

FAREHAM

BOROUGH COUNCIL

AGENDA FOR THE EXECUTIVE

Date: Monday, 13 July 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 Miss S M Bell, Leisure and Community

Councillor K D Evans, Planning and Development

Councillor Miss T G Harper, Streetscene

Councillor Mrs K Mandry, Health and Housing



1. Apologies for Absence

2. Minutes (Pages 1 - 4)

To confirm as a correct record the minutes of the meeting of Executive held on 18 May 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. 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. Planning and Development

Non-Key Decision

(1) Welborne Financial Update (Pages 5 - 10)

A report by the Director of Planning and Development.

9. Policy and Resources

Key Decision

(1) Daedalus Vision and Outline Strategy (Pages 11 - 42)

A report by the Director of Finance and Resources.

Non-Key Decision

(2) Matched Funding (Pages 43 - 48)

A report by the Director of Finance and Resources.

(3) General Fund and Housing Revenue Account Outturn 2014/15 (Pages 49 - 62)

A report by the Director of Finance and Resources.

(4) Capital and Treasury Management Outturn 2014/15 (Pages 63 - 80)

A report by the Director of Finance and Resources.

10. Exclusion of Public and Press

To consider whether it is in the public interest to exclude the public and representatives of the Press from the remainder of the meeting on the grounds that the matters to be dealt with involve the likely disclosure of exempt information, as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Exempt Matters for Decision

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

11. Public Protection

Non-Key Decision

(1) Notification of Award of CCTV Monitoring Contract (Pages 81 - 88)

A report by the Director of Environmental Services.

12. Policy and Resources

Non-Key Decision

(1) Schedule of Tenders (Pages 89 - 94)

A report by the Director of Finance and Resources.

P GRIMWOOD
Chief Executive Officer

www.fareham.gov.uk

3 July 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, 18 May 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)
Miss S M Bell, Leisure and Community
K D Evans, Planning and Development
Miss T G Harper, Streetscene
Mrs K Mandry, Health and Housing

Also in attendance:

B Bayford, Chairman of Health and Housing Policy Development and Review Panel
Mrs M E Ellerton, Chairman of Public Protection Policy Development and Review
Panel
M J Ford, JP, Mayor
Mrs C L A Hockley, Chairman of Leisure and Community Policy Development and
Review Panel
L Keeble, Chairman of Streetscene Policy Development and Review Panel
D C S Swanbrow, Chairman of Scrutiny Board



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 20 April 2015 be confirmed and signed as correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

The Executive Leader welcomed the new Members of the Executive, Councillors Miss S M Bell, Miss T Harper and Mrs K Mandry to the meeting.

The Executive Leader also welcomed Dr Andrew Lerner, CEO of iESE (Improvement and Efficiency Social Enterprise), who was attending to present an award for the Environmental Health Partnership between Fareham and Gosport.

Dr Lerner explained that iESE is a non-profit social enterprise dedicated to helping public services improve to become more efficient. Through its work the enterprise realised that an important element is for local authorities to learn from each other and so an award scheme was developed to champion and promote new ways of working to achieve efficiency. Dr Lerner was therefore pleased to present the award to the Fareham and Gosport Environmental Health Partnership.

4. DECLARATIONS OF INTEREST

Councillor Miss S M Bell declared a non-pecuniary interest for item 12(2) as she is a Council appointed Trustee of Portchester Parish Hall which leases space to the 3rd Portchester Scout Group. Miss S M Bell remained present at the meeting and took part in the discussion of the item.

5. PETITIONS

There were no petitions submitted at this meeting.

6. DEPUTATIONS

There were no deputations made at this meeting.

7. MINUTES / REFERENCES FROM OTHER COMMITTEES

(1) Minutes of meeting Tuesday, 21 April 2015 of Housing Tenancy Board

RESOLVED that the Executive received the minutes of the Housing Tenancy Board held on 21 April 2015.

8. CONFIRMATION OF APPOINTMENT OF MEMBERS TO AREAS OF EXECUTIVE RESPONSIBILITY

The Executive Leader confirmed that his decision to appoint Executive Members to their areas of responsibility, as advised at the Annual Council meeting on 14 May 2015 for the municipal year 2015/16 was as follows:

Planning and Development - Councillor K D Evans;
Leisure and Community - Councillor Miss S M Bell;
Health and Housing - Councillor Mrs K Mandry;
Public Protection - Councillor T M Cartwright;
Streetscene - Councillor Miss T Harper; and
Policy and Resources - Councillor S D T Woodward.

9. EXECUTIVE APPOINTMENTS

RESOLVED to appoint Executive Members to the following bodies for 2015/16:-

- (i) Fareham Museum Joint Management Committee - Councillors Miss S M Bell and Mrs K Mandry;
- (ii) Portchester Crematorium Joint Committee - Councillors K D Evans and Miss S M Bell;
(NB. In the past, the Executive has not appointed 'substitute' members to this joint committee. However, the Executive may, if it so wishes authorise other members of the Executive to act as deputies)
- (iii) Fareham and Gosport Building Control Members' Panel –Councillor K D Evans;
- (iv) Partnership for Urban South Hampshire (PUSH)

As PUSH is a formal Joint Committee, the following appointments are required to be made by the Executive for 2014/15:-

- (a) Joint Committee representatives – Executive Leader (Councillor S D T Woodward) and Deputy Executive Leader (Councillor T M Cartwright);
- (b) Sub-Group Meetings –the appropriate Executive Members (as relevant); and
- (c) Meeting with Key Consultees and similar Consultation Meetings – Councillors S D T Woodward and T M Cartwright.
- (v) CCTV Partnership - Councillor T M Cartwright.
- (vi) Fareham and Gosport Environmental Health Partnership Panel - Councillor T M Cartwright.
- (vii) Aspect Building Communities Ltd – Councillor Mrs K Mandry.

