

FAREHAM

BOROUGH COUNCIL

AGENDA FOR THE EXECUTIVE

Date: Monday, 2 February 2015

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, MBE, Public Protection (Deputy Executive Leader)

Councillor B Bayford, Health and Housing

Councillor K D Evans, Planning and Development

Councillor Mrs C L A Hockley, Leisure and Community

Councillor L Keeble, Streetscene



1. Apologies for Absence

2. Minutes (Pages 1 - 4)

To confirm as a correct record the minutes of the meeting of Executive held on 5 January 2015.

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

To receive any reference from the committees or panels held.

Matters for Decision in Public

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

8. Health and Housing

Key Decision Notice

(1) Award of Contract - Construction of a 36 Unit Sheltered Housing Scheme at the Former Coldeast Hospital Site, Park Gate (Pages 5 - 10)

A report by the Director of Community.

(2) Extension of Existing Gas Boiler Servicing, Repair and Replacement Contract (Pages 11 - 14)

A report by the Director of Environmental Services.

9. Leisure and Community

Key Decision Notice

(1) Appointment of a Leisure Operator for the Western Wards Leisure Centre (Pages 15 - 20)

A report by the Director of Community.

10. Public Protection

Key Decision Notice

(1) Traffic Management Programme (Pages 21 - 44)

A report by the Director of Environmental Services.

11. Policy and Resources

Key Decision Notice

(1) Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2015/16 (Pages 45 - 54)

A report by the Director of Finance and Resources.

(2) Housing Revenue Account Spending Plans including the Capital Programme for 2015/16 (Pages 55 - 68)

A report by the Director of Finance and Resources.

(3) Insurance Services Tender (Pages 69 - 80)

A report by the Director of Finance and Resources.

Non-Key Decision

(4) Annual Review on Corporate Regulation of Investigatory Powers Act 2000 (RIPA) Policy (Pages 81 - 112)

A report by the Director Finance and Resources.

(5) Quarterly Financial Monitoring Reports 2014/15 (Pages 113 - 122)

A report by the Director of Finance and Resources.

(6) Treasury Management Monitoring Report 2014/15 (Pages 123 - 136)

A report by the Director of Finance and Resources.

P GRIMWOOD
Chief Executive Officer

www.fareham.gov.uk

23 January 2015

**For further information please contact:
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FAREHAM

BOROUGH COUNCIL

Minutes of the Executive

(to be confirmed at the next meeting)

Date: Monday, 5 January 2015

Venue: Collingwood Room - Civic Offices

Present:

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

Also in attendance:

Mrs S M Bayford, Chairman of Streetscene Policy Development and Review Panel
Miss S M Bell, Chairman of Leisure and Community Policy Development and Review
Panel
Mrs P M Bryant, Chairman of Licensing and Regulatory Affairs Committee
Mrs M E Ellerton, Chairman of Health and Housing Policy Development and Review
Panel
A Mandry, Chairman of Planning and Development Policy Development and Review
Panel
D C S Swanbrow, Chairman of Scrutiny Board
N J Walker, Chairman of Planning Committee; for item 10(2)
Mrs K K Trott, for item 8(1)



1. APOLOGIES FOR ABSENCE

There were no apologies given for this meeting.

2. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 1 December 2014 be confirmed and signed as a correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

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

4. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

5. PETITIONS

There were no petitions submitted at this meeting.

6. DEPUTATIONS

There were no deputations received at this meeting.

7. MINUTES / REFERENCES FROM OTHER COMMITTEES

There were no references made from other committees.

8. HEALTH AND HOUSING

- (1) Award of Contract - Construction of Six Passivhaus Homes at Coldeast Sarisbury

At the invitation of the Executive Leader, Councillor Mrs K K Trott addressed the Executive on this item.

RESOLVED that the Executive:

- (a) notes the level of grant funding secured from the Homes and Communities Agency to support delivery of the project;
- (b) approves a revised budget of £1,000,000 in light of the funding secured and the costs of construction confirmed by the tender; and
- (c) authorises the Director of Community to enter into contract with Interserve Construction Limited to complete the proposed development.

9. PLANNING AND DEVELOPMENT

(1) Titchfield Village Parking Review

RESOLVED that the Executive supports the proposal and recommendations to change the parking arrangements in Titchfield Village Centre, and approves that:

- (a) for The Square, to introduce 8 extra spaces restricted to 30-minute parking (no return within one hour) between 8am and 6pm Monday to Sunday, resulting in a total of 13 spaces with this restriction; and in addition to convert one space in the south-western corner of The Square to motor-cycle parking only;
- (b) for Barry's Meadow Car Park, to withdraw existing parking permits for business users previously issued for this car park;
- (c) for Titchfield Community Centre Car Park, to re-arrange the internal layout of the car park to create an estimated 25 to 30 extra parking spaces; and
- (d) the effectiveness of the schemes detailed in recommendations (a) (b) and (c) be reviewed after one year.

10. POLICY AND RESOURCES

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

RESOLVED that the Executive agrees:

- (a) that the capital programme for the period 2014/15 - 2018/19, amounting to £33,176,000 be approved;
- (b) that the revised 2014/15 general fund budget, amounting to £9,516,100 be approved;
- (c) that the base 2015/16 general fund revenue budget amounting to £9,120,200 be approved; and
- (d) that the use of the surplus on the spending reserve as set out in paragraphs 30-32 be approved.

(2) Community Fund Application - Adrian Stannard

At the invitation of the Executive Leader, Councillor N J Walker addressed the Executive on this item.

RESOLVED that the Executive approves the application for funding submitted by Mr Adrian Stannard for £9,250.00 and agrees that it is taken from Fareham Borough Council's Community Funding Programme.

11. 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.

12. POLICY AND RESOURCES

(1) Irrecoverable Debts

RESOLVED that the debts listed in Appendix A to the report, be written off as irrecoverable.

(The meeting started at 6.00 pm
and ended at 6.28 pm).

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio:	Health and Housing
Subject:	Award of Contract - Construction of a 36 Unit Sheltered Housing Scheme in Park Gate.
Report of:	Director of Community
Strategy/Policy:	Housing Strategy
Corporate Objective:	A Balanced Housing Market

Purpose:

This report seeks approval to enter into contract with a selected developer for the construction of a new sheltered housing scheme in Park Gate.

Executive summary:

On 7th April 2014 the Executive approved a provisional budget to fund the construction of a new 36 unit sheltered housing scheme at the former Coldeast Hospital site in Park Gate.

Since the last report, the design for the scheme has been set and planning permission has been secured. In addition, £720,000 of grant funding has been secured from the Homes and Communities Agency's 2015 – 2018 Affordable Homes Programme to help meet the costs of construction.

A two stage competitive tender has been conducted to identify a suitable contractor to construct the scheme and approval is now sought from the Executive to enter into contract with the recommended contractor to bring the scheme forward.

Recommendation/Recommended Option:

That the Executive agrees to:

- (a) authorise the Director of Community to enter into contract with and accept the level of grant funding from the Homes and Communities Agency to support delivery of the project; and
- (b) authorise the Director of Community to enter into contract with Drew Smith Limited to complete the proposed development.

Reason:

To enable new affordable homes to be built which will meet local housing needs, further enhance the Council's older person's housing stock and contribute to the corporate objective of enabling 500 new affordable homes by 2017.

Cost of proposals:

The confirmed budget for this development is £5.5M. This will cover the cost of construction and all on costs associated with the development.

The contract sum for the cost of construction is £4.78M. This will be met from the Housing Revenue Account and grant funding secured from the Homes and Community Agency.

Appendices: **A:** Schedule of Tenders - Confidential

Background papers:

- Report to the Executive for Decision 7th April 2014 – Affordable Housing Programme 2015 – 2018.

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 02 February 2015

Subject: Award of Contract - Construction of a 36 Unit Sheltered Housing Scheme at Park Gate.

Briefing by: Director of Community

Portfolio: Health and Housing

INTRODUCTION

1. The purpose of this report is to secure approval from the Executive to award a contract to the recommended building contractor to construct a new 36 unit sheltered housing scheme at the former Coldeast Hospital site in Park Gate.

THE PROPOSAL

2. As part of planning negotiations for the redevelopment of the former Coldeast Hospital site, land was secured by the Council to provide a new sheltered housing scheme.
3. Detailed planning permission was secured in April 2014 for a scheme that will provide 36 new units of sheltered housing benefitting from communal facilities and shared garden space. There will be 11 x 2 bedroom flats and 25 x 1 bedroom flats. All of the units will have their own private balcony or patio, will be fully wheelchair accessible, and able to cater for a range of different support needs. There will be a communal lounge, activity room, mobility scooter store, and hair salon.
4. Once constructed the units will be let on an affordable rent to existing tenants with support needs wishing to downsize and to other suitable applicants on the Council's Housing Waiting List.

THE TENDER PROCESS

5. A two stage competitive tender exercise has been conducted to select a design and build contractor with the appropriate skills and experience to deliver the scheme.
6. The first stage was in the form of a Pre-Qualification Questionnaire (PQQ) placed on the South-East Business Portal, which was open to all to apply. A total of 10 submissions were received. Each submission was assessed to determine relevant skills, experience and expertise in order to identify the 4 most suitable companies to invite to complete the second stage.

7. The second stage of the tender was assessed upon cost only. Drew Smith Limited submitted the most competitive tender. The company are based in Durley, Southampton and have a good experience of producing housing schemes of this nature.

FINANCIAL IMPLICATIONS

8. The contract sum to appoint Drew Smith Limited totals ££4,782,948.00. This is offered as a fixed sum to cover the cost of detailed design and construction.
9. In April 2014, the Executive approved a provisional budget (excluding land acquisition) of £5.5M to deliver this scheme. This figure was based upon officer projections of the likely construction cost. Subsequent to setting the budget the Council successfully secured £720,000 to help fund the development from the Homes and Communities Agency's 2015-2018 Affordable Homes Programme. In light of the fixed price offered by Drew Smith Limited it is anticipated that the scheme can be delivered within the budget previously set.

TIMETABLE FOR DELIVERY

10. If approval is given to enter into contract it is anticipated that construction will commence in June 2015. Construction is forecasted to take circa 65 weeks resulting in anticipated completion for autumn 2016.

Reference Papers:

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio: Health and Housing
Subject: **Extension of Existing Gas Boiler Servicing, Repair and Replacement Contract**
Report of: Director of Environmental Services
Strategy/Policy:
Corporate Objective: Safe and healthy place to live and work

Purpose:

This report considers the extension of the existing contract for Gas Servicing and Boiler Replacement for the Council's building portfolio for up to a further two years.

Executive summary:

This report provides the Executive with information on of the existing contract with TSG Building Services Ltd for Gas Servicing and Boiler Replacement and its performance. Approval is sought to extend the existing contract for up to 2 years.

Recommendations:

That the Executive approves that:

- (a) the existing contract with TSG Building Services Ltd be extended for 1 year from its existing expiry date of 1 March 2015; and
- (b) authority be delegated to the Monitoring and Section 151 Officers to jointly approve a further year extension of the contract from 1 March 2016, subject to satisfactory performance by the contractor.

Reason:

To comply with the Council's statutory duty to its tenants and to maintain the Councils assets to a good standard.

Cost of proposals:

The annual projected cost per annum for servicing and breakdowns is £219,000 and £250,000 for boiler replacements, all to be financed from existing and future revenue budgets, HRA for Council Housing and General Fund for other Council owned buildings.

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 02 February 2015

Subject: Extension of Existing Gas Boiler Servicing, Repair and Replacement Contract

Briefing by: Director of Environmental Services

Portfolio: Streetscene

INTRODUCTION

1. On the 11 January 2010 the Executive awarded a contract to TSG Building Services Ltd to undertake gas servicing, boiler repairs and boiler replacements across the borough to the Council's building portfolio for a period of up to 5 years.
2. The original tender offered the option to extend the contract for a further 2 years subject to satisfactory performance by the contractor.
3. Vanguard consultants have been involved with Building Services since November 2013. The service is now delivering its responsive maintenance in a new method focused on 'what matters' to its customers. The planned and cyclical maintenance will be subject to a Vanguard intervention therefore it would be prudent to avoid procurement of any long-term agreements for any part of its service until the Council has certainty on how it delivers the service in the future.

CONTRACTOR PERFORMANCE

4. The contract offers a number of Key Performance Indicators designed to monitor the contractor performance in a number of key areas.
5. The primary indicator of performance for this contract and contractor is the number of properties with a current Landlord's Gas Safety Certificate. Currently there are two properties with expired certificates and in both cases these relate to the resident not enabling access to their home and are now subject to formal procedures to resolve. Our percentage of compliance for Landlord Gas Safety Certificates is currently 99.9%.
6. Customer satisfaction is monitored by way of satisfaction cards. The most recent results demonstrate that 96.16% of customers were satisfied with the service provided. The contract target level being 96%.

7. All invoices are checked for validity and quality. In the last 12 months the variance between applications for payment and agreement payment is 0.45%. The contract target level being 1%.
8. A percentage of all work completed on this contract is reviewed by an independent assessor and the level of faults identified is very low.
9. Complaints are recorded and investigated. In the last 12 months there have been 14 complaints recorded from the 1,807 dwellings served on this contract. This results in a compliance level of 0.77% which is below the target level of 1% detailed in the contract.
10. There have been no recorded incidents of health and safety events in the last 12 months on the existing contract.
11. The contractors performance against the contractual requirements is demonstrated as being more than satisfactory therefore supporting the recommendations of this report. The contractors performance would continue to be monitored in the same manner should the contract be extended as recommended.

FINANCIAL IMPLICATIONS

12. These works would be funded from the existing Housing Revenue Account for Council Housing properties and General Fund revenue budgets for other Council owned buildings including Civic Offices, Ferneham Hall and the Council Depot.
13. The annual projected cost for this work will be £219,000 for servicing and breakdowns works and £250,000 for boiler replacements.
14. The contract contains a formula for an annual increase in cost of the works. The contractor has agreed that this will continue to be the basis for future annual increases.
15. A desktop soft market test has been undertaken to determine whether the recommendation of this report continues to offer value for money to the Council. The table below details the findings of the testing, providing assurance that value for money will continue to be achieved by the Council for this service:

Company	Annual Cost for Service and Breakdown Cover	% Difference
TSG Building Services Ltd	£134.24	
British Gas	£264.00	+97%
Homeserve	£288.00	+115%
N Power	£186.00	+39%
Scottish Power	£189.60	+41%

CONCLUSION

16. The Council has a statutory duty to manage gas appliances within the building portfolio, to prevent risks of carbon monoxide poisoning from faulty appliances and gas leaks. In compliance with the Gas Safety Register recommendations, gas systems must receive an annual gas safety check or service; to protect Council tenants, leaseholders, contracted employees and the public and ensure that all reasonably practicable steps have been followed to manage the associated risks.
17. Based on the contractor performance information detailed above TSG Building Services Ltd is considered as performing to a good standard and will continue to provide value for money to the Council.
18. TSG Building Services Ltd has confirmed they will accept an extension of the contract of up to 2 years based on the existing terms of the contract.
19. The Council's planned and cyclical maintenance delivery will be subject to a Vanguard intervention therefore it would be prudent to avoid procurement of any long-term agreements for any part of its service until the Council has certainty on how it delivers the service in the future.
20. In order to discharge the Council's duty it is recommended that the existing contract with TSG Building Services Ltd is extended by 1 year from its existing expiry date 1st March 2015.
21. In addition it is recommended that the Executive delegate authority to the Council's Monitoring and Section 151 officers to jointly approval a further 1 year extension of the contract from 1st March 2016 subject to satisfactory performance by the contractor.

Reference Papers:

Housing Revenue Account Spending Plans, including the Capital Programme for 2013/14
Report to the Executive 11 January 2010 – Award of Tender - Domestic Gas Servicing and Boiler Replacement Framework Contract - No. GS001 award of contract

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio: Leisure and Community
Subject: **Appointment of a Leisure Operator for the Western Wards Leisure Centre**
Report of: Director of Community
Strategy/Policy: Leisure Strategy
Corporate Objective: Leisure for Health and for fun.

Purpose:

This report seeks approval for the appointment of the leisure operator for the new Western Wards Leisure Centre.

Executive summary:

The Western Wards Leisure Centre is currently planned to come into operation on 1 May 2016. This report recommends that the new leisure centre be managed by SLM Limited, the current operators of the Fareham Leisure Centre, and that a Deed of Variation to the existing Management Agreement be entered into to formalise this arrangement.

The Heads of Terms of the proposed agreement have been considered by the Project Member Working Group overseeing this project and are presented for consideration within the confidential appendix to this report.

As part of the agreement, it is proposed that the Council fund the purchase of fixtures and fittings, including the fitness equipment for the gym, in return for a higher annual management fee from the operator.

Recommendation/Recommended Option:

That the Executive:

- (a) approves entering into an agreement with SLM Limited to operate the Western Wards Leisure Centre based on the negotiated heads of terms as set out in the confidential appendices; and
- (b) approves a capital budget of up to £585,000 to fund the procurement of fixtures and fittings, including fitness equipment and swimming pool accessories for the new leisure centre.

Reason:

To allow an operator to be appointed and be in place prior to the start of construction of the Western Wards Leisure Centre and to ensure that the same operator manage both of the Fareham Borough Council owned leisure centres in the Borough.

Cost of proposals:

A capital budget of £585,000 is required to purchase the fixtures and fittings for the new Western Wards Leisure Centre. This can be met from within the Council's Capital Programme subject to replenishment in future years.

Appendices:

A: Confidential Heads of Terms

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 02 February 2015

Subject: Appointment of a Leisure Operator for the Western Wards Leisure Centre

Briefing by: Director of Community

Portfolio: Leisure and Community

INTRODUCTION

1. At its meeting in April 2014, the Executive approved the project to construct a new Leisure Centre on the site of the former Coldeast hospital and in July 2014 established a Project Members Working Group to oversee the delivery of this important project. Work on the project is progressing well with a design and build contractor appointed, public consultation completed and a planning application considered by the Planning Committee on the 28 January 2015.
2. In parallel to the work on the design of the Leisure Centre, the management of the new facility has been under consideration. Following consultation with the members working group this report recommends SLM Limited be appointed to operate the new leisure centre.

BACKGROUND

3. Fareham Leisure Centre is operated by SLM under a management agreement which is due to expire on 30 April 2020. Supplemental to this are separate lease agreements relating to the building, the car park and the Park Lane tennis courts.
4. The Western Wards Leisure Centre is currently planned to come into operation in May 2016.
5. The members working group consider it is preferable to have one operator to manage both facilities rather than having different operators for each of the leisure centres, who would then be competing against each other. It is also preferable to have one management agreement for the combined facilities, accepting that there will need to be separate lease agreements for each leisure centre.

LEGAL ISSUES

6. With this in mind, legal advice has been sought to determine if it is acceptable to vary the existing contract with SLM for them to operate the new facility or whether there is a

need to advertise the opportunity and undertake a full procurement exercise.

7. The legal advice received from Counsel was that the addition of the Western Wards Leisure Centre to the existing contract would not represent a material change to the existing arrangement and that a full procurement exercise was not required.
8. However, it was recommended that a voluntary ex ante transparency notice (VEAT) be published to advise potential operators of the Council's intention to negotiate a direct award of contract with SLM and to give them the opportunity to challenge this should they wish.
9. A VEAT Notice was published in the Official Journal of the European Union (OJEU) setting out the Council's intention to award a variation of the existing contract with SLM and the reasons why it was not required to advertise. The VEAT Notice expired on 22 December 2014 and there were no challenges to the proposal which allowed officers to negotiate contract heads of terms with SLM.

AGREEMENT WITH SLM

10. A number of negotiation meetings have been held with SLM to discuss the heads of terms for the variation and these are presented in the confidential Appendix A attached to this report.
11. The new four year agreement will be co terminus with the existing Fareham Leisure Centre management agreement. Following this four year period, both leisure centres will be subject to a competitive tender exercise in a combined contract.
12. The draft heads of terms have been considered by the members working group which recommends the draft heads of terms be approved by the Executive.

FITNESS EQUIPMENT

13. The draft heads of terms agreed with SLM include a proposal for the Council to fund the purchase of the equipment (fixtures and fittings) required to operate the leisure centre e.g. fitness equipment, fitting out the changing rooms and swimming pool and office furniture. Should the actual cost exceed the agreed amount, then SLM have agreed to fund these costs.
14. It is recommended that a capital budget of £585,000 be approved for payment to SLM to allow the purchase of the equipment required to operate the new Leisure Centre.

CONCLUSION

15. The construction of the Western Wards Leisure Centre is due to commence in spring 2015. In parallel to the design process, confirmation has been obtained that a direct award to SLM Limited (the operators of Fareham Leisure Centre) would not constitute a breach of procurement laws and therefore negotiations have been undertaken with SLM.
16. Draft Heads of Terms for a Deed of Variation have been agreed with SLM and have been considered by the member working group. The Executive are requested to consider appointing SLM to operate the new Western Wards Leisure Centre.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio: Public Protection
Subject: Traffic Management Programme
Report of: Director of Environmental Services
Strategy/Policy:

Corporate Objective: A safe and healthy place to live and work

Purpose:

To update the Executive on progress in delivering the 2014/15 Traffic Management programme and request members to consider and recommend the programme for 2015/16.

Executive summary:

The Executive agreed the 2014/15 Traffic Management Programme on 10 February 2014. This report updates members on progress in delivering the 2014/15 Traffic Management Programme, seeks approval for the Traffic Regulation Order priorities for 2015/16, and informs the Executive of the general work undertaken by the Traffic Management Team.

Recommendation:

That the Executive notes the progress on the current 2014/15 programme, considers planned work for 2015/16 identified in Appendices A to D to this report and agrees that:

- (a) the Proposed Traffic Regulation Order Programme for 2015/16, as shown in Appendix B (Table 4) to the report, be approved;
- (b) the work undertaken on the deployment of the Speed Limit Reminder signs, as detailed at Appendix D to the report, be noted.

Reason:

To improve road safety and to reduce congestion.

