to historically low levels. This was caused by a flight to quality into UK gilts from EU sovereign debt and from shares as investors became very concerned about the potential for a Lehman's type crisis of financial markets if the Greek debt crisis were to develop into a precipitous default and exit from the Euro.
14. During the second and third quarters, rates rose gradually and agreement of a second bail out for Greece in December saw the flight to quality into gilts reverse somewhat, as confidence rose that the Eurozone crisis was finally subsiding. However, gilt yields then fell back again during February and March as Eurozone concerns returned, with the focus now shifting to Cyprus, and flight to quality flows into gilts resumed. This was a volatile year for PWLB rates, driven by events in the Eurozone which oscillated between crises and remedies.

THE BORROWING REQUIREMENT AND DEBT

15. The abolishment of the housing subsidy system in March 2012 resulted in £40 million of fixed rate loans being taken out with PWLB, as detailed below:

Principal	Interest Rate	Maturity (years)
£4m	3.52%	40.5
£4m	3.51%	41.5
£4m	3.51%	42.5
£4m	3.51%	43.5
£4m	3.50%	44.5
£4m	3.50%	45.5
£4m	3.50%	46.5
£4m	3.49%	47.5
£4m	3.49%	48.5
£4m	3.48%	49.5

16. In addition to the fixed rate loans, the Council holds investments from Portchester Crematorium Joint Committee and the Cocks' Bequest Trust Fund which are treated as temporary loans.
17. Total interest payable by the Council in 2012/13 amounted to £1,401,421, as shown below:

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	£
Interest payable to PWLB	1,393,147
Interest payable on investments with the Council	2,487
Other interest payable (e.g. HMRC, bonds)	5,787
Total	1,401,421

INVESTMENT RATES IN 2012/13

18. Bank Rate remained at its historic low of 0.5% throughout the year. It has now remained unchanged for four years. Market expectations of the start of monetary tightening were pushed back during the year to early 2015 at the earliest. The Funding for Lending Scheme resulted in a sharp fall in deposit rates in the second half of the year.

INVESTMENT OUTTURN FOR 2012/13

19. The Council's investment policy is governed by CLG guidance, which was been implemented in the annual investment strategy approved by the Council on 26 April 2012. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).
20. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
21. The Council maintained an average balance of £31 million of internally managed funds earning an average rate of return of 1.30%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.37%.
22. The Council uses the external fund manager Tradition UK Ltd to invest up to £13 million of the Council's cash balances. The use of the external fund manager is a chargeable arrangement and has been in place since 2000. The performance of the fund was 2.23% compared to the 7-day LIBID benchmark return of 0.37%.
23. The list of approved institutions for the investment of the Council's surplus funds has been reviewed on a regular basis, taking account of the grading system for investment institutions operated by the Council's treasury management advisors, Sector Treasury Services.
24. The Council's investments were £32.9 million on 1 April 2012, which decreased slightly to £32.8 million on 31 March 2013. However, at times during the year the level of investment was higher, as shown in the following table:

The Overall Level of Investments	
Date	£m
1 April 2012	32.9
30 June 2012	38.7
30 September 2012	43.8
31 December 2012	41.3
31 March 2013	32.8

25. An analysis of internally and externally managed investment activity and call accounts used during the year is shown in the table below. During the year the Council also invested in Money Market Funds to help diversify the Council's investment portfolio. These are AAA-rated funds enabling instant access to cash whilst proving enhanced security and a yield reflective of their security and liquidity aspects.

	Externally Managed £m	Internally Managed £m	Call Accounts £m	Money Market Funds £m	Total £m
Investments at 1 April 2012	12.0	10.0	7.9	3.0	32.9
New investments	7.0	21.0	110.1	3.0	141.1
Investments repaid	9.0	19.0	107.2	6.0	141.2
Investments at 31 March 2013	10.0	12.0	10.8	0.0	32.8

26. The level of investment activity with each authorised institution is set out in Appendix A.
27. As the base rate has remained unchanged at 0.5% since March 2009, this has had a major impact on the rate of return on the Council's investments as the longer-term investments have matured.
28. The following table shows the range of interest rates for the investment portfolio at the end of the year compared with the position in the previous year:

At 31 Mar '12 (£m)	Investments	At 31 March '13	
		£m	%
18.9	Interest Rate between 0.51% and 1.00%	17.8	54
0	Interest Rate between 1.00% and 1.50%	3.0	9
2.0	Interest Rate between 1.51% and 2.00%	0	0
2.0	Interest Rate between 2.01% and 2.50%	0	0
6.0	Interest Rate between 2.51% and 3.00%	10.0	30
4.0	Interest Rate between 3.01% and 3.50%	2.0	6
32.9	Total	32.8	100

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29. The total interest received in respect of the 2012/13 investment activity and other interest received from car loans and housing association loan payments is set out in the following table:

	£
Investments	503,299
Call Accounts	111,992
Money Market Funds	24,236
Other	8,234
Total	647,761