10. LEISURE AND COMMUNITY

(1) Fareham Cultural Transformation

RESOLVED that the Executive approves:

- (a) the vision for the transformation of cultural facilities in the Borough of Fareham; and
- (b) up to £50,000 to fund the architectural feasibility study works to bring together Ferneham Hall and the Ashcroft Arts Centre as detailed in paragraph 24b) of the report.

11. PUBLIC PROTECTION

(1) Food Standards Agency - Food Safety Service Plan

RESOLVED that the Executive endorses the Food Safety Service Plan 2015/16, as detailed in Appendix A to the report, and recommends the plan to Council for approval.

12. POLICY AND RESOURCES

(1) Acquisition of 2 Fareham Park Road

RESOLVED that the Executive approves the terms agreed for the acquisition of 2 Fareham Park Road, Fareham, with the beneficiaries of the estate of the late Mr L Mondey, as shown in the confidential Appendix A.

(2) Matched Funding - 3rd Portchester Scout Group

Councillor Miss S M Bell declared a non-pecuniary interest for this item as she is a Council appointed Trustee of Portchester Parish Hall which leases space to the 3rd Portchester Scout Group. Miss S M Bell remained present at the meeting and took part in the discussion of the item.

RESOLVED that the Executive considers a matched funding award of up to £20,000 for the 3rd Portchester Scout Group.

(The meeting started at 6.00 pm
and ended at 6.16 pm).

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 13 July 2015

Portfolio:	Planning and Development
Subject:	Welborne Plan – Final Financial Report
Report of:	Director of Planning and Development
Strategy/Policy:	Fareham Local Plan
Corporate Objective:	To protect and enhance the environment Maintain and extend prosperity Leisure for Health and Fun A balanced housing market Strong and Inclusive Communities Dynamic, prudent and progressive Council

Purpose:

To advise the Executive on the final costs for the preparation of the Welborne Plan.

Executive summary:

This report sets out the final figures of funding secured and incurred expenditure relating to the development of the Welborne Plan.

Overall, the funding secured for the Welborne Plan through various Government grants has exceeded the costs of bringing forward the Welborne Plan.

Recommendation:

That the Executive notes the final report on the financial costs of producing the Welborne Plan.

Reason:

To set out the expenditure and funding involved in the preparation of the Welborne Plan.

Cost of proposals:

To be met within existing resources and predominately funded from the Housing and Planning Delivery Grant reserve, and Capacity Funding secured from Department for Communities and Local Government.

Appendices: None.

Background papers: Report to the Executive on 6 October 2014: Welborne Financial Update.

Report to the Executive on 2 December 2013 - Preparation of Welborne Plan: Quarterly Financial Update.

Report to the Executive on 2 September 2013 - Preparation of Welborne Plan: Quarterly Financial Update.

Report to the Executive on 5 November 2012 - New Community North of Fareham Area Action Plan - Revised Timetable Plan Preparation by the Director of Planning and Environment.

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 13 July 2015

Subject: Welborne Plan - Final Financial Report

Briefing by: Director of Planning and Development

Portfolio: Planning and Development

INTRODUCTION

1. A report to the Executive on 6 October 2014 set out an update report on the projected and incurred expenditure relating to the development of a Local Plan for Welborne. These figures are set out in table A.

	2010/11	2011/12	2012/13	2013/14	2014/15
	£	£	£	£	£
Staff and running costs	27,402	128,526	199,683	257,247	153,100
Evidence base and supporting costs	82,034	194,611	319,649	465,712	214,800
Consultancy (staff support)	0	0	0	0	64,700
Total Costs	109,436	323,137	519,332	722,959	432,600
Total Overall Project costs at end of 2014/15					2,107,454

PROGRESSION OF WELBORNE PLAN AND ASSOCIATED COSTS

2. Subsequent to these figures being prepared, the Welborne Plan has now progressed through the examination process. This process has required some additional expenditure on staff and running costs and evidence base and supporting costs, which has increased those costs over the previous estimate. This was necessary to meet the requirements of the Inspector undertaking the examination of the Welborne Plan.
3. The updated costs relating to the development of the Welborne Plan are set out in table B. These are the final costs of the project, taking the Plan through to adoption.

TABLE B: FINAL WELBORNE PLAN PROJECT COSTS – JULY 2015						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£	£	£	£	£	£
Staff and running costs	27,402	128,526	199,683	257,247	168,355	19,075
Evidence base and supporting costs	82,034	194,611	319,649	465,712	258,374	55,818
Consultancy (staff support)	0	0	0	0	56,415	4,240
Total Costs	109,436	323,137	519,332	722,959	483,144	79,133
Total Overall Project Costs						2,237,141

4. Since the last Update, the Council secured confirmation of approval of a bid to the Department of Communities and Local Government (CLG) for Capacity Funding to assist with the planning and delivery of Welborne. The payment for 2014/15 for £375,000 has now been received. Of this amount, £80,000 was passed over to Hampshire County Council to support the necessary technical work required to deliver the Welborne Plan.
5. The updated figures for funding streams relating to the development of the Welborne Plan are set out in table C.