Cost of proposals:

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

Appendices:

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

Background papers:

None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 02 February 2015

Subject: Traffic Management Programme

Briefing by: Director of Environmental Services

Portfolio: Public Protection

INTRODUCTION

1. Traffic Management is undertaken on behalf of Hampshire County Council (HCC) through an Agency Agreement. An annual allocation of funding is provided for administration of the Agency Agreement and to fund the introduction of Traffic Regulation Orders (TROs) and associated signs and lines.
2. This report is presented to the Executive in order to provide an update on the progress of the current programme and seeks comment on the proposed programme for 2015/16. The current programme was last reported to and agreed by the Executive on 10 February 2014.
3. The total allocation from HCC for 2014/15 for implementing TROs, including a small amount for the introduction of new signing and lining to address minor traffic management issues and the marking of disabled driver bays, was £15,500. This is considered further under the heading "Funding and Resources" below, and will remain the same for 2015/16. An allocation of £68,286 is also made by the County through the agency agreement to meet the cost of officers undertaking this work.
4. Under the Traffic Management Agency Partnership Agreement, the process for approving the TRO Programme is required to be agreed by Hampshire County Council after receiving a recommendation from Fareham Borough Council's Executive and comments from the relevant Hampshire Highways Workshop.
5. The Executive is requested to consider the programmes in this report and the recommendations from the Public Protection Policy Development and Review Panel before consideration by the relevant Hampshire Highways Workshop.

TRAFFIC INVESTIGATIONS

6. An update on the progress of Traffic Investigations approved for 2014/15 (Table 1) is shown in Appendix A. The table explains the progress on each

scheme, and the ongoing list of Traffic Investigations is shown. Any uncompleted in 2014/15 will be rolled over to form the following year's programme (2015/16).

TRAFFIC REGULATION ORDERS

7. The TRO Programme is a programme of investigations that are likely to result in the introduction of a legally enforceable TRO. Requests are received from many sources asking for the provision of restrictions, every one of which requires statutory consultation procedures including press advertisements and site notices. Without these processes, it would not be possible to provide the enforcement required after the order is introduced.
8. Where it is deemed necessary (at the discretion of the Traffic and Design Manager in consultation with the Head of Community Safety and Enforcement), a letter drop is carried out to all directly affected frontages where a TRO is proposed. This is done where a proposal is likely to be contentious, and where the scheme is likely to be modified if there are significant objections. This type of consultation is therefore less likely to take place where, for example, the proposal is a small scheme to provide something like or nothing more than junction protection for safety reasons.

Re-consolidation of Traffic Regulation Orders

9. In April 2007 all waiting restriction TROs were made into a single Consolidation Order as part of the introduction of de-criminalised parking. This was when the responsibility for enforcement was passed from the Police to FBC's Civil Enforcement Officers.
10. Between April 2007 and mid 2013, almost a hundred new TROs had been introduced and it became necessary to re-consolidate these. Approval to produce a new Consolidation Order was given by the Executive at its meeting of 7 October 2013. After extensive work over many months in close liaison with the Southampton and Fareham Legal Services Partnership, a new Consolidation Order was introduced in April 2014.

FUNDING AND RESOURCES

11. In addition to the funding allocation from HCC as mentioned in paragraph 3, further TROs are required as part of new developments or other highway schemes such as for casualty reduction. These TROs are funded separately, either by the developer or directly from the individual scheme budget and are scheduled in Appendix C Table 5.
12. The works and advertising costs for the introduction of a typical TRO involving double yellow lines are in the region of £1,500, as these do not require signing. Costs for single yellow line orders, limited waiting orders or speed limits will be more due to the regulatory signing requirements, particularly if there is a need for the signing to be illuminated.
13. Based on previous resource and funding levels, around ten sites can be considered for implementation in each year, and these are generally referred to as comprising the "internal" programme". The amount which can be processed depends to a fair extent on the "external" programme, which is made up of those requests that come in from and are funded by HCC and developers.

PRIORITISATION OF TROs

14. Schemes are prioritised based on the criteria previously agreed by the Executive. The prioritisation criteria are set out at the end of Appendix B. Low priority sites that meet few of the criteria are unlikely to justify being included in future programmes unless circumstances change.
15. Externally funded TROs do not require prioritisation as they are deemed necessary as part of a particular scheme or development. These TROs are progressed as and when required throughout the year.
16. Where there is a requirement for any changes to be made following a review of an implemented TRO, a report will be provided to the Executive portfolio holder.

REVIEW OF THE 2014/15 PROGRAMME

17. The progress of the TROs investigated in 2014/15 is shown in Table 3, Appendix B. Alongside those schemes, as agreed by the Executive on 10 February 2014, there have been additional externally funded Orders. These additional Orders are shown as 'Externally Funded' TROs in Table 5 Appendix C.
18. Members will note from Table 3 Appendix B that all of the TROs programmed to be investigated have been either implemented or are progressing towards implementation. Where there has been a delay, the reason is also detailed within the Appendix. Any scheme that is not completed in this current financial year will be carried over into the 2015/16 programme.

TRAFFIC REGULATION ORDERS – 2015/2016 PROGRAMME

19. The list of sites recommended by officers for investigation and possible implementation in 2015/16 is included in Table 4, Appendix B. These sites are the highest priority sites taken from the Pool List and are considered to be of greatest benefit to road safety or have been identified as an issue that needs an Order to be enforced under Fixed Penalty Enforcement (FPE). Any scheme from the 2014/15 programme that is not completed in this current financial year will be carried over into the 2015/16 programme.
20. The Executive Portfolio Holder for Public Protection has been given delegated authority, in conjunction with the Director of Environmental Services, and in consultation with Ward members, to manage the List of requests for TROs. Work has been undertaken to reduce the number of requests / schemes on this list. This is based upon the priority of the existing requests that are already on the list as well as those that are added to it through requests from Members and the public during the course of the year.
21. Hampshire County Council has advised that the Department for Transport is actively looking into the possibility of revising the legislation that governs the provision of double yellow lining at junction areas. This should open up the possibility of introducing restrictions in junction areas more easily than can be done at present, which in turn should allow local authorities to progress greater numbers of items than are practical at present.

22. At this stage this should not be seen as an invitation for further requests as many items have already been on the waiting list for some years; rather, it should be seen as offering slightly greater hope for some of those already on the list. However in due course and subject to the nature of the new legislation as and when it comes into force, the situation can be reviewed further at that time. An update on this situation can be provided in next year's report, by which time it is hoped that the new legislation will be in operation.

TEMPORARY TRAFFIC REGULATION ORDERS

23. Temporary road closures and diversions for road works, including works carried out by public utility companies, are processed by the Borough Council. The temporary closures are processed on request and include closures requiring an Order, those dealt with by site notices and also emergency closures. The cost of these Orders is recharged to the applicant. A total of 54 requests for temporary traffic orders have so far been progressed this year (2014/15), which is significantly higher than the figure at this time last year, of 34.

TRAFFIC MANAGEMENT FOR EVENTS

24. Since the Police are no longer available to assist with traffic management at events, FBC officers are now regularly consulted during the planning of events to participate in the production of a traffic management plan.
25. Where a smaller event (e.g. less than 500 visitors) has been held previously and without incident, the Council would not need to take a significant involvement unless specifically requested. However, for larger or new events, then the Traffic and Design Manager will attend a Safety Advisory Group (SAG) meeting where he will advise on any possible traffic problems and offer solutions.

SPEED LIMIT REMINDER SIGNS

26. CATs funding is used for the provision of six Speed Limit Reminder (SLR) signs, which flash the speed limit (either 20, 30 or 40), and are activated when a vehicle exceeds the set speed limit. These have now been in use since September 2010, and their deployment continues to be welcomed by Members and the general public.
27. There is also a Community Speedwatch programme operated from Park Gate police station, which involves members of the public using radar speed guns to measure vehicle speeds. Excessive speeds can be followed up by a police letter warning that their details have been noted.
28. The SLR programme is developed with information from the Police, HCC, local Members, CATs meetings and local residents. The locations of sites are shown at Appendix D. In respect of many locations comments have been made that traffic speeds have reduced, and their further use has been requested.
29. The work involved in this programme has been considerably extended by the Yew Tree Drive bus link, which opened to all traffic in the summer of 2013. In association with this, HCC has commissioned FBC to deploy an additional six SLRs for this area. This makes a total of 12 sets of equipment which need to be deployed and maintained; this is being successfully managed at present.

30. The SLR programme can be supplemented by the use of Speed Data Recorders (SDRs), which enable traffic volume and speed data to be recorded (SLRs don't record data, they only flash the speed limit). If a major speeding problem is identified, further consultation with the Police and HCC would be undertaken to attempt to resolve the problem. However, for the majority of surveys undertaken, vehicle speeds have been at a level that does not require intervention through police speed enforcement or traffic calming.

RISK ASSESSMENT

31. HCC funds the delivery of the traffic management programme and provides an allocation of £68,286 towards the cost of employees undertaking this work. If there is any reduction in the budget received from HCC there would be an impact upon the Council in subsidising the delivery of this service in its current state, or a reduction in the programme that is delivered.

CONCLUSION

32. This report reviews the progress of the 2014/15 programme of Traffic Regulation Orders and Traffic Investigations and also outlines the proposed traffic management work programmes for 2015/16. The Executive is requested to note the progress made on current programmes and approve the programmes for 2015/16.

PROGRAMME OF TRAFFIC INVESTIGATIONS

Table 1: UPDATE ON TRAFFIC INVESTIGATIONS FOR 2014/15 PROGRAMME

	INVESTIGATION TITLE	REQUESTED BY/JUSTIFICATION	DETAILS	PROGRESS
1	Wickham Road Speed limit reduction (40mph to 30mph)	Issues raised relating to St Christopher`s Hospital development parking and speed of traffic on Wickham Road.	Waiting restrictions and lower speed limit introduced. Further waiting restrictions requested.	Completed
2	Parking by commercial vehicles in residential streets	Ward Members and members of the public about loss of amenity and natural daylight, and obstructions	Complaints received by members of the public about loss of amenity and blocking of natural daylight in adjacent houses	Not yet progressed, likely to be contentious
3	Titchfield Square parking survey	Ward and County Members following concerns about shortage of on-street parking spaces	Reported to Executive on 5 th January 2015	On street parking TRO to follow 5 th January Decision

REVIEW OF TRAFFIC REGULATION ORDERS

TABLE 3: UPDATE ON TRAFFIC REGULATION ORDER PROGRAMME 2014/15

	SITE	REQUESTED BY	DESCRIPTION & JUSTIFICATION	Accidents	Community/Police	Sight Lines	Congestion	Obstruction	Duration	Highway Code	Environmental	Economic	PROGRESS
	Schemes carried over from 2013/14 Programme												
1	Barnes Lane/St Pauls Rd, (Sarisbury)	Ward Member	Parking causes hazards near to junction of these roads		✓	✓				✓			Completed
2	Funtley Hill	Local residents	Complaints from residents about hazardous parking near to corner		✓	✓	✓	✓	✓				Completed
3	Longmynd Drive	Ward Member	Parking hazards near to junction with Bishopsfield Road		✓	✓			✓	✓			Completed
4	Oldbury Way	Ranvilles Infants School, Ward Member, Police	Parking close to school entrance obstructs vehicles accessing Ranvilles School and the special needs school.		✓	✓			✓				No further action needed
5	St Marys Road	Ward Member	Parking causes hazards near to junctions at both ends of road		✓	✓			✓	✓			Completed
6	Arundel Drive area	Ward Member and others	Displacement from residents' parking and Co-op parking		✓			✓	✓				Completed
7	Queens Road (Fareham)	Local business	Evening parking on single yellow lines obstructing access			✓		✓	✓				Completed
8	Drift Road	Residents' Association	Parking close to j/w N.Wallington		✓	✓		✓		✓			Completed
9	Belvoir Close (review)	Residents	Complaints about commuter parking		✓			✓	✓				Completed
10	Botley Road (review)	Residents	Problems caused by earlier TRO		✓				✓	✓			Postponed pending HCC actions
11	Eric Road (Stubbington)	Residents	Junction parking			✓			✓	✓			Completed

APPENDIX B

	SITE	REQUESTED BY	DESCRIPTION & JUSTIFICATION	Accidents	C'munity/Police	Sight Lines	Congestion	Obstruction	Duration	Highway Code	Environmental	Economic	PROGRESS
12	Rookery Avenue (nr Botley Road)	Residents and Ward Member	Commuter and junction parking		✓	✓				✓			Completed
13	Southampton Road (A27)	Residents and FBC staff	Obstructions in lay-by			✓		✓	✓				Completed
14	Wickham Road (review)	Ward Members and Police	Parking on A32		✓	✓	✓		✓				Completed
15	Lower Bath Lane	Residents	Problems with residents parking scheme		✓	✓			✓				Completed
16	TRO reconsolidation	FBC	Need to reconsolidate 2007 Order with all subsequent Orders		Not applicable								Completed
17a	Upper Spinney	Residents and Ward Member	Further complaints caused by Warsash College parking		✓				✓	✓			Completed
17b	Osborne Road (Warsash)	Residents and Ward Member	Further complaints caused by Warsash College parking		✓		✓		✓	✓			Completed
17c	Meadcroft Close	Residents and Ward Member	Further complaints caused by Warsash College parking		✓				✓	✓			Abandoned at request of residents
18	Funtley Hill (review)	Residents and Ward Member	Further complaints after implementation of earlier restrictions		✓			✓	✓	✓			Completed
19	Church Road, Warsash	Police and residents	Hazardous parking associated with local school		✓	✓			✓	✓			Implementation due early 2015
20	Brook Lane, Park Gate	Residents and Ward Member	Complaints about hazardous parking associated with sorting office		✓	✓	✓		✓				Completed
21	Arundel Drive (review)	Residents and Ward Member	Further complaints after implementation of earlier restrictions		✓	✓			✓			✓	Completed
22	Havelock Road	Residents and Ward Member	Complaints about hazardous parking		✓			✓	✓				Implementation due early 2015
23	Harper Way	FBC officers	Complaints about overspill parking by taxis		✓	✓			✓				Consultations underway

APPENDIX B

Current 2014/15 Programme												
1	Castle Street	Ward Member and residents	Access to castle obstructed on busy days		✓		✓	✓	✓	✓		Implementation due early 2015
2	Wickham Road	Ward Member and Police	Parking causes congestion on major road	✓	✓	✓	✓		✓	✓		Completed
3	Poinsettia Close	FBC, HCC and residents	Obstructive parking in cul de sac		✓			✓	✓	✓		Investigations underway
4	Lawson Close	Residents	Obstructive parking in cul de sac		✓		✓	✓		✓		Letter drop early 2015
5	Bridge Street service road A27	Ward Member and resident	Parking causes obstructions		✓			✓	✓	✓		Implementation due early 2015
6	Titchfield Pk Rd	Residents and Ward Member	Complaints about parking associated with nearby industrial units		✓	✓		✓	✓	✓		Implementation due early 2015
7	Southampton Road (Park Gate)	Residents and Ward Member	Complaints about parking associated with nearby industrial units		✓	✓		✓	✓	✓		Implementation due early 2015
8	Coldeast Close	Residents and Ward Member	Complaints about parking associated with new housing development		✓	✓		✓	✓	✓		Implementation due early 2015
9	Watersmeet	Residents and Ward Member	Obstructive parking in junction areas		✓			✓	✓	✓		Investigations underway
10	Hammond Road	Residents and Ward Member	Obstructive parking	✓	✓	✓		✓		✓		Investigations underway
11	Cornaway Lane	Residents and Ward Member	Obstructive parking		✓		✓	✓		✓		Investigations underway
12	Segensworth Rd	Residents and Ward Member	Complaints about parking associated with nearby industrial units		✓	✓		✓	✓	✓		Implementation due early 2015
13	Cornaway Lane service road	Residents and Ward Member	Parking prevented by unnecessary restriction		Revocation, not applicable							Investigations underway
14	Lower Spinney	Residents and Ward Member	Complaints that restrictions are too severe		Revocation, not applicable							Implementation due early 2015

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Note : Items 6-14 (above) introduced into programme under delegated authority to Executive Member for Public Protection, in consultation with Director of Environmental Services

TABLE 4: SCHEMES TO BE INVESTIGATED IN 2015/16 PROGRAMME

	SITE	REQUESTED BY	DESCRIPTION & JUSTIFICATION	Accidents	C'munity/Police	Sight Lines	Congestion	Obstruction	Duration	Highway Code	Environmental	Economic
1	Beacon Bottom area	Residents and Ward Member	Commuter and other parking causes obstructions		✓			✓	✓	✓		
2	Portsvie Avenue	Residents and Ward Member	Obstructive parking at junctions		✓	✓		✓		✓		
3	Shorewood Close	Police and residents	Obstructive parking at junctions		✓	✓		✓		✓		
4	Old Turnpike	Ward Member and residents	Various parking concerns		✓	✓	✓	✓	✓	✓		
5	Marks Tey Road	Ward Member and residents	Various parking concerns		✓	✓		✓	✓	✓		

KEY

✓ Item meets this criterion

Prioritisation Criteria

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

TABLE 5: EXTERNALLY FUNDED TRAFFIC REGULATION ORDERS

UPDATE ON TRO'S LISTED IN FEBRUARY 2014 REPORT			
	SITE	DESCRIPTION & JUSTIFICATION	STATUS
1	Foxbury Grove	Waiting restrictions in respect of new retail outlet	Completed
2	Catisfield Lane	Waiting restrictions in respect of housing development	Awaiting developments
3	Yew Tree Drive area	Mitigation measures for opening of bus link	Completed
4	Western Way S/R	Waiting restrictions in respect of dual carriageway widening	Completed
5	Western Road area	Waiting restrictions in respect of new bus link to Western Way	Completed
6	South Street, Titchfield	Experimental scheme to alleviate bus access issues	Permanent TRO pending

SCHEMES INTRODUCED TO PROGRAMME SINCE FEBRUARY 2014 REPORT			
	SITE	DESCRIPTION & JUSTIFICATION	STATUS
1	Fielder Drive	Waiting restrictions wanted in industrial area	Consultations underway

SITE RECORD OF SPEED LIMIT REMINDER (SLR) SIGNS

SLR DEPLOYMENT (FROM JAN. 2013)

CAT Area & Requested SLR Site	REQUESTED BY	DATE DEPLOYED
Portchester		
Castle Street (after jct of White Hart Lane- Southeastbound)	Ward Member	22/02/13
A27 Portchester Road (southbound just before Condor Ave rbt)	Ward Member	27/03/13
The Crossway (just before Downsway - Westbound)	Ward Member	12/04/13
Cornaway Lane (opp. Central Rd jct, north before Hatherly Drive)	Ward Member	25/04/13
Castle Street (just before no.50 southbound)	Ward Member	09/05/13
Station Road (northbound traffic)	Ward Member	23/05/13
Portsvie Avenue (o/s 56 going towards Fareham, westbound)	Resident	05/06/13
Station Road (southbound traffic)	Ward Member	03/07/13
Cornaway Lane (southbound Traffic, near school crossing)	Resident	18/07/13
Hill Road (northbound before the bend)	Resident	26/09/13
Hill Road (southbound before the bend)	Resident	26/09/13
Hatherley Crescent (near Merrow Close - eastbound traffic)	Resident	26/09/13
Hill Road (by Leith Ave - northbound)	Resident	10/10/13
Hill Road (by Leith Ave - southbound)	Resident	10/10/13
Castle Street (Southbound o/s no.50)	Ward Member	18/09/13
Downend Road (between East Cams Close and The Ticket - southbound traffic)	Ward Member	26/10/13
Castle Street (Southbound o/s no.50)	Ward Member	18 Dec 13 to 23 Jan 14
Shearwater Avenue (traffic coming in)	Resident	23 Jan 2014
Hill Road, northbound (both direction, north of Nyewood)	Resident	14 March 2014
Hill Road, southbound (both direction, north of Nyewood)	Resident	14 March 2014
Hatherley Crescent (l/c o/s no. 38 and 52) (SDR)	Resident	17 April 2014
Hill Road (near 73 - both direction)(Northbound)	Resident	11 July 2014
White Hart Lane Junction with Seaway Grove - Westbound	Ward Member	14 Aug 2014