INTEREST ALLOCATION

30. The interest receivable by the Council of £647,761 has to be allocated between the General Fund and the Housing Revenue Account (HRA), but interest was also payable in respect of the balances on the Whiteley Fund.
31. The allocation of interest to the HRA is based on the average balance for the year on the HRA itself, the Housing Repairs Account and the Major Repairs Reserve, using the average interest rate earned on external investments. The interest to be credited to the other funds is calculated in a similar way:

	£
Total interest receivable	647,761
Less:	
Amount due to Housing Revenue Account	164,926
Amount due to Whiteley Fund	6,440
Balance credited to the General Fund	476,395

32. The interest payable by the Council of £1,401,421 also has to be allocated between the General Fund and the HRA. The amount payable by the HRA is made up of the interest payable on external PWLB loans, internal General Fund loan and the HRA capital financing requirement.
33. This calculation means that the amount payable by the HRA to the General Fund is actually greater than the amount payable by the General Fund, as shown in the following table:

	£
Total interest payable by the General Fund	1,401,421
Less:	
Amount chargeable to the HRA	1,863,720
Surplus accruing to the General Fund	(462,299)

34. The net balance credited to the General Fund of £938,694 is shown in the General Fund as "Interest on Balances" for which the revised budget was £874,500.

PRUDENTIAL AND TREASURY INDICATORS

35. During 2012/13, the Council complied with its legislative and regulatory requirements. Appendix B shows the actual prudential and treasury indicators for 2012/13. Detailed information on actual capital expenditure and how this was financed can be found in a separate report on this agenda.

SUMMARY

36. This report gives details of the treasury management activity in 2012/13 in accordance with the reporting requirements set out in the CIPFA Code of Practice for Treasury Management. Members of the Executive are asked to note the report.

RISK ASSESSMENT

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

Reference Papers: CIPFA Code of Practice for Treasury Management

APPENDIX A

Total Investment Activity 2012/13 with Each Approved Institution

	Externally Managed £	Internally Managed £	Call Accounts £	Money Market Funds £	Total £
<u>Clearing Banks</u>					
RBS (incl Nat West)	4,000,000	3,000,000	217,284,000		224,284,000
Barclays Bank	2,000,000	15,000,000			17,000,000
Lloyds Banking Group	2,000,000	8,000,000			10,000,000
HSBC			6,000,000		6,000,000
<u>Other Banks</u>					
Santander UK	2,000,000		2,000,000		4,000,000
<u>Building Societies</u>					
Nationwide	5,000,000	5,000,000			10,000,000
Skipton	2,000,000				2,000,000
Nottingham	2,000,000				2,000,000
<u>Money Market Funds</u>					
Ignis Sterling Liquidity Fund				3,000,000	3,000,000
LGIM Sterling Liquidity Fund				3,000,000	3,000,000
Total Investments	19,000,000	31,000,000	225,284,000	6,000,000	281,284,000

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2012/13 Prudential and Treasury Indicators - Actual Performance

Indicator	Description	2012/13 Indicator	2012/13 Actual
<u>Aff.1</u>	Affordability Measure: Financing Costs as a percentage of net revenue stream		
	Overall Position	3%	4%
1a	General Fund	-11%	-9%
1b	Housing Revenue Account	15%	15%
<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	£1.53
2b	Housing Rent increases, borrowing costs only	£0.82	£0.00
<u>Aff.3</u>	Affordability Measure: Capital Expenditure (£'000s)		
	General Fund	£5,940	£4,415
	Housing Revenue Account	£2,326	£1,803
	Total Capital Expenditure	£8,266	£6,218
<u>Aff.4</u>	Affordability Measure: External Debt Level (£'000s)		
	Authorised limit, comprising	£66,000	£40,463
	- borrowing	£49,555	£40,000
	- other long term liabilities	£16,445	£463
	Operational boundary, comprising	£55,000	£40,463
	- borrowing	£49,555	£40,000
	- other long term liabilities	£5,445	£463
<u>Aff.5</u>	Affordability Measure: Capital Financing Requirement (CFR) (£'000s)		
	General Fund CFR closing balance in the year	£51,338	£51,051
	HRA CFR closing balance in the year	-£2,754	-£2,754
		£54,092	£53,805
<u>Pru.1</u>	Prudence Measure: Gross Debt and Capital Financing Requirement (CFR) (£'000s)		
	Gross Debt	£42,471	£41,839
	CFR (for last, current and next 2 years)	£204,204	£204,204
	Has measure been achieved?	Achieved	Achieved
	Memorandum Item : Prudence margin	£161,733	£162,365
<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
<u>Pru.3</u>	Prudence Measure: Upper Limits to fixed and variable interest rate exposure		
	Upper limit to variable interest rate exposures	25%	25%
	Upper limit to fixed interest rate exposures	100%	100%
<u>Pru.4</u>	Prudence Measure: Maturity structure of borrowing		
	Loans maturing within 1 year	<u>Upper</u> Limit 25%	£40m long term loans from PWLB
	Loans maturing within 1 - 2 years	25%	
	Loans maturing within 2 - 5 years	25%	
	Loans maturing within 5 - 10 years	50%	
	Loans maturing in over 10 years	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	£0

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