TABLE C: WELBORNE PLAN FUNDING STREAMS						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£	£	£	£	£	£
Eco Town Funding	100,000					
Planning / Housing Delivery Grant	9,436	143,137	519,332	237,959	108,144	79,133
Homes and Communities Agency		150,000				
Partnership for Urban South Hampshire		30,000				
DCLG Capacity Funding				485,000	375,000	
Total Costs	109,436	323,137	519,332	722,959	483,144	79,133
Total Overall Project Funding						2,237,141

6. Therefore it is the case that the Welborne Plan was fully funded through external funding sources. The remaining balance of the Housing and Planning Delivery Grant will be used to support the next stage of promotional work for Welborne, and for considering subsequent planning applications for Welborne.

RISK ASSESSMENT

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

FINANCIAL IMPLICATIONS

8. The costs of the Welborne Plan were predominantly funded from the Housing and Planning Delivery Grant reserve which has been set aside for studies relating to the project and other Welborne Plan projects. This has now been supplemented by Capacity Funding for 2013/14 and 2014/15. Since 2004/5 the Council has received over £3 million of funding through Planning Delivery Grant, Housing and Planning Delivery Grant and Capacity Funding.

CONCLUSION

9. It is recommended that the Executive notes the final financial report on the Welborne Plan. The adoption of the Welborne Plan provides the Council with a planning framework for the delivery of Welborne, providing certainty for developers, investors, service providers and the local community.

Reference Papers: None

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 13 July 2015

Portfolio:	Policy and Resources
Subject:	Daedalus Vision and Outline Strategy
Report of:	Director of Finance and Resources
Strategy/Policy:	Corporate Strategy
Corporate Objective:	To Maintain and Extend Prosperity A Dynamic, Prudent and Progressive Council

Purpose:

Following the transfer of land at Daedalus to the Borough Council, to consider the draft Vision and outline strategy for the future of the site, prior to a public consultation exercise.

Executive summary:

On 2nd March 2015, the Executive gave approval for the acquisition of the airfield at Daedalus, and the Enterprise Zone development areas to its east and west. The transfer took place on 27th March.

In the ensuing period officers have been in dialogue with airfield tenants, the airfield operator, potential future investors and other interested parties to gain a better understanding of how the airfield operates at present and its potential for the future. During this time a great deal of effort has been put in to ensuring that the Council is able to undertake its estate management responsibilities for this large new asset in an efficient and effective manner.

As a result of this work, a Vision and an outline strategy for the future of the site has been prepared and this is attached at Appendix A. The purpose of this document is to articulate the Council's aspirations for the airfield and how it intends to achieve them. As such it is intended that it will be the subject of consultation with local residents, current and prospective airfield users, key partners such as the Solent LEP and Hampshire County Council and potential future investors. It will then be finalised and will form one of the principal building blocks of a comprehensive Masterplan for the part of the land at Daedalus owned by the Borough Council.

The report also requests delegated authority for the Director of Finance & Resources to amend the fees and charges from time to time, following consultation with the Policy & Resources portfolio holder, in order that the Council can respond quickly to demand for these facilities in the future.

Recommendations:

That the Executive;

- (a) notes the draft Vision and Outline Strategy attached at Appendix A to this report and requests officers to undertake a public consultation exercise with local residents and interested parties;
- (b) delegates authority to the Director of Finance & Resources to amend the fees and charges from time to time, following consultation with the Policy & Resources portfolio holder, and to introduce ad-hoc promotional arrangements as appropriate.

Reason:

To enable future proposals for the site to be progressed.

Cost of proposals:

The costs of the proposals, some of which are already funded and some of which will be subject to the submission of a business case, are set out in the Appendix.

Appendices: **A: Daedalus: A Vision and Outline Strategy**

Background papers: Report to the Executive: 2nd March 2015: Land Transfer at Daedalus;

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	13 July 2015
Subject:	Daedalus Vision and Outline Strategy
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. On 2nd March 2015, the Executive approved the terms of the transfer of 369 acres of land at Daedalus, comprising the airfield and development areas its east and west. The transfer took place on 27th March 2015.
2. In the three months since that time, Officers of the Council have concentrated their efforts on two main priority areas.
3. The first of these was to establish mechanisms to efficiently and effectively manage this large new asset. The tasks officers have undertaken include:
 - Establishing a presence on the airfield, based in the new Innovation Centre, to ensure that officers are accessible and are able to react quickly to day to day management issues;
 - Opening a dialogue with all airfield tenants with a view to understanding their views and concerns about how the airfield operates and to negotiate with them new short term leases.
 - Granting a temporary extension of the contract to manage airfield operations to Regional and City Airports Management (RCAM) until March 2016, pending a procurement exercise for a new long term contract which will commence in the autumn. The existing contract with RCAM expired in May 2015.
 - Holding discussions with RCAM concerning the resolution of many day to day issues such as grass cutting, wild life control, safety and security. This has included the provision of a new fire engine and the loan of an operational vehicle and a vehicle for sweeping the runway.
 - Discussing a more appropriate structure for fees and charges for users of the airfield.
4. Secondly, officers have engaged with a number of different interested parties to gain a better strategic understanding of how the airfield operates at present, particularly in comparison with other similar airfields, and its potential for development in the future. This has included dialogue with existing and potential new airfield users, potential future investors, Solent LEP, Hampshire County Council and RCAM.