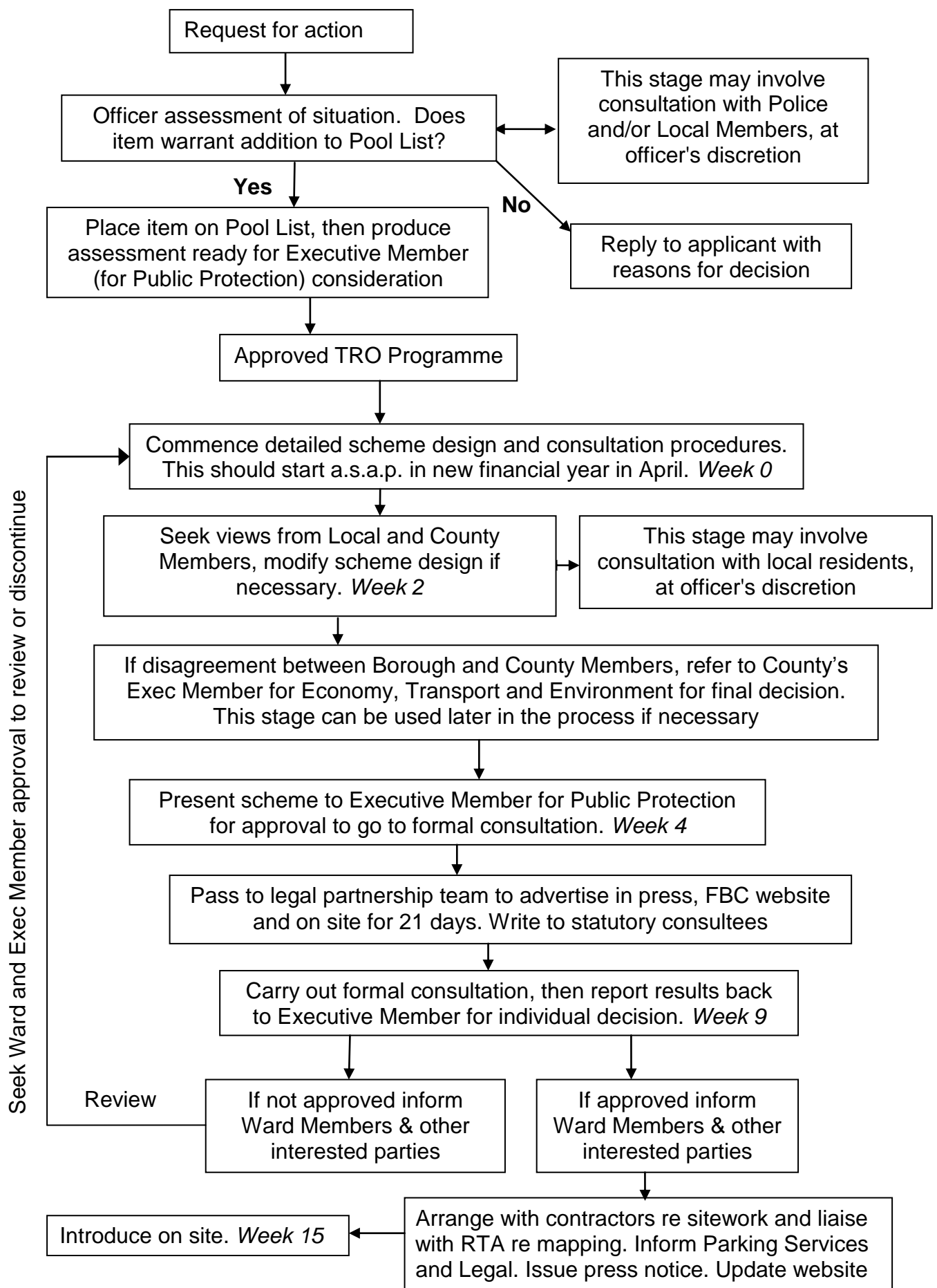
CAT Area & Requested SLR Site	REQUESTED BY	DATE DEPLOYED
Allenby Grove (o/s no.21 - westbound towards Clive Grove)	TM team	28 Aug 2014
White Hart Lane Junction with Seaway Grove - Eastbound	Ward Member	28 Aug 2014
Fareham		
Bishopsfield Road (by College)	HCC	05/02/13
Longfield Avenue, just E of St Michaels Grove	HCC	21/02/13
Red Barn Lane (by Orchard Lea School)	Ward Member	27/03/13
Highlands Road (by Hampton Grove)	CATS	12/04/13
Funtley Hill (downhill near the bottom of hill before the corner)	TM team	25/04/13
Mill Road (opp. working men's club-towards Gosport Road)	TM team	09/05/13
Redlands Lane (south of Westley Grove, before St Micheals Grove) (southbound)	Resident	23/05/13
Thames Drive	Ward Member	05/06/13
Kiln Road	Repeat	03/07/13
St Annes Grove	Resident	03/07/13
A27 The Avenue (between Highlands rd jct to Oast and Squire)(eastbound)	Ward Member	18/07/13
St Michaels Grove (southwest bound Traffic)(south side)	Resident	15/08/13
Fishers Hill	CATS	29/08/13
Park Lane (southbound towards Miller Drive jct)	HCC	29/08/13
Highlands Road (by Kennedy Avenue)	Ward Member	12/09/13
Wickham Road (by St Christopher Ave - southbound)	TM team	18/12/13
Wickham Road (by St Christopher Ave - northbound)	TM team	18/12/13
Gudge Heath Lane - southbound	HCC	27 Feb 14
Gudge Heath Lane - northbound	HCC	27 Feb 14
A27 The Avenue (l/c no.286 towards Fareham, eastbound)	Police	27 Feb 14
Hillson Drive (Northbound direction along straight stretch)	Public	26/10/13
Oak Road (westbound traffic)	Ward Member	26/10/13
Osborne Road	Resident	27 Feb 2014
Kiln Road (Westbound - near no's51/53)	Ward Member	17 April 14
Kiln Road (Eastbound - near no's51/53)	Ward Member	17 April 14
Longmynd Drive (midway, for eastbound traffic)	Ward Member	17 April 14

Salterns Lane	TM team	01 May 14
Park Lane (opposite Leisure Centre)	Ward Member	01 May 14
Arundel Drive (outside shops)	Resident	01 May 14
Wickham Road (Northbound Traffic)	Ward Member	15 May 14
Wickham Road (Southbound Traffic)	Ward Member	15 May 14
A27 The Avenue (past traffic lights Bishopsfield Road/Veryan jct)	Ward Member	30 May 14
Blackbrook Road (past Abbots Way - towards Highlands Rd)	Ward Member	30 May 14
Hillson Drive (Southbound direction along straight stretch)	Resident	11 July 14
Broadcut (near Bosch Diesel Centre, Fareham Car Centre.	Resident	14 Aug 2014
Kiln Road (Westbound - near no's51/53)	Ward Member	28 Aug 2014
Park Lane (northbound, near school crossing)	Ward Member	12 Sept 2014
Kiln Road (Eastbound - near no's51/53)	Ward Member	12 Sept 2014
Gudge Heath Lane (south of Brook Farm Ave)	Resident	12 Sept 2014
Crofton		
Stubbington Lane	Repeat	05/02/13
Mays Lane (southbound traffic, couple of L/C north of Pembury Road)	Repeat	11/03/13
Eric Road	Repeat	03/07/13
Stubbington Green (between the village roundabout to Budgens)	Resident	18/07/13
Hill Head Road (b'tween Osborne View Rd and Solent Road)	Resident	15/08/13
Mays Lane (near Windermere Avenue - southbound)	TM Team	29/08/13
Nursery Lane (just before the bend o/s no.27 - both directions)	Resident	12/09/13
Mays Lane (near Windermere Avenue - southbound)	TM Team	12/09/13
Nursery Lane (just before the bend o/s no.27 - both directions)	Resident	26/09/13
Stubbington Lane	Resident	10/10/13
Mays Lane (northbound - north of Pembury Rd)	TM Team	18/12/13
Nursery Lane (Northbound directions)	Resident	26/10/13
Mays Lane (both directions, north of Pembury Road)	Resident	23 Jan 2014
Hill Head Road (towards Cliff Road - Westbound Traffic)	Resident	15 May 2014
Hill Head Road (Eastbound Traffic)	Resident	30 May 2014

Mays Lane (o/s no.22, opp. The Croft - Southbound)	HCC	14 Aug 14
Nursery Lane (Northbound direction)	Resident	14 Aug 14
Titchfield		
Common Lane (near Bromwich Lane)	Resident	05/02/13
Catisfield Road	Ward Member	05/02/13
Longacres (SDR)(SLR)	Resident	21/02/13
Fishers Hill (downhill, lamp post just o/s Merrill Cottage)	Catisfield VA	21/02/13
Posbrook Lane (north of Barn Close)(southbound)	TM team	11/03/13
St Margarets Lane	Ward Member	12/04/13
Longacres (northern and southern ends)	Resident	09/05/13
Longacres (northbound traffic)	Resident	23/05/13
Hunts Pond Road Near Admirals Road	Ward Member	05/06/13
Prelate Way (westbound traffic, just east of crossing)	Ward Member	03/07/13
Common Lane (near No's 59,63,65 both directions)	Resident	18/07/13
Coach Hill	Ward Member	15/08/13
Longacres (near the bend)	HCC	26/09/13
Common Lane	Resident	10/10/13
Primate Road	Ward Member	23 Jan 2014
Prelate Way - westbound	Resident	17 April 2014
St Margarets Lane (southbound o/s Priory Totart)	Ward Member	01 May 2014
Lower Church Road (L/C near house no.15-towards longacres)	Ward Member	15 May 2014
Rowan Way	Ward Member	30 May 2014
Fishers Hill	HCC	30 May 2014
Mays Lane (o/s no.22, opp. The Croft - Northbound)	HCC	28 Aug 14
Longacres (closest lamp column to Gillcrest)(towards Lower Church)(southbound)	TM team	12 Sept 2014
Western Wards		
Botley Road (Southbound)	Resident	11/03/13
Botley Road (north of Swanwick Lane)	Ward Member	11/03/13
Locks Road	Resident	27/11/12
Yew Tree Drive (W/B between Hispano Ave and Gull Coppice)	Ward Member	11/03/13
Swanwick Lane (E/B between Botley Road and M27 bridge)	Ward Member	11/03/13
Church Road (near parks)	Resident	27/03/13
A27 Bridge Road (Uphill section)	Resident	25/04/13
A27 Bridge Road (northbound)	Ward Member	03/07/13

A27 Bridge Road (Southbound) (Between Oslands Lane and Swan Close)	Resident	18/07/13
Warsash Road (opp Raley Road, Westbound direction)	Resident	18/07/13
Peters Road	Ward Member	15/08/13
Longacres	TM team	15/08/13
Hunts Pond Road	Ward Member	12/09/13
Fleet End Road	Resident	12/09/13
Warsash Road (near Dibles Road - eastbound)	Resident	10/10/13
Warsash Road (near Dibles Road - westbound)	Resident	10/10/13
Fleet End Road (l/c no.2 - northeast bound)	Resident	18/12/13
Abshot Road (lower end of Abshot Rd)	Resident	27 Feb 14
Osborne Road	Resident	27 Feb 14
Barnes Wallis Road (Westbound Traffic, west of Household waste)	FBC Planning	26/10/13
Warsash Road (near 256 and Primary School)	HCC	23 Jan 2014
Brook Lane (somewhere near 270, by Cold East entrance)	HCC	27 March 2014
Church Road, westbound - o/s 35 (both direction - west of Lodge Rd as it goes into the dip) (to be repeated further along these straight stretches of road in a few months')	Ward Member	14 March 2014
Church Road, eastbound - o/s 66 (both direction - west of Lodge Rd as it goes into the dip) (to be repeated further along these straight stretches of road in a few months')	Ward Member	14 March 2014
Locks Road - northbound (both directions - midway between Centre Way and Warsash Road)	Ward Member	01 May 2014
Locks Road - southbound (both directions - midway between Centre Way and Warsash Road)	Ward Member	15 May 2014
Barnes Lane (between Holly Hill Lane and St Pauls Road - southbound Traffic)	Resident	11 July 2014
Montefiore Drive (Southbound Traffic)	Resident	11 Aug 2014
Holly Hill Lane Westbound (opp. Hillside Mews)	Ward Member	14 Aug 2014
Holly Hill Lane Eastbound (opp. Hillside Mews)	Ward Member	28 Aug 2014
Brook Lane (southbound Traffic - Greenaway Lane jct)	Resident	12 Sept 2014

Traffic Regulation Order - Flowchart



FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio:	Policy and Resources
Subject:	Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2015/16
Report of:	Director of Finance and Resources
Strategy/Policy:	Finance Strategy
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:

This report seeks final confirmation of the recommendations to Council, on 20 February 2015, in respect of the revenue budget, capital programme and council tax for 2015/16.

Executive summary:

On 5 January 2015, the Executive reviewed the Council's overall finance strategy and considered proposals relating to the capital programme, revenue budgets and the council tax for 2015/16. This report updates the Council's budgets to reflect the decisions taken on 5 January 2015.

The capital programme for the years 2014/15 to 2018/19 will be £33,176,000.

The revenue budget for 2015/16 will be £9,174,600. With Central Government support and retained business rates estimated to be £3,199,732, the option of accepting additional council tax freeze grant for 2015/16 equating to £61,695 and use of collection fund balance of £75,786 this results in the total amount due from the council tax of £5,837,387.

Taking these changes into consideration, the council tax for 2015/16 will be £140.22 per Band D property and would mean that Fareham's element of the Council Tax will have remained unchanged for 7 years. This represents no increase from the council tax set for 2014/15, compares favourably to the current rate of inflation and complies with the Council's corporate objectives.

Recommendation:

That the following proposals be approved by the Executive and recommended to the special meeting of the Council to be held on 20 February 2015:

- (a) the capital programme and financing of £33,176,000;
- (b) an overall revised revenue budget for 2014/15 of £9,516,100;
- (c) a revenue budget for 2015/16 of £9,174,600; and
- (d) a council tax for Fareham Borough Council for 2015/16 of £140.22 per band D property, which represents no increase when compared to the current year.

Reason:

To allow the Council to approve the Council Tax for 2015/16.

Cost of proposals:

Not applicable.

Appendices:

A: Revenue Budget Summary 2014/15 and 2015/16

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 02 February 2015

Subject: Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2015/16

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. On 5 January 2015 the Executive reviewed the Council's overall finance strategy and considered proposals relating to:
 - The capital programme for 2014/15 to 2018/19;
 - The revised revenue budget for 2014/15;
 - The revenue budget for 2015/16; and
 - The council tax for 2015/16.
2. The purpose of this report is to update the Council's spending plans to take account of the decisions taken by the Executive in relation to these various issues.

THE CAPITAL PROGRAMME 2014/15 TO 2018/19

3. The capital programme for the period 2014/15 to 2018/19 is £33,176,000 as shown in the following tables:

	£000s
Public Protection	429
Streetscene	629
Leisure and Community	12,555
Health and Housing	2,782
Planning and Development	922
Policy and Resources	15,859
TOTAL	33,176

	£000s
2014/15	15,720
2015/16	11,228
2016/17	2,124
2017/18	1,035
2018/19	1,035
Unallocated	2,034
TOTAL	33,176

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

	£000s
Capital Fund Account	7,352
Capital Receipts	6,601
External Contributions	3,261
Major Repairs and Renewals Reserve	302
Matched Funding Reserve	133
Revenue Contribution to Capital schemes	60
TOTAL	17,709

5. In addition, the following resources are anticipated to be available between 2014/15 and 2018/19:

	£000s
External Contributions	4,703
Revenue Contribution to Capital schemes	3,918
Borrowing	2,965
Contribution to Capital Fund Account	2,500
Capital Receipts	1,635
Government Grants	1,344
TOTAL	17,065

6. The programme and projected resources indicate that, by 31 March 2019, there would be a surplus of capital resources of £1,598,000, which represents a contingency of 4.8% on the overall capital programme.
7. Importantly, the surplus assumes an estimate of future capital receipts as well as continued revenue contributions towards capital investment, totalling £6.4m. In the event that these resources do not materialise, the surplus will be reduced.
8. Spending pressures in this respect include refurbishment/replacement works to some Council assets (for example community centres and the Osborn Road multi-storey car park) that have yet to be added to the capital programme. Therefore, no further use of the forward-balance is proposed and further replenishment of capital resources will be sought, (e.g. through use of revenue underspends).

SPENDING RESERVE

9. The spending reserve currently stands at £2,273,000 which is 5% of gross expenditure for 2014/15 which represents the minimum required balance as set

out in the approved Medium Term Finance Strategy.

10. At the meeting on 5 January 2015 the Executive agreed to use the £573,500 that was in excess of the minimum balance to support the capital programme.

REVISED BUDGET 2014/15

11. In January, the Executive considered in detail the revised budget for 2014/15, which totalled £9,516,100 and is no change when compared to the base budget for the year.

SERVICE BUDGETS 2015/16

12. The following paragraphs of this report indicate the changes to the service budgets resulting from the decisions of the Executive on 5 January 2015.

Planning Committee

13. There were no changes to this committee which confirms the budget total as £753,000.

Licensing and Regulatory Affairs Committee

14. No changes were made to this Committee's budget, confirming the total as £490,200.

Leisure and Community Portfolio

15. No changes were made to the portfolio budget, which is now confirmed to be £2,112,600.

Health and Housing Portfolio

16. No changes were made to this portfolio's budget, confirming the total as £1,215,000.

Planning and Development Portfolio

17. There were no changes made to the portfolio budget, which is now confirmed to be -£1,001,900.

Policy and Resources Portfolio

18. There were no changes made to the portfolio budget, which will now be confirmed as £1,463,400.

Public Protection Portfolio

19. There were no changes made to the portfolio budget, which is now confirmed to be £2,293,800.

Streetscene Portfolio

20. There were no changes made to the portfolio budget, which is now confirmed to be £4,447,000.

OTHER BUDGETS 2015/16

21. Since the January Executive report was prepared further information has been released regarding Central Government Support. As a result of this change the Other Budgets total will be -£2,598,500.

THE OVERALL BUDGET POSITION FOR 2015/16

22. Taking account of the various changes referred to in the preceding paragraphs, the overall total budget for 2015/16, detailed in Appendix A, is confirmed as £9,174,600. This total is £341,500 below the base budget for 2014/15 of £9,516,100.

GOVERNMENT SUPPORT

23. The amount of government support that the Council expects to receive in 2015/16 is summarised in the following table:

	2014/15	2015/16
	£	£
Core Funding	3,365,814	2,872,567
Individual grants now included in core funding (homelessness prevention)	56,291	56,074
Council Tax Freeze Grant (2011/12)	149,351	148,782
Council Tax Freeze Grant (2013/14 & 2014/15)	127,340	122,309
TOTAL	3,708,796	3,199,732

24. This finance settlement core funding represents a cash reduction of 13.7% when compared to 2014/15.
25. With further cash reductions predicted for 2016/17, it is important that the Council continues to identify and secure cash-releasing efficiencies each year in order to maintain the high level of service currently provided and continue to achieve its high corporate priority of council tax increases at or below the rate of inflation.

COUNCIL TAX AND NATIONAL NON-DOMETIC RATE BASE

26. The revised council tax base for 2014/15 is 40,974 Band D equivalent properties which is the same as the original estimate.
27. The council tax base for 2015/16 is 41,630 Band D equivalent properties.
28. The net rates payable from National Non-Domestic Rates for 2014/15 (after Transitional arrangements and reliefs) is £42,856,496.

COUNCIL TAX FOR 2015/16

29. With a net budget for 2015/16 of £9,174,600 and government support of £3,261,427 (including the option of additional freeze grant for 2015/16 of £61,695) and the use of collection fund balances of £75,786, the Executive is able to recommend no council tax increase for 2015/16, as compared to the current rate of inflation of 2.0% (this is the published RPIX inflation rate for November 2014). This is shown in the following table:

	Base Budget 2014/15	Base Budget 2015/16	Variation
	£	£	£
Total Budget	9,516,100	9,174,600	-341,500
Less:			
Government Support	3,709,301	3,199,732	-509,569
Use of Collection Fund surplus	0	75,786	+75,786
Council Tax Freeze Grant	61,425	61,695	+270
Total due from Council Tax Payers	5,745,374	5,837,387	+92,013
Council Tax base	40,974	41,630	
Council Tax	£140.22	£140.22	
Cash Increase	+ £0.00	+ £0.00	
Percentage Increase	+ 0.00%	+ 0.00%	

30. Fareham's element of the council tax has remained at £140.22 since April 2009. Since that date RPIX has increased by 21.8% (to November 2014). Had Fareham's council tax increased in line with RPIX it would now stand at £170.79 which is £30.57 above the current level.

ASSURANCE STATEMENT BY THE CHIEF FINANCIAL OFFICER (CFO)

31. Section 25 of the Local Government Act 2003 states that when the Council sets a budget for the forthcoming financial year, the CFO must report to the authority on the robustness of the budgets and the adequacy of the financial reserves.
32. The CFO is able to confirm that the Council's co-ordinated finance strategy allows the availability of resources to finance both capital and revenue expenditure to be considered at the same time. It provides the necessary flexibility to allow resources to be allocated to both capital and revenue and this has enabled the delivery of balanced budgets for both capital and revenue.
33. The CFO can also confirm the robustness of the approved budgets and therefore major variations in expenditure and income are not anticipated. However a risk assessment has been carried out to highlight the impact of possible variations in the level of expenditure and income and by maintaining the spending reserve at a minimum of 5% of gross expenditure, resources should be in place to meet any variations that cannot be met from within the Council's overall budget.

RISK ASSESSMENT

34. While all spending plans can be met from within existing resources, continuing financial pressures increase the risk that spending plans exceed desirable levels.
35. Also, the budget reflects the implications of the changing economic situation. However, these changes will continue to affect the Council's finances. It is

therefore very important to retain sufficient balances to cater for the unexpected in these uncertain times.

36. Finally, the largest risk in the budget setting remains changes to Central Government Funding and reliance on government policy keeping damping measures in place.

CONCLUSION

37. In making a recommendation to full Council on the council tax for 2015/16, the Executive has evaluated the Council's overall financial position in relation to existing commitments, the level of resources and the projected financial position in the future; not just the overall budget position for next year.

Reference Papers: None

REVENUE BUDGET SUMMARY REVISED 2014/15 and BASE 2015/16

	Budget 2014/15 £	Revised 2014/15 £	Variation Base to Rev £	Budget 2015/16 £	Variation Base to base £
Committees					
Planning Committee	793,400	801,800	8,400	753,000	-40,400
Licensing and Regulatory Affairs Committee	503,400	497,200	-6,200	490,200	-13,200
Executive - Portfolio Budgets					
- Leisure and Community	2,278,700	2,257,100	-21,600	2,112,600	-166,100
- Health and Housing	1,210,300	1,322,100	111,800	1,215,000	4,700
- Planning and Development	-537,600	-610,300	-72,700	-1,001,900	-464,300
- Policy and Resources	1,950,100	1,755,600	-194,500	1,463,400	-486,700
- Public Protection	2,455,400	2,417,400	-38,000	2,293,800	-161,600
- Streetscene	4,373,700	4,517,800	144,100	4,447,000	73,300
SERVICE BUDGETS	13,027,400	12,958,700	-68,700	11,773,100	-1,254,300
Capital Charges	-2,152,200	-1,983,000	169,200	-1,983,000	169,200
Capital Financing Costs					
- Use of Housing Capital Receipts	-230,000	-334,000	-104,000	-230,000	0
- Direct Revenue Funding	1,301,000	1,301,000	0	1,301,000	0
- Direct Revenue Funding NHB	897,900	897,900	0	897,900	0
Interest on Balances	-676,900	-706,900	-30,000	-599,900	77,000
Portchester Crematorium	-150,000	-150,000	0	-125,000	25,000
New Homes Bonus	-1,416,000	-1,421,800	-5,800	-1,648,000	-232,000
Contribution to(+)/from(-) Reserves	-1,085,100	-1,045,800	39,300	-211,500	873,600
OTHER BUDGETS	-3,511,300	-3,442,600	68,700	-2,598,500	912,800
BUDGET TOTAL	9,516,100	9,516,100		9,174,600	-341,500
NET BUDGET	9,516,100	9,516,100		9,174,600	-341,500

	Budget 2014/15 £	Budget 2015/16 £
NET BUDGET	9,516,100	9,174,600
EXTERNAL SUPPORT		
Non-Domestic Rates	1,717,625	1,750,446
Revenue Support Grant	1,991,676	1,449,286
Council Tax Freeze Grant	61,425	61,695
	<u>3,770,726</u>	<u>3,261,427</u>
 USE OF COLLECTION FUND BALANCE	 0	 75,786
NET AMOUNT DUE FROM COUNCIL TAX PAYERS	5,745,374	5,837,387
 COUNCIL TAX BASE	 40,974	 41,630
 COUNCIL TAX PER BAND D PROPERTY (ROUNDED)	 £140.22	 £140.22
 CASH INCREASE	 £0.00	 £0.00
 PERCENTAGE INCREASE	 0.00%	 0.00%

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio:	Policy and Resources
Subject:	Housing Revenue Account Spending Plans including the Capital Programme for 2015/16
Report of:	Director of Finance and Resources
Strategy/Policy:	Housing Strategy
Corporate Objective:	A balanced housing market.