5. Following these discussions, a draft Vision and Outline Strategy has been prepared and this is attached at Appendix A. It should be stressed that this covers only that part of the Daedalus site owned by the Borough Council. It does not cover the waterfront area, which currently remains in the ownership of the Homes and Communities Agency and which is exclusively within the area of Gosport Borough Council. The following paragraphs briefly summarise its main components.

VISION AND OUTLINE STRATEGY

6. A significant amount of investment has already taken place on and around the airfield. This includes the following:
- CEMAST, a part of Fareham College specialising in Engineering and Advanced Manufacturing Skills Training, opened in September 2014.
 - Fareham Innovation Centre, a £5.3m investment by the Borough Council to provide affordable office and workshop facilities in a supported environment for small businesses, welcomed its first occupants in April 2015.
 - The Borough Council has invested £1.5m in resurfacing and other improvements to the main runway and adjacent taxiways to significantly extend its useful life.
 - Work started in April 2015 to create roads and services which will enable the development of plots on Daedalus East to provide 28,000m² of commercial space. Work will start on one of these plots in September 2015 to provide a commercial building, owned by the Borough Council. This will be available to let on its completion in April 2016.
7. The Borough Council wishes to build on the work already completed and in progress and has developed the following Vision for the future.

Our vision is for Daedalus to become a premier location for aviation, aerospace engineering and advanced manufacturing businesses, creating many skilled employment opportunities for local people, which is under-pinned by a vibrant and sustainable airfield.

Building on the existing general aviation uses, the airfield will be an attractive destination for visiting aircraft and will offer the hangars, facilities and services to attract more corporate and commercial aviation activities, allowing it to be self-sustaining in the medium term and contribute positively to the local community.

8. In moving towards the achievement of this Vision a set of set of six primary objectives have been established. These are:
- To unlock the potential of the airfield's land and infrastructure assets through new commercial development, providing clusters of aviation, non-aviation and skills/innovation activity, thereby increasing private sector investment and contributing positively to the creation of skills jobs in the Solent Enterprise Zone.
 - To realise the potential for developing and increasing corporate/commercial aviation activity, whilst continuing to support and grow broader general aviation uses.

- To ensure that the airfield is financially sustainable in the medium to long term.
 - To further improve the infrastructure and facilities at the airfield, by enhancing its quality and making it more attractive to visitors and to new business.
 - To maintain a safe, secure, efficiently managed and sustainable airfield.
 - To generate a sense of local pride by making Daedalus an attractive location for businesses and their employees, for users of its facilities and for the local community, and to be a good neighbour.
9. The outline strategy sets out the particular actions the council intends to take to achieve these objectives and the timescale in which it hopes to undertake them. Whilst these actions are spread over the next ten years, of particular note are some of the early actions which it proposes to take over the next two years:
- Undertake a Masterplanning exercise for the site.
 - Provide new modular hangars to both relocate existing airfield users and attract new business.
 - Design and begin construction on new roads and services to unlock plots on Daedalus West.
 - Provide new facilities for visitors to the airfield.
 - Provide new public open space and play facilities in the area to the north of the airfield and new off-site allotments
 - Upgrade Air Traffic Control to Flight Information Service status.

OPERATIONAL MATTERS – FEES AND CHARGES

10. Regional & City Airports Management (RCAM) are employed to manage the airfield operations at Daedalus, and part of their role is to review and recommend the appropriate fees and charges for the airfield operation.
11. The income from fees for landings and aircraft parking for the 12 month period June 2014 - May 2015 was approximately £37,000, which is significantly below the long term target of c.£200k pa for aeronautical fee income. Recent works to the runway, to pilot lounge facilities, seafront pedestrian access and general awareness raising has seen positive increases in aircraft movement in recent months, and RCAM have identified opportunities that will allow us to achieve the target income through more appropriate fee structures and increasing activity (both from visiting aircraft and from attracting new aircraft to be based on site).
12. Recognising that the fees need to be commercially competitive and commensurate with the improving facilities that are provided, the Council (via the operator) need to be able to respond promptly to give the greatest opportunity to secure revenue and achieve its objective of financial sustainability.
13. It is therefore recommended that the Director of Finance & Resources is given authority to amend the fees and charges from time to time, following consultation with the Policy

& Resources portfolio holder, and introduce ad-hoc promotional arrangements, in order that the Council can respond quickly to demand for the facilities in the future.

FINANCIAL IMPLICATIONS

14. The indicative costs of the Vision are set out in Appendix A. The funding for some of the work, including building of modular hangars, building a new permanent hangar and the provision of public open space and allotments, has already been secured. Funding for the provision of new roads and services has been agreed in principle, but is not yet committed.
15. The funding for the remainder of the proposals, which largely relate to improvements to the airfield and provision of further commercial space have yet to be fully costed. These proposals will be subject to a detailed business case and will be brought back to the Executive for approval.