Purpose: This report seeks Executive approval for the revised budget for 2014/15, the base budgets, rent increases and fees and charges for 2015/16 and the capital programme with its financing for the years 2014/15 to 2018/19.

Executive summary:

The Executive recommended and the Council approved, in February 2014, the base budget and rent increased for 2014/15, for Housing Revenue Account services.

This report sets out the Housing Revenue Account revised budget for 2014/15 and base budget for 2015/16 along with the capital programme and financing for the years 2014/15 to 2018/19. The report examines the issues affecting the Housing Revenue Account including rent increased with effect from 6 April 2015.

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

Recommendation:

That the Executive agrees that:

- (a) individual rent increases in line with the rent model, be approved for Council Dwellings with effect from 6 April 2015;
 - (b) rents for Council garages be increased by 5% with effect from 6 April 2015;
 - (c) discretionary fees and charges be increased to provide a minimum increase of 5%, where possible, with effect from 6 April 2015;
 - (d) the revised budget for 2014/15 be approved;
 - (e) the base budget for 2015/16 be approved;
 - (f) the capital programme and financing for 2014/15 to 2018/19 be approved;
- and

(g) annual budgets and assumptions are set with the aim of ensuring sufficient surpluses are held to repay debt on the date of maturity of each loan.

Reason:

To allow the Council to approve the Housing Revenue Account budget for 2015/16.

Cost of proposals:

As detailed in the report.

Appendices:

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

Background papers:

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 02 February 2015

Subject: Housing Revenue Account Spending Plans including the Capital Programme for 2015/16

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. This report brings together the revenue and capital spending plans for 2014/15 and 2015/16 for the Board to consider. On 6 October 2014, the Executive approved the Council's Finance Strategy for 2015/16 and later years. The budget guidelines contained within the Strategy have been used as a basis for the Housing Revenue Account (HRA) spending plans.

CAPITAL PROGRAMME – APPENDIX A

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

Year	£'000
2014/15	7,351
2015/16	11,232
2016/17	3,207
2017/18	2,240
2018/19	2,375
	<u>26,405</u>

3. The financing of the capital programme is mainly from the Major Repairs Reserve, Revenue Contributions to Capital, external grants, and 1:4:1 Receipts from Right-to-Buy sales (RTB).
4. The major schemes in 2015/16 and 2016/17 are the construction of 16 flats in Palmerston Avenue, 6 houses in Coldeast Close and a new sheltered scheme at the former Coldeast site plus improvements to existing stock.
5. Also included within the programme is the purchase of additional vehicles for use by the Building Services team now that the housing repairs service is being brought in-house.
6. Following the changes to the Right-to-Buy scheme, we are required to utilise retained 1:4:1 RTB receipts to increase our housing stock. Such proceeds must represent no

more than 30% of the cost of acquisition or new build with the balance being met from revenue reserves or borrowing and to use the monies within three years of being received. It is intended not to borrow for this purpose.

REVENUE BUDGETS - APPENDICES B and C

7. The following tables summarise the base and revised budgets for 2014/15 and the base budget for 2015/16, of the Housing Revenue Account and Housing Repairs Account. Further information can be found in Appendices B and C.

	Base Budget 2014/15 £000s	Revised Budget 2014/15 £000s	Base Budget 2015/16 £000s
Housing Revenue Account			
Income from service	-12,120	-11,983	-12,268
Expenditure on service	6,962	4,881	5,086
Net cost of service	-5,158	-7,102	-7,182
Interest paid and received	1,721	1,735	1,702
Revenue contribution to capital expenditure etc.	3,852	4,776	5,836
Surplus(-) / deficit	415	-591	356
Opening Balance	-4,905	-4,118	-4,709
Closing Balance	-4,490	-4,709	-4,353
Housing Repairs Account			
Income	-1,679	-874	-1,081
Expenditure	1,679	1,674	1,581
Surplus(-) / deficit	0	800	500
Opening balance	-1,800	-1,800	-1,000
Closing balance	-1,800	-1,000	-500
Overall closing balance	-6,290	-5,709	-4,853

8. Until this year, we have maintained a fixed year-end balance on the Repairs Account of £1,800,000. This balance has existed for many years and has not been called upon. Its purpose was to protect the revenue account from fluctuations in the level of repairs. It is now intended to reduce the year-end balance to £1,000,000 at the end of 2014/15 and £500,000 at the end of 2015/16 which will have the effect of a reduced transfer from the Housing Revenue Account for the next three years.
9. The detail in Appendix C shows a reduction in the number of cost centres used within the Housing Repairs Account. This is as a result of the Building Service Intervention.

RENT INCREASES – APPENDIX D

10. Rents are set in line with the Government's rent setting policy. In the Spending Review of 2013, the Government announced its intention that social rents would increase by

CPI +1% from 2015/16-2024/25. CPI as at end of September was 1.2%. Rents will therefore increase by 2.2%.

11. When we left the HRA Subsidy System, rents were assumed to continue to move towards convergence by 2015/16. The aforementioned Spending Review took away the ability for Local Authorities to increase rents, for tenants in situ, so as to achieve convergence by the said date.
12. For 2015/16, 970 properties (974 in 2014/15) will be below formula rent. In order to move towards convergence, as and when a property becomes vacant, it is re-let at formula rent.
13. Appendix D shows examples of proposed new rents.
14. Under Housing Benefit reforms, of the 1504 tenants who receive housing benefit, 114 (122 in 2013/14) are under-occupying. 99 (92) are affected by a 14% reduction in housing benefit and 15 (20) by a 25% reduction.
15. Rents for Council garages are not covered by rent restructuring. The number of garages which are not let is stable year on year. It is proposed that garage rents for 2015/16 increase by 5%.

FEES AND CHARGES – APPENDIX E

16. The current fees and charges for the HRA and the proposed charges for 2015/16 are set out in appendix E. The proposed discretionary fees have been increased wherever possible to achieve a 5% increase.
17. The statutory charge is subject to the control and advice of Government. The current level of charge has been set at the maximum allowed.

RISK ASSESSMENT

18. Council budgets are susceptible to changes in the level of expenditure and income caused by factors outside and within the Council's control. A risk assessment has been carried out to indicate the effect on balances of changes in the level of expenditure and income. This can be used to estimate the account balances needed to provide a prudent level of reserves and working balance.
19. The following list of potential risks indicates that it is essential to preserve the account balance held for the HRA & Repairs Account. Reserves are held so that we can:
 - Continue to manage and maintain homes;
 - Improve and redevelop estates;
 - Cover any unexpected expenditure;
 - Take advantage of new opportunities to meet housing needs;
 - Repay debt; and
 - Meet the challenges of any change in Government policy.

Examples of potential changes.	Effect on expenditure in year £'000s	Effect on income in year £'000s
Change in rent policy to only increase rents by CPI		-£87
Loss of income if void rate rises to 2.5% from 1.26%		-£140
Increase from 4 to 14 RTBs' – income		-£50
Increase in CPI to 2.5%	+£46	+£127

CONCLUSION

20. The Executive will be asked to approve the following recommendations to Full Council:

- a) Individual rents increases be approved for Council Dwellings with effect from 6 April 2015;
- b) Rents for Council garages to be increased by 5% with effect from 6 April 2015;
- c) Discretionary fees and charges to be increased to provide an increase of 5%, where possible, with effect from 6 April 2014;
- d) The revised budget for 2014/15 be approved;
- e) The base budget for 2015/16 be approved;
- f) The capital programme and financing for 2014/15 to 2018/19 be approved; and Annual budgets and assumptions are set with the aim of ensuring sufficient surpluses are held to repay debt on the maturity of each loan.

Reference Papers:

- a) Executive 10 February 2014 - Housing Revenue Account Spending Plans including the Capital Programme 2014/15
- b) Executive 7 July 2014 - Actual Housing Revenue Account Expenditure and Financing 2013/14
- c) Executive 6 October 2014 – Annual Review of the Council's Finance Strategy
- d) HRA 30 year Business Plan.
- e) [DCLG - Guidance on Rents for Social Housing](#)

APPENDIX A

	2014/15	2015/16	2016/17	2017/18	2018/19
CAPITAL PROGRAMME AND FINANCING	£'000	£'000	£'000	£'000	£'000
Housing Improvements	2,047	2,150	2,182	2,215	2,260
Mobility Scooter Storage	20	20			
Converting front gardens for car parking	25	25	25	25	25
Collingwood Court	4,067	152			
Coldeast Sheltered		5,500			
Palmerston Avenue	200	1,713			
Allotment Road	100	900			
Stock Repurchase	790	772			
Garage purchase	22				
123 Bridge Road			1,000		
Vehicles	80				90
TOTAL	7,351	11,232	3,207	2,240	2,375

FINANCED BY:

Revenue contributions to Capital	2,612	3,672	1,827	1,000	1,135
Major Repairs Reserve	4,287	1,240	1,240	1,240	1,240
1:4:1 Receipts	139	232			
Grants & Contributions	313	1,160	140		
Capital Fund		4,928			
TOTAL	7,351	11,232	3,207	2,240	2,375

APPENDIX B

	Base 2014/15 £000s	Revised 2014/15 £000s	Base 2015/16 £000s
Income			
Rents - Dwellings	-10,970	-10,860	-11,119
Rents - Garages	-236	-238	-248
Rents - Other	-18	-18	-22
Service Charges (Wardens, extra assistance, heating)	-322	-299	-581
Cleaning	-114	-105	-126
Grounds Maintenance	-79	-77	-80
Other Fees and Charges	-24	-29	-27
Leaseholder Service Charges & Insurance	-65	-65	-65
Grants receivable	-292	-292	0
	-12,120	-11,983	-12,268
Expenditure			
General Administrative Expenses	1,548	1,576	1,523
Corporate & Democratic Core	58	54	54
Corporate Management	107	94	105
Communal Heating Services	76	76	75
Communal Lighting	36	29	29
Rents, Rates & Other Taxes	49	54	59
Communal Cleaning	134	134	127
Grounds Maintenance	194	203	200
Sheltered Housing Service	542	529	543
Fire & Refuse	50	0	0
Sub-total of management costs	2,794	2,749	2,715
Contribution to Repairs Account	1,619	815	1,039
Bad Debts Provision	27	27	0
Bad Debts Written off	10	10	50
Depreciation	2,478	1,240	1,240
Debt Management Expenses	34	40	42
	6,962	4,881	5,086
Net income from service	-5,158	-7,102	-7,182

	Base 2014/15	Revised 2014/15	Base 2015/16
	£000s	£000s	£000s
Interest Payable	1,871	1,847	1,838
Interest earned on internal balances	-150	-115	-136
Net operating income	-3,437	-5,370	-5,480
Revenue contribution to capital	1,688	2,612	3,672
Transfer to Capital Fund	2,164	2,164	2,164
(Surplus)/Deficit for year	415	-594	356
Housing Revenue Account balance			
Balance brought forward	-4,905	-4,118	-4,712
Surplus/(Deficit) for year	415	-594	356
Balance carried forward	-4,490	-4,712	-4,356

	Base 2014/15 £000s	Revised 2014/15 £000s	Base 2015/16 £000s
General Administrative Expenses			
Corporate & Democratic Core	58	54	54
Corporate Management	108	92	106
Employees	776	754	740
Premises	98	108	107
Transport-related expenditure	19	19	19
Supplies and Services	88	137	98
Contract Services	48	40	49
Internal Support	525	529	518
Income	-7	-9	-9
	1,713	1,724	1,682
Communal Heating Services			
Premises	76	76	75
	76	76	75
Communal Lighting			
Premises	36	29	29
	36	29	29
Communal Cleaning			
Employees	37	37	39
Premises	95	95	86
Internal Support	2	2	2
	134	134	127
Grounds Maintenance			
Employees	13	13	14
Premises	154	164	160
Internal Support	26	26	26
	194	203	200
Sheltered Housing Service			
Employees	448	438	457
Premises	47	46	43
Transport	14	14	13
Supplies and Services	18	17	16
Internal Support	16	14	14
	542	529	543
Other Communal Services			
Premises	32	38	37
Supplies and Services	17	16	22
Fire & Refuse -Premises	50	0	0
	99	54	59

HOUSING REPAIRS ACCOUNT

Expenditure	Base 2014/15 £000s	Revised 2014/15 £000s	Base 2015/16 £000s
Day to Day			
Internal decorating	55	55	0
General repairs	574	574	1,151
External works	160	160	0
Work to garages	21	21	0
Works to void properties	103	103	0
Other works	83	83	424
	996	996	1,575
Schemes previously in the capital programme			
Repairs	222	222	0
Total from capital programme	222	222	0
Cyclical repairs			
External decorating	108	108	0
Gas service & associated repairs	250	250	0
Lift servicing	30	30	0
Pre decorating repairs	14	14	0
Emergency lighting	48	48	0
Total cyclical	450	450	0
Administration			
Supplies & services	11	7	6
	11	7	6
Total expenditure	1,679	1,674	1,581
Income			
Contribution from HRA	-1,619	-815	-1,039
DSO Surplus	-1	-1	0
Fees & charges	-59	-59	-42
Total income	-1,679	-874	-1,081
Balance brought forward	-1,800	-1,800	-1,000
Surplus (-ve) /Deficit for year	0	800	500
Tfr from Repairs Reserve			
Balance carried forward	-1,800	-1,000	-500

HRA EXAMPLES OF RENT

	Property type	2014/15 Actual Rent	2015/16 Proposed Rent	Increase £ p.w.	Increase % p.w.
Nashe Way	1 Bed Bungalow	£87.73	£89.66	£1.93	2.20%
Foster Close	1 Bed Flat	£79.40	£81.14	£1.74	2.19%
Grebe Close	2 Bed Bungalow	£107.70	£110.07	£2.37	2.20%
Addison Road	2 Bed House	£103.48	£105.75	£2.27	2.19%
Foxbury Grove	2 Bed Flat	£90.32	£92.31	£1.99	2.20%
Garden Court	1 Bed Maisonette	£79.40	£81.14	£1.74	2.19%
Sicity House	2 Bed Maisonette	£87.63	£89.56	£1.93	2.20%
Fairfield Avenue	3 Bed House	£104.96	£107.27	£2.31	2.20%
Garden Court	3 Bed Flat	£101.15	£103.37	£2.22	2.19%
Foster Close	4 Bed House	£119.95	£122.59	£2.64	2.20%

Average for total
stock

£88.89 £90.84 £1.96 2.20%

Garages

£9.82 £10.31 £0.49 5.00%

FEES AND CHARGES 2015/16

	Existing Charge inc VAT	Proposed Charge inc VAT	Increase
<u>Discretionary Charges</u>			
Sheltered Accommodation for the Elderly			
Guest Room Charge – single occupancy per night	£7.35	£7.70	4.76%
Guest Room Charge - per couple per night	£10.50	£11.00	4.76%
Rechargeable Repairs to Council houses			
a) Rechargeable works	These will be assessed individually at the time the work is carried out		
b) Service charges to purchasers of flats and maisonettes	These annual charges are made in advance on the basis of estimated costs. Once the actual cost is known, a retrospective adjustment is made.		
Recharge of Officer time in agreeing any consent to freeholders			
Fee per occurrence	£79.40	£83.40	5.04%
<u>Statutory Charge</u>			
Sale of Council Houses			
Legal and administration fees in connection with granting a service charge loan (statutory maximum of £100)	£100.00	£100.00	0.0%

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio: Policy and Resources
Subject: **Insurance Services Tender**
Report of: Director of Finance and Resources
Strategy/Policy: Finance Strategy

Corporate Objective: A dynamic, prudent and progressive Council

Purpose:

This report considers the tenders received for the provision of Insurance Services for Fareham Borough Council. The report recommends an award of contract for the services.

Executive summary:

The 11 borough and district councils in Hampshire have worked collaboratively to procure insurance services from 1 April 2015 using an OJEU compliant framework open to the public sector.

The cost of insurance across the 11 borough and district councils in Hampshire is around £4m a year and for Fareham Borough Council £455,000.

This report provides the Executive with information regarding the tenders received and seeks an award of contract for a 3 year long term agreement with the option to extend for a further 2 years for the provision of insurance services.

Recommendation:

That the Executive:

- (a) agrees to award the contract to the insurers ranked in 1st position (as set out in confidential appendix A, being the most economically advantageous tender received; and
- (b) agrees that authority be delegated to the Director of Finance and Resources to accept the finalised premiums and associated costs or make alternative arrangements in the event that the tender cannot be accepted by other participating local authorities.

Reason:

To provide insurance services for Fareham Borough Council and the other borough and district councils in Hampshire.

Cost of proposals:

The value of the insurance services contract for Fareham Borough Council is approximately £360,000 and is to be funded from existing revenue budgets.

Appendices:

A: Tender Prices and Evaluation Scores (*Exempt By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.*)

Background papers: None

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Executive Briefing Paper

Date: 02 February 2015

Subject: Insurance Services Tender

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. In March 2009, the Council established a framework agreement for insurance services which allowed all 11 borough and district councils in Hampshire, collectively called the Hampshire Insurance Forum (HIF), to call off insurance contracts with Zurich Municipal (ZM).
2. Each member of the HIF joined the framework at different dates and in order to facilitate joint working have aligned the long term agreement end dates with ZM to 31 March 2015. This has enabled all 11 authorities to procure insurance services collaboratively from 1 April 2015, increasing buying power and encouraging competition in the insurance market.
3. The HIF currently spends around £4m a year on insurance premiums covering a number of risk areas including employers and public liability, property material damage, motor, professional negligence, personal accident, terrorism and engineering.
4. The borough and districts have many areas of insurance in common, however there are some differences between authorities, for example:
 - Four of the eleven authorities have their own housing stock.
 - Some authorities have a large vehicle fleet, others have outsourced activities such as waste collection and therefore have a smaller fleet.
 - The authorities have different risk appetites and this is reflected by the different levels of excesses and limits.
5. Since 2009, the HIF has worked together with ZM to set and reach a set of minimum risk control and management standards for operational risks relating to housing and general properties, liability and motor. This has involved sharing best practice across the HIF and shared learning in areas such as inspection and maintenance regimes and fraud prevention.

6. In preparation for the end of the long term agreements with ZM, the HIF appointed a sub-group to coordinate the procurement of a new insurance programme. The sub-group consisted of officers from Basingstoke & Deane Borough Council, Fareham Borough Council, New Forest District Council and Winchester City Council.
7. This collaborative approach was fully supported by the Hampshire and Isle of Wight Chief Finance Officers Group (CFO), who agreed to:
 - Procure insurance cover from 1 April 2015 via the Crown Commercial Service (CCS) insurance services framework RM958 (Lot 1), an OJEU compliant framework open to the public sector (OJEU ref: 2012/S208-342505).
 - Collaborate as a single group of the 11 borough and districts. Whilst each of the 11 will have an individual insurance contract, each authority's claims history and risk management will affect their premium rather than the group's premiums.
 - Place, for all 11 authorities, insurance contracts for each Lot or Lots with the same insurer(s).
 - Adopt similar insurance programmes balanced between insured and self-insured risks.
 - Appoint a broker to support insurance programme design and placement via CCS Framework RM958 (Lot 2). This was awarded to Aon under a separate mini-competition in January 2014.
8. The tender exercise provided an opportunity to review the existing insurance arrangements to confirm their fitness for purpose and to consider alternative programme design options going forward to improve cost efficiency and provide greater reassurance. This resulted in standardising excesses and indemnity limits across the HIF as it had been some years since they were reviewed.

TENDER PROCESS AND EVALUATION CRITERIA

9. Fareham Borough Council has led the procurement process on behalf of all HIF members using its e-tendering portal. The specification of requirements, the proposed operation of the service and the tender evaluation process (including criteria and weightings) have been established by the HIF sub-group and Aon.
10. The invitation to tender was issued in October 2014 with the timeline below:

Activity	Date
Dispatch of e-Invitation to Tender	31 October 2014
Deadline for clarifications/questions	21 November 2014
Close date for e-bids responses	15 December 2014 (12 noon)
Evaluation period	15 December to 9 January 2015
Presentation to CFO Meeting	16 January 2015
CFO approval of all HIF representatives to proceed to Executive / Cabinet approval	21 January 2015
Executive / Cabinet approval to award contract (subject to call-in)	Early February 2015
Issue Contract Award Notification to all bidders (subject to OJEU standstill)	Late February 2015

OJEU standstill ends. Pre-contract mobilisation meetings with awarded bidders.	March 2015
Commencement of the Contract	1 st April 2015

11. To encourage competitive quotes and attract specialist insurers in the market, the tender specification was split into 11 Lots comprising the following insurance classes:

Insurance Class
Lot 1 - Property
Lot 2 - Right To Buy/Leasehold
Lot 3 - Property Owners
Lot 4 - Computer
Lot 5 - Fidelity/Crime
Lot 6 - Casualty
Lot 7 - Motor
Lot 8 - Engineering
Lot 9 - Personal Accident/Travel
Lot 10 - Terrorism
Lot 11 - Package Discount

12. Insurers were invited to submit bids for any or all of the lots and to offer a package discount (Lot 11).
13. As per the tender document, the quotations received were evaluated in accordance with the criteria listed below for all Lots excluding Lot 8 Engineering:

Award Criteria	Weighting
Price Taking into account any package discounts	60%
Quality of Cover Extent that cover matches specification	20%
Quality of Policy Admin and Claims Handling Quality and ease of access to management information, customer service, expertise of staff	10%
Quality of Added Value Services Provision of risk management support, technical bulletins, seminars	10%
Total	100%

14. Lot 8 Engineering was given different evaluation criteria to give a greater weighting to the service and quality elements of engineering inspections as detailed below:

Award Criteria	Weighting
Price Taking into account any package discounts	30%
Service Quality and flexibility of systems and processes to produce timely and accurate information	60%
Cover Extent that cover matches specification	10%
Total	100%

15. Tenders were received electronically on 15 December 2014 and were opened by the Democratic Services officer and witnessed by the Procurement Officer. Of the thirteen framework suppliers invited to tender, 7 responded by the deadline, 2 opted-out and 4 gave no response.
16. The tender submissions were evaluated by the HIF sub-group and Aon in accordance with the criteria set out in the invitation to tender. The scores and ranking for the tenders received are represented in the confidential appendix A.

CONTRACT AWARD

17. Fareham Borough Council will facilitate the intention to award notification on behalf of all HIF authorities and award confirmation once the HIF members own approval processes have been finalised.
18. In accordance with instructions set out in CCS framework RM958, award notification letters will be sent to all bidders and candidates. The letter will include a summary of evaluation scores achieved by the relevant bidder versus the winning bid.
19. An OJEU standstill period of 10 calendar days must be applied before the contract can be concluded. Only once concluded will HIF members be able to meet the awarded insurer(s) in order to mobilise for contract start on 1 April 2015.

CONTRACT MONITORING

20. The HIF will form a Contract Management Group, made up from members of the HIF to work closely with the awarded insurer(s) and the wider HIF to manage and monitor the contract through its lifetime.
21. Specifically, the HIF Contract Management Group will:
 - Provide support to the HIF group and manage the complexities of working with 11 individual authorities as a collaboration.
 - Overview the risk management days per group or per authority per annum.
 - Meet with the insurers to seek any explanation for premium increases or cover changes to the group as a whole.
 - Establish regular meetings with the awarded suppliers to discuss performance.

RISK ASSESSMENT

22. Many of the usual and identifiable risks initially present in this type of project have been negated through the council's rigorous and structured procurement process.
23. The HIF has sought to reduce the risks of this procurement by:
 - Procuring from an OJEU compliant government framework agreement.
 - Regular communication amongst HIF members and progress updates to the CFO's group.
 - Appointing an experienced broker to support the procurement process.
 - Hosting an Insurer Day in September 2014 inviting interested insurers to meet HIF members to explain the collaborative approach and ensure the tender is attractive to the insurance market.

24. Although it is the intention for all 11 authorities to award to the same insurer for each Lot, there is a risk that one or more authorities do not approve the group award decision.
25. The implications of one or more authorities moving away from the group decision would require separate requotes from all insurers for the individual authority/authorities and for the remaining HIF members who have opted for the group approach.
26. It is likely that the existing premiums will increase for the individual authority/authorities and the group as a result.
27. There would be time constraints to obtain the revised premiums in time for a contract start of 1 April 2015.

CONCLUSION

28. Seven valid tenders were received for the provision of insurance services to Fareham Borough Council and Hampshire borough and district councils for a 3 year long term agreement with the option to extend for a further 2 years. It is recommended that the most economically advantageous tender received from the insurers ranked in 1st position (as set out in the confidential appendix A) be accepted and contracts awarded.

Reference Papers:

Crown Commercial Service (CCS) insurance services framework RM958 <http://ccs-agreements.cabinetoffice.gov.uk/contracts/rm958>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio:	Policy and Resources
Subject:	Annual Review of Corporate Regulation of Investigatory Powers Act 2000 (RIPA) Policy
Report of:	Director of Finance and Resources
Strategy/Policy:	Regulation of Investigatory Powers Act 2000 (RIPA) - Policy and Procedures
Corporate Objective:	A dynamic, prudent, progressive and best practice Council

Purpose:

To seek approval for the adoption of an revised corporate policy for the use of the powers available under the Regulation of Investigatory Powers Act 2000 (RIPA) in order to keep the policy up to date, and address a recommendation from the Office of Surveillance Commissioners (OSC).

Executive summary:

The proposed revised policy takes account of a) the impact of the Data Retention and Investigatory Powers Act 2014 which requires the National Anti-Fraud Network to be used for all communication data requests, b) the need to make the policy 'role' rather than 'post' specific, and d) the recommendations by the OSC to clarify when a member of public providing information may be considered to be a Covert Human Intelligence Source, and who should attend the magistrates court.

Recommendations:

That the Executive agrees that:

- (a) the revised Regulation of Investigatory Powers Act 2000 (RIPA) - Policy and Procedures attached at Appendix A is approved; and
- (b) the post-holder assigned to the role of Senior Responsible Officer inherits the delegated authority to maintain Appendix 1 of the policy which assigns named officers to the roles covered by the policy.

Reason:

To update the policy in accordance with the latest legislation, guidance and practice at the Council.

Cost of proposals:

There are no cost implications from the changes to the policy.

Appendices:

A: Revised RIPA Corporate Policy and Procedures

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BOROUGH COUNCIL

Executive Briefing Paper

Date: 02 February 2015

Subject: Annual Review of Corporate Regulation of Investigatory Powers Act 2000 (RIPA) Policy

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. The Regulation of Investigatory Powers Act 2000 (RIPA) provides a framework under which investigation activity, which might otherwise be considered to infringe article 8 of the Human Rights Act 1998, may be authorised. The activities available to a Council under RIPA are:
 - (a) Directed covert surveillance of a member of the public;
 - (b) The use of a covert human intelligence source (CHIS) to gather information from a member of the public; and
 - (c) The acquisition and disclosure of data relating to communications.
2. The Council makes use of these powers for the prevention or detection of crime or the prevention of disorder. Since the Protection of Freedoms Act 2012, activities a) and b) can only be carried out for the prevention or detection of a criminal offence which is punishable on summary conviction or on indictment, by a maximum term of at least six months imprisonment.
3. The Corporate RIPA Policy and Procedures document sets out how the Council can use powers in compliance with the RIPA Act, The Protection of Freedoms Act 2012 and any codes of practice issued.
4. The policy was last updated in November 2012 and is reviewed annually. The latest review has identified a few changes that are needed to reflect recent changes in legislation and corporate responsibilities. The Council was also visited by an inspector of the Office of Surveillance Commissioner in December 2014 who has made one recommendation, in relation to the policy content.
5. This report therefore brings a revised policy for member approval. Adherence to the policy will then be monitored by the Audit and Governance Committee.

CHANGES PROPOSED

6. The revised policy is attached as Appendix A and the changes are highlighted in the document. The main changes are also summarised below.
7. **Data Retention and Investigatory Powers Act 2014 (DRIPA):** New legislation concerning the use of communications data came into force in December 2014. This requires all liaison with communication companies to obtain data to now be carried out via the National Anti-Fraud Network.
8. Previously 2 officers of the Council accredited by the Home Office (known as “Single Points of Contact” or “SPOCS” were able to obtain the data directly. This status has therefore now been removed and the policy updated to reflect the new requirements.
9. **Role Holders:** The RIPA codes of practice require the Council to appoint a Senior Officer to oversee our compliance with the legislation. Previously this role was assigned to the Director of Regulatory and Democratic Services. Since April 2014 the Director of Finance and Resources has taken on this role. The policy has now been updated to reflect this change. However, to allow the policy to continue to be current for any changes in the post-holder, the term “Senior Responsible Officer” has been used instead of specific post titles.
10. Appendix 1 to the policy is used to record which officers are appointed to the other roles mentioned in the policy. Delegated authority was given to the Director of Regulatory and Democratic Services to keep this list up to date outside of the annual reviews. However, it is now recommended that whoever is appointed to the role of Senior Responsible Officer inherits this authority rather than it being post title specific.
11. The list of employees appointed to the roles in the Appendix has also been updated, and the number of Authorising Officers slightly reduced. This includes not having the same officer assigned to the roles of Senior Responsible Officer and Authorising Officer, as advised by the inspector. For those senior authorising roles assigned to the Chief Executive Officer, the policy has also been clarified that in his absence these can be carried out by another statutory officer.
12. **Covert Human Intelligence Sources (CHIS):** The policy has been made clearer that a member of the public calling in to impart information about a potential crime which is then acted on, may need to be authorised as a CHIS if the information they have given has been obtained as a result of a relationship established or maintained for a covert purpose, even if not tasked to do so by the Council. The Council is then required to consider the safety and welfare of the informer.
13. **Attendance at Court:** Since the Protection of Freedoms Act 2012 applications are required to be approved by a magistrate in addition to being authorised by a senior employee of the Council. There is a conflict in the guidance as to which officers should attend the court. The Council currently follow the Home Office’s code of practice which states that it should be the applicant who attends court, whereas the Office of the Surveillance Commissioner advocate that the authorising officer should attend. The policy has therefore been revised to stress that the application form should be of sufficient detail to record the authorising officer’s considerations and they should consider attendance at court as well for unusual or complex cases.

CONCLUSION

14. The proposed revised Policy will demonstrate that the Council continues to follow best practice in accordance with all legislation and the national Codes of Practice, in its use of powers afforded under the Regulation of Investigatory Powers Act 2000.

Reference Papers:

Report to the Executive 5/11/12 on Update to Corporate RIPA Policy and Procedures in response to the Protection of Freedoms Act 2012

**THE REGULATION OF
INVESTIGATORY
POWERS ACT 2000 (RIPA)**

CORPORATE POLICY AND PROCEDURES

Version 5
February 2015

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1. [Officer Appointments to Roles in the Policy](#)

2. [Directed Surveillance Flow Chart](#)

3. [Process Map for Communications Data](#)

4. [Links to RIPA Forms:](#)

- Communications Data
- Directed Surveillance
- Covert Human Intelligence Source (CHIS)

1. INTRODUCTION

1.1 Summary

The Regulation of Investigatory Powers Act 2000 ('RIPA') brought into force the regulation of covert investigation by a number of bodies, including local authorities. RIPA regulates a number of investigative procedures, the most of recent of which is the access to communications data. This document is intended to provide officers with guidance on the use of covert surveillance, including use of social networking and auction websites, Covert Human Intelligence Sources ('CHIS') and the obtaining and disclosure of communications data under RIPA.

It should be noted that these powers can only be used by officers of the council for the purpose of **preventing or detecting crime or of preventing disorder**.

Officers must take into account the Codes of Practice issued by the Home Office under RIPA. (RIPA and the Codes of Practice may be found at <http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/ripa-codes-of-practice/>)

The latest Code of Practice for Covert Surveillance also covers interference with property or with wireless telegraphy as governed by Part III of the Police Act 1997. It should be noted that Council officers are **not** permitted to undertake this type of activity.

1.2 Background

The Human Rights Act 1998 requires the Council, and organisations working on its behalf, pursuant to Article 8 of the European Convention, to respect the private and family life of citizens, their home and correspondence. The European Convention did not, however, make this an absolute right, but a qualified right. Accordingly, in certain circumstances, the Council may interfere in the citizens' rights mentioned above, if such interference is:

- (a) in accordance with the law
- (b) necessary (as defined in this document); and
- (c) proportionate (as defined in this document)

RIPA provides a statutory mechanism for authorising certain types of surveillance. It seeks to ensure that any interference with an individual's right under Article 8 of the European Convention is necessary and proportionate. In doing so, RIPA seeks to ensure both the public interest and the human rights of individuals are suitably balanced.

If the correct procedures are not followed, evidence may be disallowed by the courts, a complaint of maladministration could be made to the Ombudsman, and/or the Council could be ordered to pay compensation. It is essential, therefore, that all involved with RIPA comply with this document and any further **corporate** guidance that may be issued, from time to time.

Each officer of the Council with responsibilities for the conduct of investigations, shall, before carrying out any investigation involving RIPA, undertake appropriate training to ensure that investigations and operations that he/she carries out will be conducted lawfully.

A Senior Responsible Officer will be appointed for the Council to ensure the integrity of the process within the Council and its compliance with RIPA; to have oversight of reporting of errors to the relevant oversight commissioner; responsibility for engagement with the Office of Surveillance Commissioners (OSC) when they conduct their inspections and where necessary, oversight of the implementation of any post-inspection action plan. The Senior Responsible Officer will also ensure that Members regularly review the Council's use of RIPA.

1.3 Review

RIPA and this document are important for the effective and efficient operation of the Council's actions with regard to surveillance. This document will, therefore be kept under yearly review by the Senior Responsible Officer and the outcomes of this review will be presented to the Executive Committee.

Authorising Officers must bring any suggestions for continuous improvement of this document to the attention of the Senior Responsible Officer at the earliest possible opportunity.

1.4 Scope

RIPA covers the authorisation of directed surveillance, the authorisation of CHIS sources and the authorisation of obtaining communications data. Communications data includes information relating to the use of a postal service or telecommunications system but does not include the contents of the communication itself, contents of e-mails or interaction with websites. However, covert targeted monitoring of an individual's activities on a website such as facebook or ebay falls under the definition of directed surveillance.

An authorisation under RIPA will provide lawful authority for the investigating officer to carry out surveillance.

In terms of monitoring e-mails and internet usage, it is important to recognise the interplay and overlaps with the Council's e-mail and internet policies and guidance, the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000 and the Data Protection Act 1998. RIPA forms should be used where **relevant** and they will only be relevant where the **criteria** listed on the forms are fully met.

2. GENERAL

2.1 Definition of Surveillance

'Surveillance' includes:

- (a) monitoring, observing or listening to persons, their movements, their conversations or their other activities or communication;
- (b) recording anything monitored, observed or listened to in the course of surveillance; and
- (c) surveillance by or with the assistance of a surveillance device.

Surveillance also includes the interception of postal and telephone communications where the sender or recipient consents to the reading of or listening to or recording of the communication. This is a form of directed surveillance.

2.2 Confidential Material

Particular care should be taken in cases where the subject of the investigation or operation might reasonably expect a high degree of privacy, or where confidential information is involved. Confidential information consists of matters subject to legal privilege, confidential personal information, confidential journalistic material and communications between an MP and a constituent.

Applications in which the surveillance is likely to result in the acquisition of confidential material will only be considered in exceptional and compelling circumstances with full regard to the proportionality issues this raises.

The Authorising Officer shall give the fullest consideration to any cases where the subject of the surveillance might reasonably expect a high degree of privacy, for instance in his or her home.

Where a likely consequence of surveillance would result in the acquisition of confidential material, the investigating officer must seek authority from the Chief Executive, or, in his absence, **another statutory officer.**

The use or conduct of a covert human intelligence source to obtain matters subject to legal privilege must be subject to prior **approval by the Surveillance Commissioner.**

3. DIRECTED AND INTRUSIVE SURVEILLANCE

3.1 Directed Surveillance

Directed surveillance is surveillance which is covert, but not intrusive, and undertaken:

- (a) for the purposes of a specific investigation or specific operation;
- (b) in such a manner as is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation); and
- (c) otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under RIPA to be sought for the carrying out of the surveillance.

3.2 Intrusive Surveillance

That surveillance becomes intrusive if the surveillance:

- (a) is carried out by means of a surveillance device in relation to anything taking place on any residential premises or in any private vehicle; or
- (b) is carried out without that device being present on the premises or in the vehicle, **but** is such that it consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle, or
- (c) is carried out in places ordinarily used for legal consultation, at a time when they are being used for such consultations

Therefore directed surveillance turns into intrusive surveillance if it is carried out involving anything that occurs on residential premises or any private vehicle and involves the presence of someone on the premises or in the vehicle or is carried out by means of a surveillance device OR when directed surveillance is carried out in places ordinarily used for legal consultation, at a time when they are being used for such consultations.

For intrusive surveillance relating to residential premises or private vehicles, if any device used is not on the premises or in the vehicle, it is only intrusive surveillance if it consistently produces information of the same quality as if it were.

Where surveillance is carried out by a device designed or adapted principally for the purpose of providing information about the location of a vehicle, the activity is directed surveillance.

Commercial premises and vehicles are therefore excluded from intrusive surveillance.

Currently, local authorities are not authorised to carry out intrusive surveillance.

4. IDENTIFYING DIRECTED SURVEILLANCE

Ask yourself the following questions, or follow the flowchart attached as [Appendix 2](#):

4.1 Is the surveillance covert?

Covert surveillance is any surveillance that is carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is or may be taking place.

If your activities are not hidden from the subjects of your investigation, you are not within the RIPA framework at all. In many cases, Officers will be behaving in the same way as a normal member of the public (e.g. in the case of most test purchases), and/or will be going about Council business openly (e.g. a market inspector walking through markets).

Similarly, surveillance will be overt if the subject has been told it will happen (e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identifying themselves to the owner/proprietor to check that conditions are being met.

It should be noted that if the same outcome can be achieved by overt means then those means need to be fully explored in the first instance. Covert surveillance must only be undertaken when there is no less invasive way of achieving the outcome.

4.2 Is the surveillance for the purposes of a specific investigation or a specific operation?

Although, the provisions of the Act do not normally cover the use of overt CCTV surveillance systems or Automated Number Plate Recognition (ANPR) in car parks, since members of the public are aware that such systems are in use, there may be occasions when public authorities use overt CCTV systems and/or ANPR for the purposes of a specific investigation or operation. For example, if the CCTV cameras

are targeting a particular known offender. In such cases, authorisation for directed surveillance may be necessary.

4.3 Is the surveillance in such a manner that is likely to result in the obtaining of private information about a person?

Private information includes any information relating to a person's private or family life. The concept of private information should be broadly interpreted to include an individual's private or personal relationship with others. It includes an individual's business and family relationships. Family life itself should be treated as extending beyond the formal relationships created by marriage.

4.4 Is the surveillance otherwise than by way of an immediate response to events or circumstances where it is not reasonably practicable to get authorisation?

Directed surveillance does not include covert surveillance carried out by way of an immediate response to events or circumstances which, by their very nature, could not have been foreseen. For example, a police officer would not require an authorisation to conceal himself and observe a suspicious person that he came across in the course of a patrol.

However, if as a result of that immediate response, you undertake a specific investigation you will need authorisation.

5. INTERNET SITE MONITORING

Investigations using social networking sites on the internet such as Facebook, Netlog, Bebo and Myspace, or other open source sites such as Ebay, will fall into the definition of directed covert surveillance if:

- (a) The site is not being accessed by the Councils "corporate" registration but by using an individual account aimed at hiding the identity or presence of the investigator.
- (b) The site is being used to regularly monitor and record a person's activities, contents of postings or relationships.
- (c) The monitoring is likely to identify private information about the person and/or third parties.

If this is the case then a directed surveillance RIPA authorisation must be obtained which assesses the level of intrusion on the subject and the third parties they are interacting with, balanced against the seriousness of the investigation and potential benefit to the investigation of the activity being conducted.

If the nature of the activity involves establishing or maintaining any form of relationship with the subject, their colleagues or friends with a view to obtaining information, then this activity by a Council employee or someone acting on their behalf, requires authorisation to use a covert human intelligence source.

Use of a false identity for covert purposes is permissible if a RIPA authorisation is given. However, Council employees or someone acting on their behalf must not adopt the identity of a person known, or likely to be known, to the subject of interest or users of the site without a) RIPA authorisation, b) the explicit consent of the person whose identity is to be used and c) giving consideration to the protection of the person whose identity is to be used.

6. COVERT HUMAN INTELLIGENCE SOURCES (CHIS)

6.1 Definition

A person is a source if:

- (a) they establish or maintain a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph (b) or (c);
- (b) they covertly use such a relationship to obtain information or to provide access to any information to another person; or
- (c) they covertly disclose information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

A source may include those referred to as agents, informants and officers working undercover.

A purpose is covert, in relation to the establishment or maintenance of a personal or other relationship, if and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.

A relationship is used covertly, and information obtained is disclosed covertly, if and only if it is used or disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

The use of a source involves inducing, asking or assisting a person to engage in the conduct of a source, or to obtain information by means of the conduct of such a source.

This covers the use of professional witnesses to obtain information and evidence. For example, it will include professional witnesses retained by Housing to pose as tenants to obtain information and evidence against alleged nuisance perpetrators.

The use or conduct of a source to obtain knowledge of matters subject to legal privilege must be subject to the **prior approval of the Surveillance Commissioner**.

Carrying out test purchases will not require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information and, therefore, the purchaser will not normally be a CHIS. For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business (e.g. walking into a shop and purchasing a product over the counter). By contrast, developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal product will require authorisation as a CHIS. Similarly, using mobile hidden recording devices or CCTV cameras to record what is going on in the shop will require authorisation as directed surveillance.

The Code of Practice states that the provisions of RIPA are not intended to apply in circumstances where members of the public volunteer information to the police or other authorities, as part of their normal civic duties, or to contact numbers set up to receive information (such as Crimestoppers, Customs Confidential, the Anti Terrorist Hotline, or the Security Service Public Telephone Number). Members of the public acting in this way would not generally be regarded as sources.

However, a member of the public may in reality be a CHIS if they provide information covertly obtained in the course of, or as a result of, a personal or other relationship. If this information is acted on, a duty of care would be owed if they were at risk of

reprisals. The consideration is the manner in which the information has been obtained (i.e. as a result of a relationship established or maintained for a covert purpose), not whether the informant has been tasked to obtain information for the Council.

An authorisation under RIPA will provide lawful authority for the use of a source.

6.2 Security and Welfare

Only the Chief Executive Officer or, in his absence, another Statutory Officer is able to authorise the use of vulnerable individuals and juvenile sources.

The Authorising Officer shall have regard to the special safeguards and provisions that apply to vulnerable individuals and juvenile sources, more particularly set out in the latest Home Office Covert Human Intelligence Source Code of Practice.

The Authorising Officer shall ensure that arrangements are in place for the proper oversight and management of sources, including appointing the following individual officers for each source:

A "**Handler**" who will have day-to-day responsibility for:

- dealing with the CHIS on behalf of the Council;
- directing the day to day activities of the CHIS;
- recording the information supplied by the CHIS; and
- monitoring the CHIS's security and welfare.

The Handler will usually be of a rank or position below that of the Authorising Officer.

A "**Controller**" who will be responsible for the management and supervision of the "handler" and general oversight of the use of the CHIS.

Officers using a source shall consider the safety and welfare of that source (even after cancellation of the authorisation), and the foreseeable consequences to others of the tasks they are asked to carry out. The Authorising Officer shall carry out a risk assessment before authorising the source.

7. COMMUNICATIONS DATA

7.1 Definition

This covers any conduct in relation to a postal service or telecommunications system for obtaining communications data and the disclosure to any person of such data. For these purposes, communications data includes information relating to the use of a postal service or telecommunications system but does not include the contents of the communication itself, content of emails or interaction with websites.

Communications data includes subscribers details, names and addresses and telephone numbers of those contacted, billing addresses, account information, web addresses visited etc. Two types of data (Customer Data or Service Data) are available to local authorities and, when making an application for obtaining or disclosing such data, the applicant must specify exactly which type of information is required from within each of the subscriber data and service use data sources.

(a) Part C - Customer data – (Subscriber data, RIPA s21(4)(c))

Customer data is the most basic. It is data about users of communication services.

This data includes:

- Name of subscriber
- Addresses for billing, delivery, installation
- Contact telephone number(s)
- Abstract personal records provided by the subscriber (e.g. demographic information)
- Subscribers' account information – bill payment arrangements, including bank, credit/debit card details
- Other services the customer subscribes to.