NEXT STEPS

16. To take the Vision and outline strategy forward to delivery, the next steps will be:
 - Consult with local residents, airfield users, potential new investors and key partners on the Council's proposals over the summer and early autumn months.
 - Refine the outline strategy
 - Undertake a detailed Masterplanning exercise for the site using the outline strategy as its cornerstone.
 - Proceed with those elements of the proposals scheduled for 2015/16.

CONCLUSIONS

17. This report has set out the progress made to date since the council took ownership of the airfield at Daedalus at the end of March 2015 and its vision and outline strategy for the future. The proposals set out in the strategy are designed to ensure that Daedalus becomes a premier location for the creation of new skilled employment opportunities, to build on existing aviation uses and encourage more commercial aviation to ensure the long term sustainability of the airfield.
18. The report also proposes that delegations are put in place to allow fees and charges to be implemented and amend as appropriate, to respond to demand for use of the facilities at Daedalus and to ensure that they remain sufficiently attractive and competitive.



Daedalus: A Vision and Outline Strategy

FAREHAM
BOROUGH COUNCIL

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Daedalus in Context

The airfield at Daedalus is steeped in military history and was used as a seaplane base in the First World War. Named 'Daedalus' after the ingenious craftsman of the same name, a Fleet Air Arm station was created here and has been used as a training centre by both the RAF and the Royal Navy over the years.

Since being decommissioned in 1996, it fell into disrepair until it was acquired by the public sector a decade later, then successfully secured status as one of 24 Enterprise Zones nationally, in 2011.

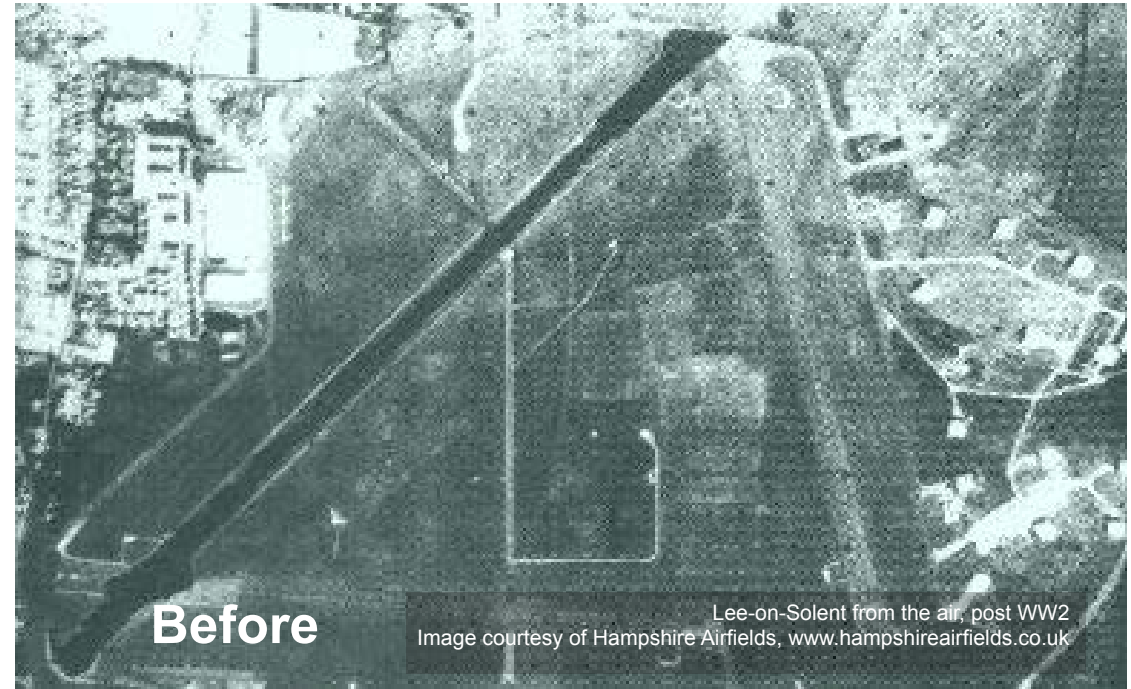
The Enterprise Zone is divided into two parts; the airfield which is largely within Fareham borough and the waterfront which is within Gosport borough. This vision and strategy relates to the area within Fareham's ownership, but recognises the inter-relationships with the rest of the Enterprise Zone.

Located on the Solent shoreline between the villages of Stubbington and Lee-On-The-Solent, Daedalus has been identified as a key development site for creating skilled employment in the boroughs of Fareham and Gosport.

Outline planning permission was secured for a comprehensive investment package across the whole Daedalus site, which includes over 50,000m² of commercial development in the Fareham borough, together with a range of community benefits (allotments, public open space, a park and comprehensive landscaping).

To date:

- A significant investment in remediation has been carried out
- CEMAST College (a Centre of Excellence in Engineering and Manufacturing Advanced Skills Training) was opened in August 2014, providing excellent learning facilities for students in the



- marine, automotive and aerospace industries
- Fareham Innovation Centre was completed in March 2015, providing quality, affordable office/workshop facilities in a supported environment for small businesses
- Construction commenced in April 2015 to create roads and services for development plots on Daedalus East, releasing 9.2 hectares of land (for approximately 28,290m²) as the first phase of commercial development to commence

Enterprise Zone status has brought numerous benefits to Daedalus, which include leveraging a significant package of transport infrastructure on-site and on the surrounding road networks. Improvements to access from Broom Way, road improvements to Newgate Lane and initial funding in relation to a Stubbington Bypass all help to ensure that Daedalus is an accessible place for business growth. Enterprise Zone status also unlocks benefits for new business, such as 5 years' business rates at no cost, and access to sources of funding which the LEP may make available from time to time.