(b) Part B - Service data – (Service Use data, RIPA s21(4)(b))

This relates to the use of the service provider's services by the customer, and includes:

- The periods during which the customer used the service(s)
- Information about the provision and use of forwarding and re-direction services by postal and telecommunications service providers
- 'Activity', including itemised records of telephone calls (numbers called), internet connections, dates and times/duration of calls, text messages sent
- Information about the connection, disconnection and reconnection of services
- Information about the provision of conference calling, call messaging, call waiting and call barring telecommunications services
- Records of postal items, such as records of registered, recorded or special delivery postal items, records of parcel consignment, delivery and collection
- 'Top-up' details for prepay mobile phones – credit/debit card, voucher/e-top up details

A third type of data (part A - traffic data) defined in RIPA s21 (6) is not accessible to local authorities. This is data that is or has been comprised in or attached to a communication for the purpose of transmitting the communication.

8. AUTHORISATION PROCEDURE

8.1 General

Authorisation is required for the use of directed surveillance, for the conduct and use of sources and for the conduct in relation to a postal service or telecommunication system and the disclosure to any person of such data, hereto referred to as the "RIPA powers".

Any officer who undertakes investigations (applicant) on behalf of the Council shall seek provisional authorisation in writing from an Authorising Officer in relation to any directed surveillance or for the conduct and use of any CHIS.

The Council's list of current officers who would undertake investigations and as such would be considered the case investigating officers are listed in [Appendix 1](#). It would be these officers who would attend the magistrate's court for the purpose of presenting RIPA cases to **Justices of the Peace (JP)** as it will be these officers who are best placed to answer any questions or clarify any points the JPs have on the application. **However, the Authorising Officer's considerations should always be clearly and fully recorded on the application form, and in usual and complex cases consideration should be given to the Authorising Officer attending the court as well.**

Each provisional authorisation then needs to receive judicial approval before being acted upon.

Any officer wishing to engage in conduct in relation to a postal service and telecommunication system for obtaining communications data and the disclosure to any person of such data must also seek authorisation, the procedure and procedure of which differs slightly and is outlined in paragraph 8.6.

Authorising Officers will ensure that staff who report to them follow this guidance document and do not undertake or carry out any form of surveillance without first obtaining the relevant authorisations in compliance with this document.

The authorising officer should also ensure that they clearly set out what activity and equipment has been authorised in order that those conducting the surveillance are clear on what has been sanctioned (as per the R v Sutherland ruling).

8.2 Who can give Provisional Authorisations?

By law, the 'Authorising Officer' for local authority purposes is any Director, Head of Service, service manager or equivalent. An Authorising Officer may grant a provisional authorisation **but** it does not take effect until it receives judicial approval (See paragraph 8.5). Please note that certain provisional authorisations, namely those relating to confidential information, vulnerable individuals and juvenile sources, can only be granted by the Chief Executive Officer, or, in his genuine absence, **another statutory officer**.

The Council's Authorising Officer posts are listed in [Appendix 1](#). This appendix will be kept up to date by the **Senior Responsible Officer** as needs require. The **Senior Responsible Officer** has the delegated authority to add, delete or substitute posts.

It will be the responsibility of Authorising Officers who have been duly certified to ensure their relevant members of staff are also suitably trained as 'applicants' so as to avoid common mistakes appearing on forms for RIPA authorisations.

Training will be given, or approved by the **Senior Responsible Officer**, before Authorising Officers are certified to sign any RIPA forms.

8.3 Grounds for Authorisation – the 'necessary & proportionate' test

An Authorising Officer has a number of obligations within the provisions of the Act, which must be met before using any of the RIPA powers.

An Authorising Officer shall not grant a provisional authorisation for the use of the RIPA powers unless he believes:

- (a) that a provisional authorisation is necessary and
- (b) the provisionally authorised investigation is proportionate to what is sought to be achieved by carrying it out

For local authority investigations, provisional authorisation **for surveillance and CHIS** is deemed “**necessary**” in the circumstances of the particular case if it is for the purpose of the **prevention or detection of crime(s) punishable by 6 months imprisonment or more**, or relates to the sale of alcohol or tobacco to underage persons, and if that objective could not be achieved without the information sought.

Conduct is not deemed “**proportionate**” if the pursuance of the legitimate aim listed above will not justify the interference if the means used to achieve the aim are excessive in the circumstances. Any conduct must meet the objective in question and must not be arbitrary or unfair nor must the impact on any individuals or group be too severe.

The conduct must also be the least invasive method of achieving the end and the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation must be assessed and taken into account (see Collateral Intrusion below).

Consideration must be given to the seriousness of the offence under consideration and whether it could be punishable on summary conviction or on indictment, by a maximum term of at least six months imprisonment **(surveillance and CHIS authorisations)**.

Careful consideration needs to be made by authorising officers of all of these points using the list below:

- (a) is the size and scope of the operation balanced by the gravity and extent of the perceived crime or offence?
- (b) is it clear how and why the methods to be adopted will cause the least possible intrusion on the subject and others?
- (c) is the activity an appropriate use of the legislation and the only reasonable way, having considered all alternatives, of obtaining the necessary result?
- (d) has evidence been provided of other methods considered and why they were not implemented?

Such consideration needs to be demonstrated on the authorisation form in the relevant parts. Authorising Officers must exercise their minds every time they are asked to sign a form. They must never sign or rubber stamp the form without thinking about their personal and the Council’s responsibilities. Any boxes not needed on the form/s must be clearly marked as being ‘not applicable’ or a line put through the same. Great care must also be taken to ensure accurate information is used and inserted in the correct boxes. Reasons for any refusal of an application must also be kept on the form and retained for future audits.

So far as possible, Authorising Officers should not be responsible for authorising investigations or operations in which they are directly involved.

8.4 Collateral Intrusion

Before provisionally authorising investigative procedures, the Authorising Officer shall also take into account the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation (collateral intrusion). The investigating officer shall take measures, wherever practicable, to avoid or minimise unnecessary intrusion into the lives of those not directly connected with the investigation or operation.

An application for a provisional authorisation shall include an assessment of the risk of any collateral intrusion. The Authorising Officer shall take this into account, when considering the proportionality of the use of the RIPA powers.

Where an operation unexpectedly interferes with the privacy of individuals who were not the subject of the investigation or covered by the authorisation in some other way, the investigating officer should inform the Authorising Officer.

8.5 Judicial Approval of Provisional Authorisations and Renewals

The judicial approval mechanism is in addition to the existing authorisation process under the relevant parts of RIPA as outlined in the Codes of Practice. The current local authority process of assessing necessity and proportionality, completing the RIPA authorisation / application form and seeking approval from an authorising officer will remain the same.

The Council is only able to grant a “provisional” authorisation or renewal to make use of any of the RIPA powers. All provisional authorisations and renewals must be approved by the Magistrates Court before the use of the RIPA power in the investigation commences.

The Council must apply to the local Magistrates Court for judicial approval of an authorisation or a renewal of an authorisation. The Council does not need to give notice of the application to the person(s) subject to the application or their legal representatives. If the Magistrates Court refuse to approve the application, they may also make an order quashing the provisional authorisation.

An additional procedure note on ‘How to apply to the Magistrate’s Court for RIPA Approval’ has been produced which lays out the local arrangements in place and format of the court application.

The local authority will provide the JP with a copy of the original RIPA provisional authorisation or notice and the supporting documents setting out the case. This forms the basis of the application to the JP and **should contain all the information that is relied upon**.

The local authority will provide the JP with a partially completed judicial application form containing a brief summary of the circumstances of the case. This is supplementary to and does not replace the need to supply the provisionally authorised RIPA authorisation or renewal as well.

The Magistrates will consider the provisionally authorised application or renewal, and will need to satisfy themselves that:

- a) At the time of provisional authorisation, there were reasonable grounds for believing that the tests of necessity and proportionality were satisfied in relation to the authorisation, and that those grounds still exist;
- b) That the person who granted provisional authorisation was an appropriately designated person;
- c) The provisional grant or renewal of any authorisation or notice was not in breach of any restrictions imposed under RIPA; and
- d) Any other conditions provided for by an order made by the Secretary of State were satisfied.

The applicant in liaison with legal services is responsible for tabling the application IN WRITING for judicial approval in the Magistrates Court before the use of the RIPA powers commence. The order section of the application form will be completed by the JP and will be the official record of the JP`s decision. The local authority will need to obtain judicial approval for all initial RIPA authorisations / applications and renewals and the local authority will need to retain a copy of the judicial application order form after it has been signed by the JP. There is no need for the JP to consider either cancellations or internal reviews.

The hearing is a 'legal proceeding' and therefore the local authority officers need to be formally designated to appear and present evidence or provide information as required by the JP. It will be the case investigator officers (identified in [Appendix 1](#)) who will fulfil this role.

8.6 Special Procedure **for Communications Data**

The Data Retention and Investigatory Powers Act 2014 (DRIPA) removes the authority of accredited Council Officers to directly approach telecommunication service providers to obtain data under RIPA.

Applications for the obtaining and disclosure of communications data can now only be made through the National Anti-Fraud Network (NAFN) via their secure website (www.nafn.gov.uk). Reference should be made to the process map at [Appendix 3](#) for guidance as to the process to be followed.

It is the responsibility of Fareham Borough Council to obtain both provisional authorisation and judicial approval of an application before NAFN are requested to obtain the required communications data. However, NAFN will carry out the Single Point of Contact "SPoC" role which includes:

- (a) where appropriate, assessing whether access to the communications data is reasonably practical for the postal or telecommunications operator;
- (b) advising applicants and authorising officers on the practicalities of accessing different types of communications data from different postal or telecommunications operators;
- (c) providing safeguards for authentication;
- (d) assessing the cost and resource implications to both the authorisation and postal or telecommunications operator.

Applications to obtain communications data should be made on the **interim form** at [Appendix 4](#) and submitted in the first instance to the Authorising Officer for feedback. **This summary should be used as a record for the Central Monitoring records.**

The formal application should then be entered on the NAFN website where it will be provisionally reviewed by a NAFN SPOC before forwarding to an Authorising Officer set up on within the website. If satisfied that the proposed investigation is both necessary and proportionate, the Authorising Officer will complete the relevant parts of the application form. The relevant documents will then be retrieved from the NAFN application for presentation for judicial approval. If accepted the NAFN application will be updated with the approval information and the SPOC who will then liaise with the postal / telecommunications company. Any communications data obtained will be provided through the NAFN website.

Communications data, and all copies, extracts and summaries of it must be handled and stored securely. The requirements of the Data Protection Act 1998 and the principles of the Criminal Procedure and Investigations Act 1996 must be strictly followed.

8.7 Urgency

Urgent authorisation authorisations are no longer available in relation to the use of the RIPA powers.

8.8 Standard Forms

All authorisations must be in writing.

The local authority will provide the JP with a partially completed judicial application form that will also contain a brief summary of the circumstances of the case. This is supplementary to and does not replace the need to supply the provisionally authorised RIPA authorisation or renewal as well.

Standard forms for seeking use of the RIPA powers are provided at [Appendix 4](#). The authorisation shall be sought using the standard forms as amended from time to time.

9. ACTIVITIES BY OTHER PUBLIC AUTHORITIES

The investigating officer shall make enquiries of other public authorities e.g. the police whether they are carrying out similar activities if he considers that there is such a possibility in order to ensure that there is no conflict between the activities of this Council and those other public authorities.

10. JOINT INVESTIGATIONS

When some other agency has been instructed on behalf of the Council to undertake any action under RIPA, this document and the forms in it must be used (as per normal procedure) and the agency advised or kept informed, as necessary, of the various requirements. They must be made aware explicitly what they are authorised to do.

When some other agency (e.g. police, Customs & Excise, Inland Revenue etc):

- (a) wish to use the Council's resources (e.g. CCTV surveillance systems), that agency must use its own RIPA procedures and, before any officer agrees to allow the Council's resources to be used for the other agency's purposes, he

must obtain the details and purpose of the surveillance and evidence of the RIPA authorisation and any required judicial approval for the purposes of protecting the Council and the use of its resources.

- (b) wish to use the Council's premises for their own RIPA action, the officer should, normally, co-operate with the same, unless there are security or other good operational or managerial reasons as to why the Council's premises should not be used for the agency's activities. In such cases, the Council's own RIPA forms should not be used as the Council is only assisting and not being involved in the RIPA activity of the external agency.

In terms of (a), if the police or other agency wish to use the Council's resources for general surveillance, as opposed to specific RIPA authorisations, an appropriate letter requesting the proposed use, remit, duration, details of who will be undertaking the general surveillance and the purpose of it must be obtained from the police or other agency before any Council resources are made available for the proposed use.

11. DURATION, RENEWALS AND CANCELLATION OF AUTHORISATIONS

11.1 Duration

Authorisations must be reviewed in the time stated and cancelled once no longer needed. Authorisations last for:

- (a) 12 months from the date of the judicial approval for the conduct or use of a source
- (b) three months less a day from the date of the last judicial approval for directed surveillance
- (c) one month from the date of judicial approval for communications data, or earlier if cancelled under Section 23(8) of the Act.

However, whether the surveillance is carried out/conducted or not in the relevant period, does not mean that the authorisation is spent. Authorisations should not be allowed to expire; they should be reviewed, or cancelled if no longer required.

11.2 Reviews

The Authorising Officer shall undertake regular reviews of authorisations to assess the need for the surveillance to continue. At a minimum these should be carried out monthly from the start date. The results of a review should be recorded on the central record of authorisations. Where the surveillance provides access to confidential information or involves collateral intrusion the officer should conduct frequent reviews.

Standard review forms for directed surveillance and CHIS are attached at [Appendix 4](#).

11.3 Renewals

Authorisations may be renewed more than once, if necessary, and the renewal should be kept/recorded as part of the central record of authorisations

Authorisations can be renewed in writing shortly before the maximum period has expired. An authorisation cannot be renewed after it has expired. The Authorising

Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date and any collateral intrusion that has occurred. The renewal will begin on the day when the authorisation would have expired provided the necessary judicial approval has been obtained.

A further requirement in relation to renewal of covert human intelligence sources, is that judicial approval will only be granted if the Magistrates are satisfied that a review has been carried out, which considers:

- the use made of the source in the period since authorisation was granted (or the last renewal); and
- the tasks given to the source during that period, and the information obtained from the conduct or use of the source;

and for the purposes of making an Order, the Magistrates have considered the results of that review.

The Authorising Officer who granted or last renewed the authorisation must cancel it if he is satisfied that the investigative procedure no longer meets the criteria upon which it was authorised.

Standard renewal forms for the authorisation of directed surveillance and CHIS are attached at [Appendix 4](#).

11.4 Cancellations

An Authorising Officer shall cancel a notice or authorisation as soon as it is no longer necessary, or the conduct is no longer proportionate to what is sought to be achieved. The duty to cancel a notice falls on the authorising officer who issued it.

In the case of a notice issued in respect of communications data, the relevant postal or telecommunications operator will be informed of the cancellation.

Standard cancellation forms for communications data, directed surveillance and CHIS are attached at [Appendix 4](#).

When completing the cancellation form care should be taken to record when the activity ceased, what value the surveillance had been to the investigation and what evidence “products” had been obtained.

12. RECORDS

The Council must keep a detailed record of all provisional and judicially approved authorisations, reviews, renewals, cancellations and rejections in departments and a Central Register of all such forms will be maintained and contain the following information:

- (a) a central register reference number for each authorisation
- (b) a unique reference number for the authorisation (URN) - this is usually the investigation or operation case reference
- (c) the type of authorisation or notice
- (d) the date the provisional authorisation or notice was given;
- (e) name and rank/grade of the authorising officer;
- (f) whether the investigation or operation is likely to result in obtaining confidential information;

- (g) whether the provisional authorisation was granted by an individual directly involved in the investigation;
- (h) the date that judicial approval was received or refused;
- (i) if the authorisation or notice is renewed, when it was provisionally renewed and who authorised the renewal, including the name and rank/grade of the authorising officer, and the date that judicial approval was obtained;
- (j) the date the authorisation or notice was cancelled;
- (k) the outcomes of the use of the powers.

The title of the investigation or operation, including a brief description and names of subjects will only be recorded on the central register by way of a hyperlink to the application form. The content of the hyperlink is restricted and can only be accessed by those with the appropriate authority.

The record will be made available to the relevant Commissioner or an Inspector from the Office of Surveillance Commissioners (OSC) or Communications Commissioner's Office (IOCCO).

These records will be retained for a period of at least three years from the ending of the authorisation. A record will be kept of the dates on which the authorisation notice is started and cancelled.

12.1 Maintaining the Central Record of all Authorisations

The **Senior Responsible Officer** shall hold and monitor the centrally retrievable record of all provisional and judicially approved authorisations. This can be found using the following path for the required year:

HUB\Corporate\RIPAf. **FBC CENTRAL MONITORING RECORDS\RIPA Central Record**

Applicants and Authorising Officers are responsible for filling out the Central register for each application whether approved or not within 1 week of the judicial approval review, cancellation or rejection. They should also ensure that a copy of all applications, magistrates approvals, reviews, renewals and cancellation forms are saved to their central area on the network (under **k. COMPLETED FORMS**) and hyperlinked into the Central Register.

Once an authorisation has been cancelled the applicant or authorising officer must update the Central Register for the outcome of the use of the RIPA powers in relation to their investigation.

12.2 Records maintained in the Department

The Authorising Officer shall maintain the following documentation, which need not form part of the centrally retrievable record:

- (a) the original signed application and a copy of the provisional authorisation or notice if applicable together with a copy of any order of judicial approval or refusal, as well as any supplementary documentation and notification given by the Authorising Officer;
- (b) a record of the period over which the surveillance has taken place;
- (c) the frequency of reviews prescribed by the Authorising Officer;
- (d) an original signed record of the result of each review of the authorisation or notice;

- (e) the original signed renewal of an authorisation or notice, together with the supporting documentation submitted when the renewal was requested;
- (f) the date and time when any instruction was given by the Authorising Officer.

Each form must have a URN and a Central Register number. The cross-referencing of each URN takes place within the form for audit purposes. Rejected forms will also have URNs.

12.3 Other Record of Covert Human Intelligence Sources

Proper records must be kept of the authorisation and use of a source. An Authorising Officer must not grant a provisional authorisation for the use or conduct of a source unless he believes that there are arrangements in place for ensuring that there is at all times a person with the responsibility for maintaining a record of the use made of the source.

The records shall contain the following information:

- (a) the identity of the source;
- (b) the identity, where known, used by the source;
- (c) any relevant investigating authority other than the Council;
- (d) the means by which the source is referred to within each relevant investigating authority;
- (e) any other significant information connected with the security and welfare of the source;
- (f) any confirmation made by a person granting or renewing an authorisation for the conduct or use of a source that the information in paragraph (d) has been considered and that any identified risks to the security and welfare of the source have where appropriate been properly explained to and understood by the source;
- (g) the date when, and the circumstances in which, the source was recruited;
- (h) the identities of the persons who, in relation to the source;
 - i. hold day-to-day responsibility for dealing with the source and for the source's security and welfare
 - ii. have a general oversight of the use made of the source (not to be the person identified in (h) (i))
 - iii. have responsibility for maintaining a record of the use made of the source
- (i) the periods during which those persons have discharged those responsibilities;
- (j) the tasks given to the source and the demands made of him in relation to his activities as a source;
- (k) all contacts or communications between the source and a person acting on behalf of any relevant investigating authority;
- (l) the information obtained by the conduct or use of the source;
- (m) any dissemination of information obtained in that way; and
- (n) in the case of a source who is not an undercover operative, every payment, benefit or reward and every offer of a payment, benefit or reward that is made or provided by or on behalf of any relevant investigating authority in respect of the source's activities for the benefit of that or any other relevant investigating authority.

12.4 Checks on the Integrity of the Process

A nominated officer will carry out a **regular** review of forms that are open for a long time or need a cancellation form completing, and will identify any links from forms to the Central Register that are missing.

The Senior Responsible Officer will carry out a **periodic** sample check of the quality of RIPA authorisations, renewals and cancellations that feed into the report prepared for the Audit and Governance Committee. The results of this review will be recorded on the Central Register and will be used to identify any guidance or individual or corporate training needed.

The Audit and Governance Committee will consider internal reports on the use of the 2000 Act to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose.

13. RETENTION AND DESTRUCTION

Material obtained from properly authorised surveillance or a source may be used in other investigations. Arrangements shall be in place for the handling, storage and destruction of material obtained through the use of covert surveillance, a source or the obtaining or disclosure of communications data. Authorising Officers must ensure compliance with the appropriate data protection requirements and any relevant Corporate Procedures relating to the handling and storage of material.

Where the product of surveillance could be relevant to pending or future proceedings, it should be retained in accordance with established disclosure requirements for a suitable period and subject to review.

14. CONSEQUENCES OF IGNORING RIPA

RIPA states that if authorisation confers entitlement to engage in a certain conduct and the conduct is in accordance with the authorisation, **then it shall be lawful for all purposes.**

Where there is interference with the right to respect for private and family life guaranteed under Article 8 of the European Convention on Human Rights, and where there is no other source of lawful authority, the consequence of not obtaining an authorisation under RIPA may be that the action is unlawful by virtue of section 6 of the Human Rights Act 1998.

Officers shall seek an authorisation where the directed surveillance, the use of a source or the obtaining or disclosure of communications data is likely to interfere with a person's Article 8 rights to privacy by obtaining private information about that person, whether or not that person is the subject of the investigation or operation. Obtaining an authorisation will ensure that the action is carried out in accordance with law and subject to stringent safeguards against abuse.

15. SCRUTINY OF INVESTIGATORY BODIES

The Office **of** Surveillance Commissioners (OSC) and Interception of Communications Commissioner's Office (IOCCO) have been established under RIPA to facilitate independent scrutiny of the use of RIPA powers by the investigatory bodies that are subject to it. The Commissioners will inspect Councils to ensure

compliance with RIPA and can audit/review the Council's policies and procedures, and individual authorisations. Further detail can be found at www.surveillancecommissioners.gov.uk .

The Investigatory Powers Tribunal has been established under RIPA to deal with complaints from members of the public about the use or conduct by public authorities of these powers. The Tribunal is separate from the OSC. The Council expects its officers to co-operate fully with these bodies and to bring forward any proposals for improvement that may follow on from an inspection report or a Tribunal hearing.