Fareham Borough Council's Role

For many years the Council has, through the Local Plan, recognised Daedalus as being its most significant commercial development area in the borough, and has been a proactive Partner, working with other interested parties, to secure funding and enable investment to take place.

As one of its corporate priorities, the council has committed to work with the Solent Local Enterprise Partnership and landowners to deliver a thriving aviation-led employment area at the Solent Enterprise Zone at Daedalus, which is supported by a viable airfield.

In March 2015, Fareham Borough Council acquired 369 acres of the land at Daedalus, mainly comprising the airfield and development areas to the East and West. This vision document has been since been prepared to explain how the Council sees the future for its own land interest at Daedalus.

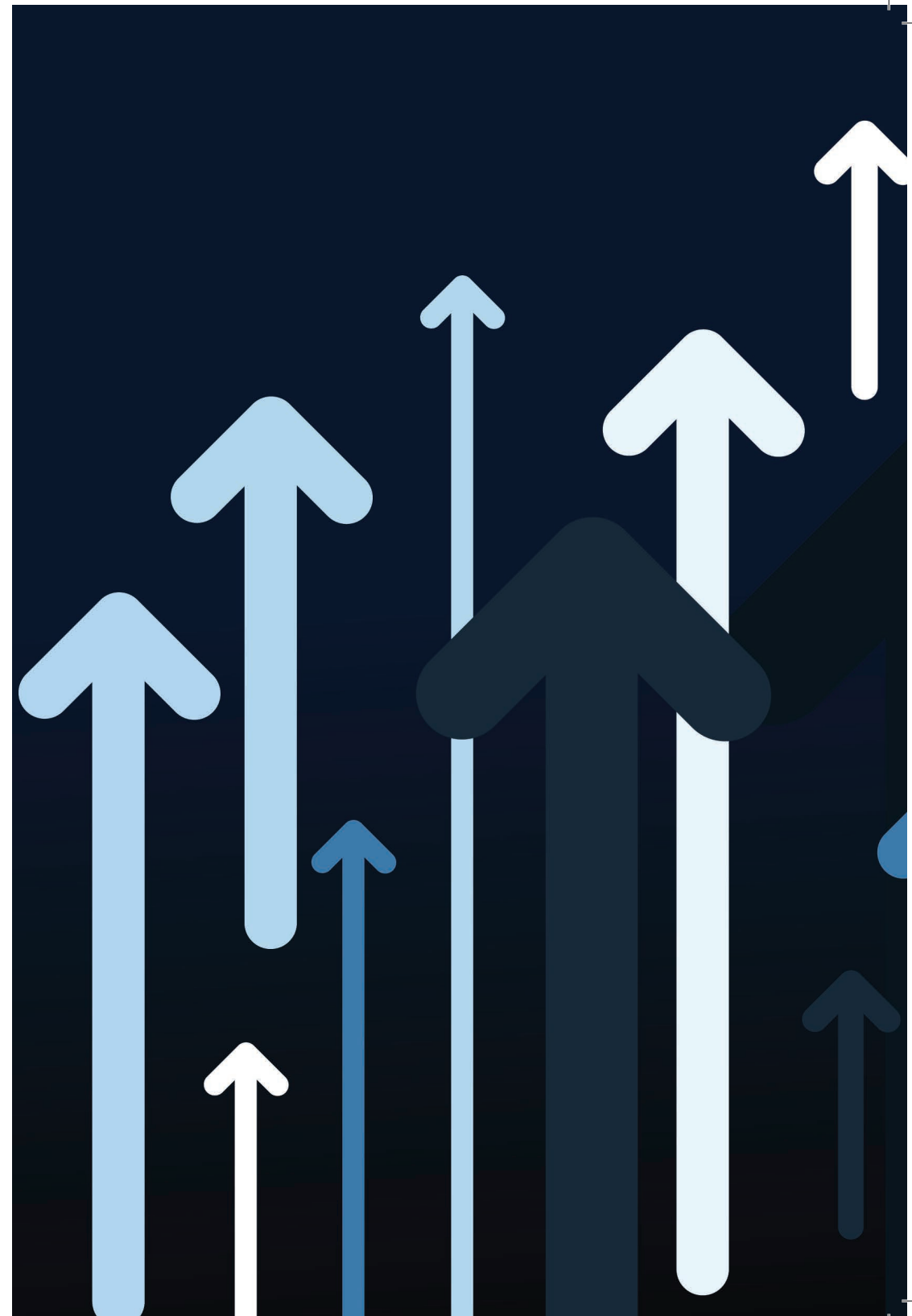
¹ Business rate relief is subject to occupation by 31st March 2018 and complying with the rate relief policy



Our vision is...

for Daedalus to become a premier location for aviation, aerospace engineering and advanced manufacturing businesses, creating many skilled employment opportunities for local people, which is under-pinned by a vibrant and sustainable airfield.

Building on the existing general aviation uses, the airfield will be an attractive destination for visiting aircraft and will offer the hangars, facilities and services to attract more corporate and commercial aviation activities, allowing it to be self-sustaining in the medium term and contribute positively to the local community.



Our Objectives

In moving towards attaining this vision our primary objectives are:

- To unlock the potential of the airfield's land and infrastructure assets through new commercial development, providing clusters for aviation, non-aviation and skills/innovation activity, thereby increasing private sector investment and contributing positively to the creation of skilled jobs in the Solent Enterprise Zone
- To realise the potential for developing and increasing corporate/commercial aviation activity, whilst continuing to support and grow broader general aviation uses
- To ensure that the airfield is financially sustainable in the medium to long term
- To further improve the infrastructure and facilities at the airfield, by enhancing its quality and making it more attractive to visitors and to new business
- To maintain a safe, secure, efficiently managed and sustainable airfield
- To generate a sense of local pride by making Daedalus an attractive location for businesses and their employees, for users of its facilities and for the local community, and to be a good neighbour



**Zones within
Daedalus**

Daedalus North

Daedalus West

Daedalus East

Daedalus South
and Airfield



Daedalus East

Daedalus East has seen the most development activity to date, with the construction of the Daedalus Drive/Broom Way junction serving the new £12m CEMAST college, £5.3m Fareham Innovation Centre and the waterfront. It is also the earliest part of the site which will be unlocked for commercial development, as an £8m package of highways and servicing works is carried out during 2015.

The Council's vision for Daedalus East is for this to comprise three clusters of activity:

- A skills and innovation cluster
- An aviation cluster, comprising small/medium sized hangarage for general aviation and commercial aviation businesses to locate
- A commercial business development park; attracting target-sector based businesses

Daedalus East will also be the preferred location for 1-2 large, strategic businesses to locate. Together, the clusters will provide approximately 28,290m²* of floor space, however the Council envisages that the scale of Daedalus East provides the scope for land to continue to be developed into the long term as demand grows for further business-related activity.

* Based on outline and full planning permissions granted to date



Daedalus South and Airfield

The airfield is mainly used for general aviation purposes, and comprises principal and secondary runways, taxiways, aprons and a number of buildings, including an Air Traffic Control tower. Most of the buildings have reached the end of their useful life.

The broad spectrum of aviation activity includes aircraft manufacture, flying schools, a gliding centre, helicopter movements, aircraft maintenance as well as private flying. Currently, the airfield has consent for up to 40,000 flight movements per year and in 2014 operated well below this capacity.

HM Maritime and Coastguard Agency also operates its Search and Rescue helicopter service from the site, and completed a new training facility in 2015.

In 2014, £1.5m of runway improvements were carried out, the airfield successfully secured an Aerodrome license from the Civil Aviation Authority and obtained Border Force approval for overseas flights to/ from the EU, Isle of Man and Channel Islands.

The Council's vision for the airfield is:

- For it to become an attractive destination for visiting aircraft and will offer the hangarage, facilities and services to attract more corporate and commercial aviation activities, allowing the airfield to be self-sustaining in the medium term and contribute positively to the local community
- It will make a positive contribution to attracting aviation businesses to locate to the area, and be a driver for creating highly skilled employment opportunities

- Airside activity will be focussed around the main runway, with secondary flight movements taking place on grassed runways adjacent to it. The second runway (17/35) will no longer be operational but be retained to provide good quality hard-standing for aircraft
- Hangarage will be made available to suit a variety of aviation needs and there will be the necessary services and facilities to encourage a broader spectrum of flight movements