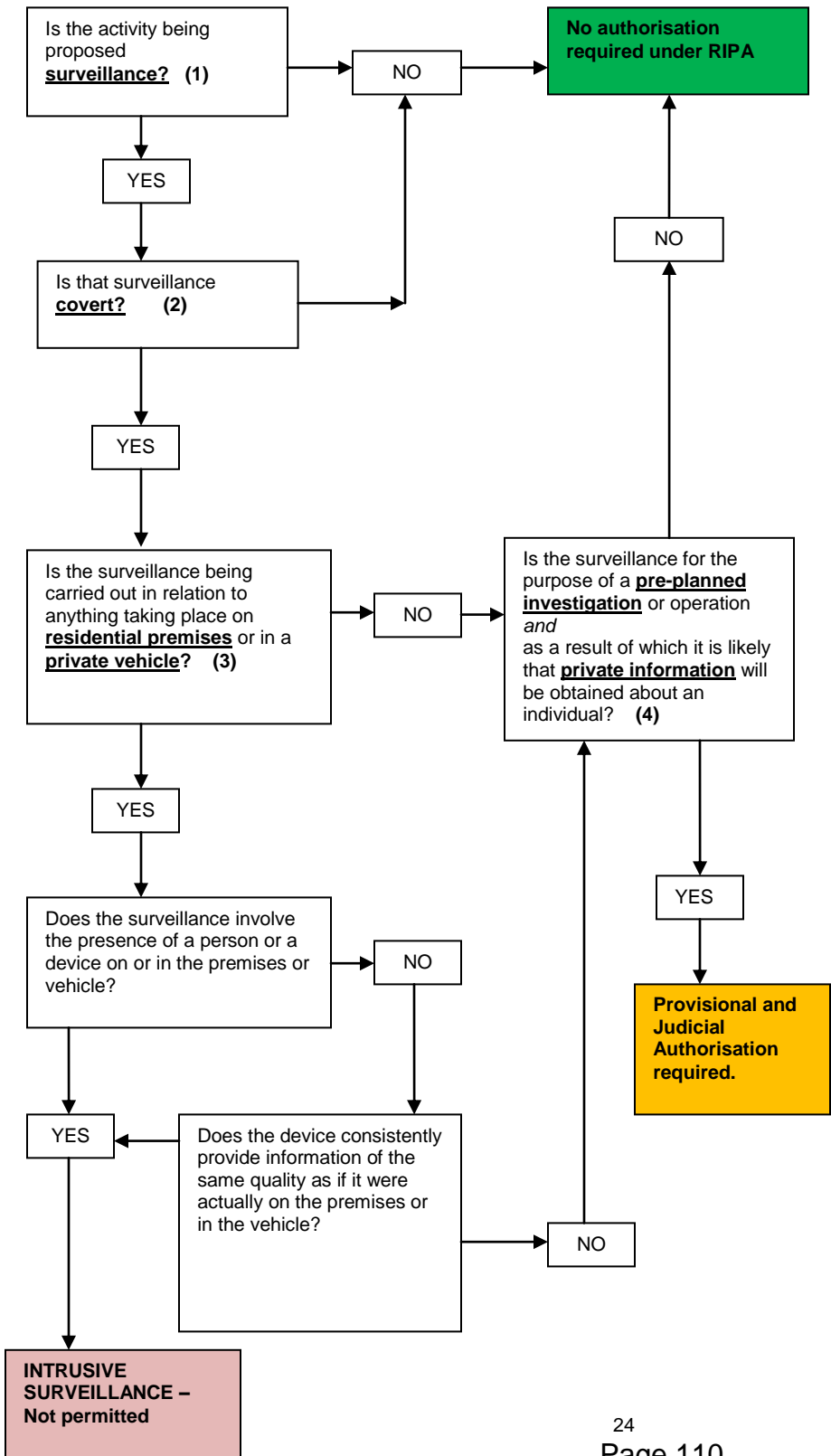
**IF IN DOUBT ADVICE MUST BE SOUGHT FROM
THE SENIOR RESPONSIBLE OFFICER**

Officer Appointments to Roles in the Policy

Last updated February 2015

Title	Appointed Officers	Role
Senior Responsible Officer	Andrew Wannell	<p>Ensure the integrity of the process within the Council and its compliance with RIPA, including carrying out a periodic sample check of the quality of RIPA authorisations, renewals and cancellations.</p> <p>Carry out an annual review of the corporate policy.</p> <p>Have oversight of the completion of annual returns to the relevant oversight commissioner.</p> <p>Engage with the oversight commissioners when they conduct their inspections and where necessary, oversee the implementation of any post-inspection action plan.</p> <p>Have oversight of reporting of errors to the relevant oversight commissioner</p> <p>Ensure that Members regularly review the Council's use of RIPA.</p>
Authorising Officer (Surveillance/ CHIS) Designated Person (Communications Data)	Peter Grimwood Martyn George Elaine Hammell Caroline Holmes Ian Rickman Kevin Wright	<p>Review applications for considerations of: lawfulness, necessity, proportionality, collateral intrusion and approve or reject them.</p> <p>Act as applicant/handler as long as a different authorising officer approves the application.</p>
Higher level authoriser	Peter Grimwood Paul Doran or Andrew Wannell (in Peter's absence)	<p>Approve applications involving confidential material (surveillance) or the use of vulnerable individuals and juvenile sources (CHIS)</p>
Applicant (Surveillance, Communications Data) Handler (CHIS)	Ian Smith Andrea Bloomfield Alan Gerrard Andrew Lynch David Riley Heather Cusack Mark Homeyard Trevor Charlesworth Narinder Bains	<p>Complete application forms 1-4 (surveillance, CHIS)</p> <p>Complete NAFN Communications Data application</p> <p>Attend magistrates court to obtain judicial approval</p>

DIRECTED SURVEILLANCE FLOW CHART



(1) Surveillance includes: monitoring, observing, listening to persons, their movements, their conversations or their other activities or communications. It includes recording anything monitored, observed or listened to in the course of surveillance, and surveillance by or with the assistance of a surveillance device

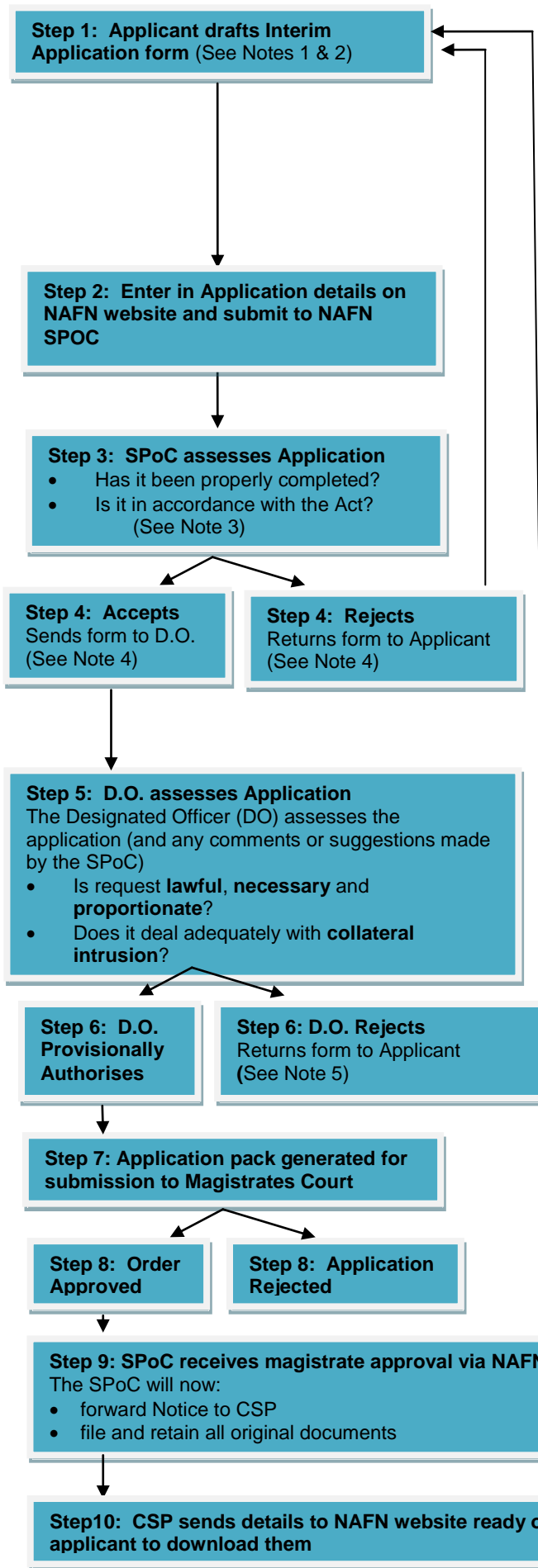
(2) Covert is defined as surveillance which is carried out in a manner calculated to ensure that the person(s) who are subject to it are unaware that it is or may be taking place

(3) Residential premises: occupied or used by a person, however temporarily, for residential purposes or otherwise as living accommodation including hotel rooms – but not communal areas – e.g. a hotel lounge.
Private vehicle: which is used primarily for the private purpose of the owner or a person having the right to use it – but not, e.g. a minicab.

(4) Pre-planned investigation: surveillance is not planned if it is conducted as an immediate response to events or circumstances the nature of which it would not be reasonably practicable for authority to be sought.
Private information: includes any information relating to a person's private or family life. This must be interpreted broadly to include an individual's relationship with others. It will include information about a person's associations, lifestyle, finances etc. It is immaterial whether the person about whom the information will be gathered is the subject of the investigation.

Note: Before provisionally authorising any directed surveillance investigation, the Authorising Officer (AO) must clearly indicate in the authorisation form itself that the AO does believe that the proposed investigation is both **necessary** for preventing or detecting crime or preventing disorder **and** that the investigation is **proportionate** to what it is sought to achieve. The AO must also show that any potential **collateral intrusion** has been taken into account and that reasonable steps are proposed to minimise such intrusion.

Flowchart of Application Process for Communications Data



Note 1 Applicant should discuss proposed application with line manager to try to find alternative options for obtaining the information required.

Applicant may also wish to discuss content, scope and aims of the application and type of application with the **NAFN** SPoC before submitting the application

- Note 2** The application should include:
- The purpose for which the data is required
 - The nature of the enquiry
 - Details of the data required
 - The timescale in which the data is needed
 - A statement clearly setting out:
 - ❖ why request is **necessary**
 - ❖ why request is **proportionate**
 - ❖ steps to be taken to minimise **collateral intrusion**

- Note 3** The SPoC will:
- ensure application is practical and lawful
 - advice on most appropriate route
 - assess cost and resource implications

- Note 4** If the SPoC **accepts** that the application is justified and reasonably practicable, s/he:
- will submit the application to the DO for approval
 - include any appropriate additional information/comments for consideration by DO
- If the SPoC **rejects** the application, s/he will:
- return the application to the applicant
 - specify in writing reason(s) for rejection

- Note 5** If D.O. **authorises** the application, s/he will:
- Approve online
 - document any discussions conducted in reaching the decision
- If D.O. **rejects** the application, s/he will:
- return the application to the applicant
 - specify in writing reason(s) for rejection
 - save a copy of rejected application + reason(s) to the Council's Central Monitoring Records

KEY

Applicant: Officer making the application
D.O.: Designated Officer who provisionally authorises the Application
SPoC: Single Point of Contact between FBC and CSP
CSP: Communications Service Provider

RIPA Forms

The following links can be used to locate the template of the latest forms to use which are stored on the [Hub](#) at: [Corporate\RIPA\b. FBC RIPA FORMS](#)

Directed Surveillance

- a. [Directed Surveillance Authorisation - RIPA 1](#)
- b. [Directed Surveillance Review - RIPA 2](#)
- c. [Directed Surveillance Renewal - RIPA 3](#)
- d. [Directed Surveillance Cancellation - RIPA 4](#)

Covert Human Intelligence (CHIS)

- a. [CHIS Application - CHIS 1](#)
- b. [CHIS Review - CHIS 2](#)
- c. [CHIS Renewal - CHIS 3](#)
- d. [CHIS Cancellation - CHIS 4](#)

Application for judicial approval to obtain or disclose communications data, to use covert human intelligence source or to conduct directed surveillance

[Judicial Approval Application Form](#)

[Accompanying Witness Statement](#)

Communications Data

[Template to prepare for application via NAFN](#)

[Link to National Anti-Fraud Network site - <https://secure.nafn.gov.uk/>](#)

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio: Policy and Resources
Subject: **Quarterly Financial Monitoring Report**
Report of: Director of Finance and Resources
Strategy/Policy: Finance Strategy

Corporate Objective: A dynamic, prudent and progressive Council

Purpose:

This report provides comparative information on the Council's revenue and capital expenditure for the nine months ended 31 December 2014. Members are invited to consider the financial performance in the quarter, and any corrective action that may be deemed appropriate.

Executive summary:

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

Revenue	Budget 2014/15 £000s	Budget to 31 Dec 14 £000s	Actual to 31 Dec 14 £000s	Variation £000s
Service Budgets	12,959	21,150	20,564	-586
Non-Service Budgets	-3,443	-1,355	-1,362	-7
Net	9,516	19,795	19,202	-593

The main variations in spending to 31 December 2014 are within cost of employment (-£249,457) and housing benefits (-£336,076). Vacancies are the main reason behind the under spend on the cost of employment. Housing benefit payments are under the budget although this will be offset by receiving less grant at the end of the financial year.

Capital Programme	Budget 2014/15 £000s	Budget to 31 Dec 14 £000s	Actual to 31 Dec 14 £000s	Variation £000s
General Fund	15,720	12,103	7,461	-4,642
HRA	7,351	6,207	4,563	-1,644
Total	23,071	18,310	12,024	-6,286

Revenue and capital spending plans are showing an under spend for the period.

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

Recommendation:

That the Executive notes the contents of the report on revenue and capital budget monitoring.

Reason:

To provide members of the Executive with a summary of the Council's budgetary performance to 31 December 2014.

Cost of proposals:

Not applicable.

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 02 February 2015

Subject: Quarterly Financial Monitoring Report

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. This report sets out, in detail, the variations between the budgeted and actual income/expenditure to 31 December 2014 for both revenue and capital budgets.

REVENUE EXPENDITURE SUMMARY

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















ACTUAL REVENUE EXPENDITURE TO 31 DECEMBER 2014

	Budget 2014/15 £	Budget to 31 Dec 14 £	Actual to 31 Dec 14 £	Variation £
Committees				
Planning	801,800	387,400	368,186	-19,214
Licensing & Regulatory Affairs	497,200	247,200	292,573	45,373
Executive - Portfolio Budgets				
- Leisure & Community	2,257,100	988,300	918,330	-69,970
- Health & Housing	1,322,100	747,000	713,278	-33,722
- Planning & Development	-610,300	-817,300	-767,791	49,509
- Policy & Resources	1,755,600	15,699,000	15,314,373	-384,627
- Public Protection	2,417,400	1,314,500	1,288,086	-26,414
- Streetscene	4,517,800	2,583,700	2,437,030	-146,670
SERVICE BUDGETS	12,958,700	21,149,800	20,564,065	-585,735
NON-SERVICE BUDGETS	-3,442,600	-1,354,500	-1,362,236	-7,736
NET BUDGET	9,516,100	19,795,300	19,201,829	-593,471

3. The budget for Policy and Resources to December 2014 appears high against the budget for the year as housing benefit payments are processed during the year whereas the grant income is processed at year end.

THE KEY COUNCIL SERVICES

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

Service	Budget 2014/15 £	Budget to 31 Dec 14 £	Actual to 31 Dec 14 £	Variation £	
Income Budgets					
Parking Services	-1,003,200	-1,029,400	-977,916	51,484	
Commercial Estates	-2,130,800	-1,666,000	-1,600,997	65,003	
Land Charges	-170,900	-143,900	-154,947	-11,047	
Interest on Investments	-706,900	-292,500	-294,324	-1,824	
Expenditure Budgets					
Local Tax Collection	874,100	578,800	554,993	-23,807	
Community Parks & Open Spaces	1,127,600	659,600	653,987	-5,613	
Street Cleansing	961,800	618,500	605,159	-13,341	
Processing Planning Applications	233,600	84,800	87,138	2,338	
Homelessness	356,700	388,000	373,461	-14,539	
Housing Benefits Payments	0	14,890,600	14,554,524	-336,076	
Waste Collection & Recycling Services	1,936,400	1,263,800	1,233,486	-30,314	
Trade Waste	-64,000	-328,300	-370,390	-42,090	
Ferneham Hall	403,400	102,600	62,639	-39,961	
Cost of Employment	15,436,900	11,508,631	11,259,174	-249,457	







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

- (a) Parking Services is showing a variation of £51,000 above the budget, which is mainly as a result of reduced income from users of the Council's car parks. This has been partially offset by savings in employee budgets.

- (b) Rents derived from commercial estates are less than expected, by £65,000. This is mainly due to vacant units in some of the Council's commercial properties and also new lettings on less favourable terms to the council.
- (c) Housing benefits payments are currently £336,000 under the budget for the year. Expenditure will be offset by income at year end when Government Grant is accounted for.
- (d) Interest on investments is slightly higher than budgeted for the year due to more cash being available for investment than anticipated. This however will not last throughout the financial year as some of the larger capital projects that require funding will reduce this balance during the later months of the financial year.
- (e) Expenditure on employees represents approximately 60% of the Council's gross expenditure (excluding benefit payments) and therefore it is important that the total establishment cost is monitored collectively, as well as monitoring at service level. During the first 9 months of the year, savings on salaries and wages have arisen, mainly as a result of employee vacancies. While this has been partly offset by the additional expenditure on agency employees, it is anticipated that there will be an overall saving in this area at the end of the year.

THE COUNCIL'S FUNDAMENTAL PARTNERSHIPS

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

Service	Budget 2014/15 £	Budget to 31 Dec 14 £	Actual to 31 Dec 14 £	Variation £	
Project Integra	25,000	20,500	20,461	-39	
Community Safety Partnership	299,100	165,500	150,468	-15,032	
Fareham & Gosport CCTV Partnership	204,900	81,700	57,789	-23,911	
Portchester Crematorium Joint Committee	-150,000	0	0	0	
Environmental Health Partnership	1,491,200	1,027,400	1,011,231	-16,169	
Building Control Partnership	221,200	119,100	111,498	-7,602	

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

CAPITAL PROGRAMME

8. Since the capital programme was approved earlier in the year, a number of new

schemes have been added and some have been re-phased over the 5 year capital programme.

9. The following table sets out the updated capital programme for 2014/15 and has been used as the basis for monitoring progress to 31 December 2014:-

	Approved Programme £	2013/14 Slippage £	New/ Rephased Schemes £	Updated Programme £
Public Protection	0	0	0	0
Streetscene	36,100	79,300	69,600	185,000
Leisure & Community	3,432,300	940,800	-452,040	3,921,060
Health & Housing	480,000	97,300	145,000	722,300
Planning & Development	75,000	36,300	-37,1000	74,200
Policy & Resources	12,283,000	386,500	-1,852,300	10,817,200
Total General Fund	16,306,400	1,540,200	-2,126,840	15,719,760
Housing Revenue Account	8,297,000	1,008,500	-1,954,400	7,351,100
Updated Capital Programme	24,603,400	2,548,700	-4,081,240	23,070,860

MAJOR CAPITAL SCHEMES

10. The Council has a number of major capital schemes where expenditure is in excess of £300,000. These schemes, with forecast budget to 31 December 2014, are detailed in the following table:-

Capital Scheme	Budget 2014/15 £	Budget to 31 Dec 14 £	Actual to 31 Dec 14 £	Variation £	
Daedalus	6,060,000	5,404,700	3,498,517	-1,906,183	☹️
Commercial Property Investment Acquisition	4,110,300	2,500,000	2,156,243	-343,757	☹️
Collingwood Court Sheltered Housing	4,067,100	3,319,000	2,538,992	-780,008	☹️
HRA Capitalised Repairs/Renewals	2,047,000	1,495,300	1,466,639	-28,661	😊
Fareham Leisure Centre Swimming Pool Refurbishment	1,500,000	1,500,000	0	-1,500,000	☹️
Housing Stock Repurchases	790,000	593,000	462,500	-130,500	☹️
Disabled Facilities Grants	500,200	402,500	311,672	-90,828	☹️
Bath Lane Cricket Pavilion	490,000	367,500	145,557	-221,943	☹️
Western Ward Leisure Centre	463,000	348,900	328,927	-19,973	😊

11. The main variations in the major schemes where expenditure is over £300,000 are detailed below:-

- (a) The Council's investment project at Daedalus is progressing well, with the delivery of an Innovation Centre at Daedalus remaining on schedule for

completion in March 2015. Airfield improvements have also progressed well, with the runway refurbishment being completed in December. The location and construction of new hangar space has been delayed pending the outcome of broader discussions over land ownership of the airfield part of the site. The programme of work is being overseen by a Member Working Group, chaired by Cllr T Cartwright.

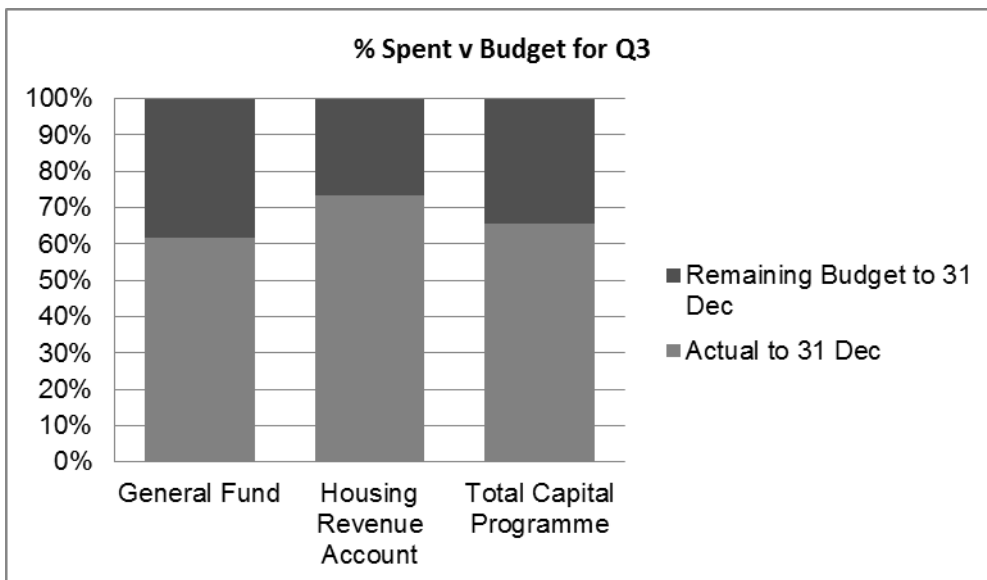
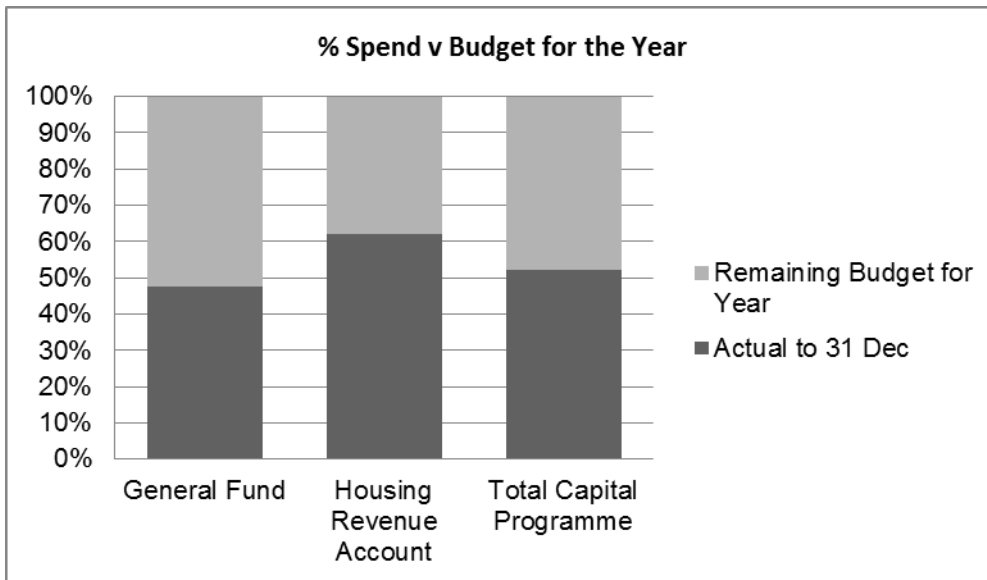
- (b) The commercial property investment acquisition programme is progressing well. The fourth purchase, a property in Weymouth let to a high street retailer, completed on 29 September 2014 at a purchase price of £810,000 and the fifth purchase a ground floor convenience store in Poole completed on 24 November 2014 at a purchase price of £1.26m. Negotiations are on-going in relation to a sixth investment.
- (c) Building works continue to progress well at Collingwood Court and officers are working closely with the contractor to ensure practical completion before the end of March 2015.
- (d) Expenditure to the close of the third quarter for HRA Capitalised Repairs/Renewals is close to the budgeted position and there are no known current issues for the remainder of this financial year.
- (e) The refurbishment of the Fareham Leisure Centre swimming pool is now complete and the works have been approved by the Head of Estates. SLM have been requested to submit their invoice for payment of the £1.5m.
- (f) There have been no housing stock repurchases in the third quarter of the year.
- (g) £311,672 has been spent on Disabled Facilities Grants. With the number of committed cases in the pipeline there may be a small overspend at the end of the year.
- (h) Works are underway at Bath Lane Cricket Pavilion and completion of the changing rooms and club house is anticipated in March 2015. Following this the former club house will be demolished and the land reinstated prior to the 2015 cricket season.
- (i) A successful public consultation has been held for the Western Wards Leisure Centre and planning applications for the Leisure Centre, changing rooms and sports pitches submitted. Construction work is programmed to commence in April/May 2015 with completion in spring/summer 2016.

CAPITAL MONITORING

12. The following table provides summary information for the third quarter to 31 December 2014, for the schemes within each portfolio.

	Budget 2014/15 £	Budget to 31 Dec 14 £	Actual to 31 Dec 14 £	Variation £
Public Protection	0	0	0	0
Streetscene	185,000	92,300	60,077	-32,223
Leisure & Community	3,921,060	3,143,660	1,079,448	-2,064,212
- Buildings	2,072,300	1,816,000	493,098	-1,322,902
- Play & Parks	258,200	215,700	49,765	-165,935
- Outdoor Recreation	1,221,600	801,900	249,035	-552,865
- Grants to Community Groups	99,960	42,360	42,360	0
- Other Community Schemes	269,000	267,700	245,190	-22,510
Health & Housing	722,300	494,600	425,466	-69,134
- Home Improvement Loans	693,200	465,500	403,552	-61,948
- Enabling	29,100	29,100	21,914	-7,186
Planning & Development	74,200	55,600	30,231	-25,369
- Car Parks	74,200	55,600	30,231	-25,369
Policy & Resources	10,817,200	8,317,100	5,866,089	-2,451,011
- Vehicles & Plant	108,500	75,000	15,909	-59,091
- ICT	277,800	220,000	93,904	-126,096
- Depot	98,500	87,400	74,394	-13,006
- Civic Offices	148,100	30,000	27,122	-2,878
- Commercial Property Acquisition	4,110,300	2,500,000	2,156,243	-343,757
- Daedalus	6,060,000	5,404,700	3,498,517	-1,906,183
- Other Schemes	14,000	0	0	0
Total General Fund	15,719,760	12,103,260	7,461,311	-4,641,949
Housing Revenue Account				
- Capitalised Repairs/Renewals	2,047,000	1,495,300	1,466,639	-28,661
- New Build	4,367,100	4,119,100	2,633,735	-1,485,365
- Other HRA Schemes	937,000	593,000	462,500	-130,500
Total Housing Revenue Account	7,351,100	6,207,400	4,562,874	-1,644,526
Total Capital Programme	23,070,860	18,310,660	12,024,185	-6,286,475

13. The graphs below show the actual expenditure to 31 December 2014 as a percentage of the programme for the equivalent period and for the whole year. 66% of the capital programme has been spent compared to the profiled budget for the third quarter of the year. 52% has been spent compared to the budget for the year.



RISK ASSESSMENT

14. Whilst it would be too early to draw very firm conclusions regarding the final revenue and capital budget position for 2014/15 after nine months, it is equally important that the Executive is made aware of the trends in both expenditure and income where they differ from those anticipated when the original budgets were prepared.
15. It is also worth noting that expenditure tends to increase during the latter months of the year as work programmes proceed so any under spends going into the final first quarter of the financial year are likely to be reduced as spend increases.
16. A potential risk to the capital programme relates to scheme slippages. Delayed schemes could result in increased contract costs for which funding may not be available and could also impact on the Council achieving its corporate objectives.
17. The Council's expenditure and income are monitored by officers throughout the year and these projections will be updated each quarter, as part of the budget monitoring reports. Known spending pressures have been reflected in the Finance Strategy for 2015/16 that was presented to the Executive at its meeting

in October. The budget that reflects this revised position was reported to the Executive in December 2014 and a revised position was reported in January 2015.

18. There remains a concern with the speed of the economic recovery, which is continuing to affect some Council services and funding. Those particularly affected includes services whose income is reliant on the business sector such as commercial rents. There is also a continuing impact on services such as car parking where income levels have been reducing over the last couple of years and are continuing to reduce in the current financial year with increasing competition from other shopping centres. Finally there is an impact on services affected by benefit changes with increased demand on the homelessness, benefits and council tax services.

CONCLUSION

19. It is important that there is a timely reporting system in place to focus the Executive on key variances. To reflect this, revenue and capital monitoring reports include detailed information about the more significant areas of the Council's expenditure and income.
20. There are no particular actions considered necessary at the present time, however, officers will continue to monitor the actual revenue and capital expenditure very closely and any variance that will impact on the Council's overall financial position will be reported to the Executive as soon as possible, in advance of the normal monitoring arrangements.

Reference Papers:

- (a) 10 February 2014 Executive Report - Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2014/15.
- (b) 10 February 2014 Executive Report - HRA Spending Plans including the Capital Programme for 2014/15.
- (c) 7 July 2014 Executive Report - Actual Capital Expenditure and Financing 2013/14.

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio: Policy and Resources
Subject: Treasury Management Monitoring Report 2014/15
Report of: Director of Finance and Resources
Strategy/Policy: Finance and Treasury Management Strategies

Corporate Objective: A dynamic, prudent and progressive council

Purpose:

This report summarises the Council's investment activity up to 31 December 2014 and provides details of the Council's money market transactions.

Under the Code of Conduct that governs the operation of the money markets, it is not possible to make public details of specific transactions. For this reason, Appendix A is included in the confidential part of the agenda.

Executive summary:

This report gives the Executive the opportunity to review the treasury management activity up to 31 December 2014 along with the Treasury and Prudential Indicators.

The overall position is set out in the following table:

Investments	Externally Managed £m	Internally Managed £m	Call Accounts £m	Total £m
At 1 April 2014	10.0	18.0	12.8	40.8
New	8.0	18.0	95.3	121.3
Repaid	8.0	15.0	94.1	117.1
At 31 Dec 2014	10.0	21.0	14.0	45.0

The actual fixed term investments are set out in Appendix A with more detailed information set out in the briefing paper.

Performance for the first half of the year for the treasury and prudential indicators are shown in detail in Appendix B. During the financial year to date the Council has operated within the treasury limits and prudential indicators.

Recommendation:

That the Executive notes the contents of the Treasury Management Monitoring report.

Reason:

To inform the Executive of the Council's investment, borrowing and repayment activity up to 31 December 2014.

Cost of proposals:

Not applicable.

Appendices:

A: Externally & Internally Managed Investments (Confidential Appendix)

B: Q3 Treasury and Prudential Indicators

C: Treasury and Prudential Indicators Explained

Background papers:

Exempt by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 02 February 2015

Subject: Treasury Management Monitoring Report 2014/15

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly. This report therefore ensures this Council is implementing best practice in accordance with the Code.
2. The total amount of fixed term investments and call accounts as at 31 December 2014 was £45 million, as summarised below. The movements during the year for fixed term investments are detailed in Appendix A.

Investments	Externally Managed £m	Internally Managed £m	Call Accounts £m	Total £m
At 1 April 2014	10.0	18.0	12.8	40.8
New	8.0	18.0	95.3	121.3
Repaid	8.0	15.0	94.1	117.1
At 31 Dec 2014	10.0	21.0	14.0	45.0

3. The increase in funds of £4.2 million during the first 9 months of the year was mainly due to the timing of precept payments, receipts of grants and progress on the capital programme.

INVESTMENT STRUCTURE

4. The structure of the investments at 31 December is shown in the table below. Over the past few years, most investments have been held on short periods to mitigate the risks that have been seen during the recession. At the same time, officers have actively sought to spread investments across a wider range of counterparties rather than operating at the upper limit for investments to limit the exposure to financial loss.
5. Throughout this period of uncertainty, officers have been taking advice from the Council's retained treasury advisor, Capita Asset Services, to ensure that decisions are taken in light of the latest facts at the time. This has given rise to

lower interest rates being secured but this is the lowest priority consideration compared to the security of investments and the liquidity of cash flow.

6. The Council's fixed term investments are partly managed externally by Tradition UK Ltd. The role of the broker is to determine the most appropriate investment option within criteria set by the Council. All cash transfers are made by Council officers and Executive approval has been given for the allocation of up to £13 million to the externally managed portfolio. This retains sufficient funds within the direct management of officers, while still ensuring that maximum yield is achieved from the longer term investments.
7. The investment structure is sufficient to meet the capital programme and other large cash outflows.

Investment Structure	External £m	Internal £m	Call £m	Total £m
For periods of less than 1 month	0	1.0	10.0	11.0
For periods of 1 to 3 months	0	7.0	0	7.0
For periods of 3 to 6 months	2.0	7.0	4.0	13.0
For periods of 6 to 12 months	5.0	5.0	0	10.0
For periods of 1 to 2 years	3.0	1.0	0	4.0
Total Investments at 31 Dec 2014				
Investments for periods < 365 days	7.0	20.0	14.0	41.0
Investments for periods 365+ days	3.0	1.0	0	4.0

8. To increase the liquidity of the Council's investments, call accounts with Nat West, Santander, HSBC and Svenska Handelsbanken are being used. These accounts offer quick access to funds however they do attract a lower rate of interest than some of the fixed term investments shown in the table above.
9. The balance within each call account as at 31 December 2014 is set out in the following table:-

Call Accounts	£m
NatWest	0
Santander - 95 day notice	4.0
Svenska Handelsbanken	4.0
HSBC	6.0
Total	14.0

ECONOMIC UPDATE FROM CAPITA ASSET SERVICES

10. After strong UK GDP growth in 2013 at an annual rate 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards.
11. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods,

both of which need to substantially improve on their recent lacklustre performance.

12. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable.
13. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.
14. Also encouraging has been the sharp fall in inflation (CPI), reaching 1.0% in November, the lowest rate since September 2002. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

INTEREST RATES

15. The base rate has remained at 0.5% since March 2009. The latest forecast by Capita Asset Services includes a move in the timing of the first increase in Bank Rate from quarter 2 of 2015 to quarter 4 of 2015. This is as a result of the sharp fall in inflation due to the fall in the price of oil and the cooling of the rate of growth in the UK.
16. Investment rates available in the market have been broadly stable during the quarter and have continued at historically low levels as a result of the ultra-low Bank Rate and other extraordinary measures such as the Funding for Lending Scheme. Actual investment income for 2013/14 was £770,881 with the budget for 2014/15 set at £676,900 for the General Fund and HRA.

BORROWING

17. The Council's external long term debt amounted to £40.4 million as at 1 April 2014. This is as a result of the HRA reforms (£40m) and the Hampshire County Council interest free loan for Portchester Community Centre (£0.4m). Borrowing may be required in the last quarter of the year for the Daedalus capital scheme.
18. The Council has taken out ten £4 million loans from the PWLB with duration of between 40 and 50 years at an average interest rate of 3.50% as detailed in the table below:-

Repayment Date	Loan Amount	Interest Rate
30/09/2052	£4m	3.52%
30/09/2053	£4m	3.51%
30/09/2054	£4m	3.51%
30/09/2055	£4m	3.51%
30/09/2056	£4m	3.50%
30/09/2057	£4m	3.50%
30/09/2058	£4m	3.50%
30/09/2059	£4m	3.49%
30/09/2060	£4m	3.49%
30/09/2061	£4m	3.48%
Total	£40m	3.50% average

19. Interest payable for 2014/15 is budgeted at £1,870,900 and will be met by the HRA. £1,400,400 relates to the PWLB loans and £470,500 for interest on internal borrowing between the General Fund and the HRA.

STRATEGY COMPLIANCE

20. The Council's Treasury Management Strategy Statement for 2014/15, which includes the Annual Investment Strategy 2014/15, was approved by the Council on 21 February 2014. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield

21. The Council will also aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs but also to seek out value available in higher rates in periods up to 2 years with highly credit rated financial institutions.

22. The compliance with the various elements of the strategy are set out in the following table:-

Compliance on Individual Elements	Yes/No	Notes
Borrowing only up to "supported" level	Yes	No borrowing this quarter
All investments with approved institutions	Yes	Treasury management advisors provide updated list of approved institutions weekly
All individual investments within prescribed financial limits	Yes	There are currently 6 institutions where the total investment is at the maximum level. They are Lloyds Bank (£8m limit), HSBC (£6m limit), Skipton BS, Leeds BS, Principality BS and West Brom BS (£2m limit).

23. No changes to the Council's Treasury Management Strategy Statement and Annual Investment Strategy 2014/15 are considered necessary at this time as the rules currently being applied to investments are much tighter than those approved within the Treasury Management Strategy.

COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

24. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordable limits) were approved by the Executive at its meeting on 10 February 2014.
25. Performance up to 31 December 2014 is shown in Appendix B and the purpose of each indicator is explained in more detailed in Appendix C. During the financial year to date the Council has operated within the treasury and prudential indicators.

RISK ASSESSMENT

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

Reference Papers:






10 February 2014 Executive Report - Treasury Management Strategy and Prudential Indicators 2014/15






By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

Appendix B

2014/15 Prudential and Treasury Indicators - Quarter 3 Performance

Indicator	Description	Approved Indicators 2014/15	Quarter 3 Position	Performance Rating
Aff.1	Affordability Measure: Financing Costs as a percentage of net revenue streams			
1a	Overall Position	3%	2.3%	
1b	General Fund	-12%	-3.3%	
	Housing Revenue Account	14%	14.7% (estimated)	
Aff.2	Affordability Measure: Incremental impact of capital investment on Council Tax and Housing Rents			
2a	Council Tax increases, borrowing costs only	£2.70	No unsupported borrowing undertaken, therefore no effect on rent or council tax increases	
2b	Housing Rent increases, borrowing costs only	£0.56		
Aff.3	Affordability Measure: Capital Expenditure (£'000s)	Estimate to 31 Dec 14	Actual to 31 Dec 14	
	General Fund	£12,103	£7,461	
	Housing Revenue Account	<u>£6,207</u>	<u>£4,563</u>	
	Total Capital Expenditure	£18,310	£12,024	
Aff.4	Affordability Measure: External Debt Level (£'000s)			
	Authorised limit, comprising	£73,000	Long term external debt is £40.4m and short term debt is £1.582m	
	- borrowing	£69,000		
	- other long term liabilities	£4,000		
	Operational boundary, comprising	£50,000		
	- borrowing	£48,000		
	- other long term liabilities	£2,000		
Aff.5	Affordability Measure: Capital Financing Requirement (£'000s)			
	General Fund CFR closing balance in the year	£54,016 £211	No anticipated change to the planned position for CFR items	
	HRA CFR closing balance in the year	£53,805		

Indicator	Description	Approved Indicators 2014/15	Quarter 3 Position	Performance Rating
Pru.1	<p>Prudence Measure: Gross Debt and Capital Financing Requirement (CFR), (£'000s)</p> <p>Gross External Borrowing level</p> <p>CFR (for last, current and next 2 years)</p> <p>Has measure been achieved?</p> <p>Memorandum Item: Prudence margin</p>	<p>£44,204</p> <p>£213,099</p> <p>Achieved</p> <p>£168,895</p>	<p>£41,982</p> <p>£213,099</p> <p>Achieved</p> <p>£171,117</p>	
Pru.2	<p>Prudence Measure: Adoption of the CIPFA Treasury Management Code of Practice</p> <p>Has the Code been adopted in its entirety?</p>	Yes	Yes	
Pru.3	<p>Prudence Measure: Upper Limits to fixed and variable interest rate exposure</p> <p>Upper limit to variable interest rate exposures</p> <p>Upper limit to fixed interest rate exposures</p>	<p>25%</p> <p>100%</p>	All investments are fixed rate except 4% which are semi variable and linked to LIBOR rates	
Pru.4	<p>Prudence Measure: Maturity structure of borrowing</p> <p>Loans maturing within 1 year</p> <p>Loans maturing within 1 - 2 years</p> <p>Loans maturing within 2 - 5 years</p> <p>Loans maturing within 5 - 10 years</p> <p>Loans maturing in over 10 years</p>	<p><u>Upper Limit</u></p> <p>25%</p> <p>25%</p> <p>25%</p> <p>50%</p> <p>100%</p>	No borrowing undertaken in Quarter 3	
Pru.5	<p>Prudence Measure: Total Principal sums invested for periods of more than 364 days (£'000s)</p> <p>Upper Investment Limit for the year</p>	£16,000,000	<p>£4m 1-2 years</p> <p>£0m 2-3 years</p> <p>£0m 3-4 years</p>	

Details of the Treasury and Prudential Indicators

This appendix explains each of the prudential indicators, as defined in the Prudential Code for Capital Finance in Local Authorities and the Treasury Management in Public Service Code of Practice.

Affordability

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

This compares the total principal and net interest payments on external debt less interest and investment income to the overall total revenue spending of the authority. The indicator must be calculated separately for the General Fund and Housing Revenue Account (HRA).

Aff.2: The incremental impact of capital investment on the Council Tax and Housing Rents

This indicator requires the General Fund net revenue streams to be converted into an estimated Band D Council Tax for each of the next three years. This will mean making assumptions on the levels of Government grant and Non Domestic Rates expected as well as the Council Tax base and spending plans. Only the element of any increase/decrease in Council Tax that relates to the Council's capital investment plans is reported in the indicator. A similar indicator must be calculated for average weekly rents in the HRA.

Aff.3: Capital expenditure

This indicator reports the Council's capital expenditure for the current year.

Aff.4: External debt

This indicator reports on the external debt limits (made up of borrowing and other long term liabilities). The two limits set are:-

The *authorised limit*. This is the maximum amount the authority allows itself to borrow.

The *operational boundary*. This reflects the most likely (prudent) but not worst case scenario of the debt position of the authority. This is also an "upper" limit, so does not reflect the expected external debt level for the Council on a day to day basis, but should link directly to capital spending plans, the capital financing requirement and daily cash-flows.

There may be occasions when the operational boundary for borrowing is temporarily breached - for example, if a capital receipt is not received on the due date. Such breaches must be monitored to identify trends, but do not need to be reported. On very rare occasions, the authorised limit may be breached and this must be reported to members.

Aff.5: The Capital Financing Requirement (CFR)

This indicator reports the actual capital financing requirement (CFR) for the General Fund and HRA. The CFR comprises the sum of the value of fixed assets (land, buildings etc), deferred charges (spending on assets not owned by the Council, such as capital grants to housing associations) and other capital accounts on the balance sheet (revaluation reserve and capital adjustment account). By adding these values together, the total represents a good approximation of how much capital investment has been funded from borrowing.

Prudence

The aim of this category of indicator is to ensure that medium and long term borrowing is only for capital purposes and that authorities are not taking out long term borrowing to fund revenue spending.

Pru.1: Gross external borrowing and the capital financing requirement

This indicator is used to compare the gross external borrowing against the total capital financing requirement (see Aff.5 above) for current year plus any additions to the total capital financing requirement for the coming year and two following years. The gross external borrowing figure should always be the lower figure.

Pru.2: Adoption of the CIPFA Treasury Management Code of Practice

The Code requires an explicit statement from the Authority that it has adopted the above Code published by the Chartered Institute of Public Finance and Accountancy, in full.

Pru.3: Upper limits to fixed and variable rate exposures

This indicator sets upper limits on the amount of net borrowing (total borrowing less investments) with fixed interest rates and variable interest rates for a three year period. By applying these thresholds, the exposure to fluctuations in interest rates can be controlled.

Pru.4: Maturity structure of borrowing

This indicator sets upper and lower limits on the amount of borrowing due to be repaid in a given period on fixed rate borrowing. The purpose of this indicator is to ensure that the Council has a balanced portfolio of debt, avoiding any major peaks and troughs over the life of the total debt.

Pru.5: Total principal sums invested for periods of more than 364 days

This sets a limit on the amount of money than can be invested for more than one year.