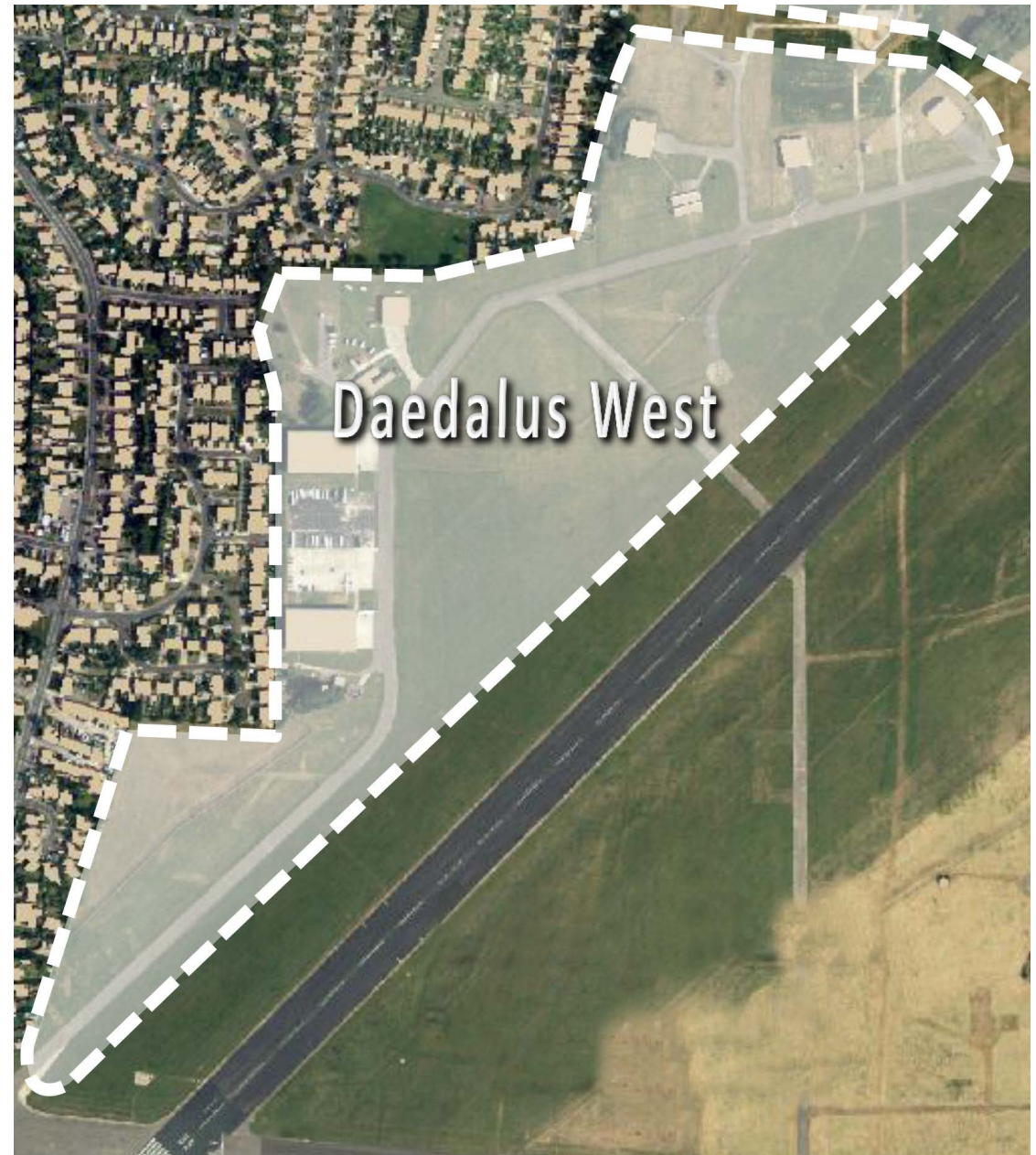
Daedalus West

Daedalus West has seen very limited investment to date, but with its prime location adjacent to the principal runway and direct access onto Gosport Road, offers the opportunity for a second phase of commercial development. Funding has been committed by the Borough Council to unlock this development area, with the support in principles, from the Solent Local Enterprise Partnership to retain business rates growth on this part of the site.

The Council's vision for Daedalus West is for this to comprise two clusters of activity:

- An aviation cluster, comprising mainly medium-large sized hangarage for commercial aviation businesses to locate
- A commercial business development park; attracting target-sector based businesses

Together, the two clusters will provide approximately 23,000m² of floor space³ initially, however the Council will plan the infrastructure in a way that could support growth in aviation or target sector business in the long term, as demand grows. Daedalus West will also be the preferred location to attract significant aviation/aerospace-based business opportunities.



³ Floor space in line with existing planning consents for Daedalus West, as at May 2015

Community Benefits - Daedalus North

The northern most part of the site currently comprises grassed areas and agricultural land, which currently has no public access, and as development takes place to the East and West, the Council will open up this area for the benefit of the local community.

The Council's vision for Daedalus North is to become an attractive and accessible area of natural green space, which provides a strong and safe link between the community of Stubbington and the Alver Valley. This large area will be carefully designed to provide a rich habitat, balanced with facilities that will be attractive and encourage local people to enjoy the natural environment, for example through provision of play facilities, natural features or outdoor furniture, etc.

The area will also offer more formal park space and will be well landscaped to help mitigate the visual impact of the development elsewhere at Daedalus.

The Council envisages that allotment provision, previously identified for Daedalus, would be better separately from the Daedalus North greenspace, and will secure an off-site location to deliver the allotments for local residents.

The Council will also be providing an extension to the open space at East House Avenue and additional planting to Gosport Road.



The following plan shows how we expect Daedalus to develop



Moving forward - Our priorities for improvement



Objective 1

To unlock the potential of the land and infrastructure assets through new commercial development, providing clusters for aviation, non-aviation and skills/innovation activity, thereby increasing private sector investment and contributing positively to the creation of skilled jobs in the Solent Enterprise Zone.

We intend to:

- Develop a Masterplan to encompass the development of the whole airfield
- Ensure that the proposed development at Daedalus East and West caters for a balance of aviation and other commercial uses
- Include an aviation and non-aviation cluster within development proposals for Daedalus East and West, in line with existing levels of planned development
- Examine the potential of Daedalus East for further development in the long term
- Provide the necessary infrastructure to unlock the potential of Daedalus West, designed in a way to make best use of the development area in the long term
- Build a number of modular hangars, to provide space both for the relocation of existing occupiers and for new businesses and for visiting aircraft, to enable existing hangars to be demolished and development areas to be unlocked

- Build a new hangar to provide an impetus to the Daedalus West development process
- Explore the feasibility to providing “move-on” commercial space to tenants of the Fareham Innovation Centre
- Work with CEMAST to facilitate further skills and training opportunities at Daedalus
- Explore ways in which we can support local employment through the delivery of the Council’s Vision for Daedalus
- Aim to create around 1,100 new jobs primarily, but not exclusively, in the aviation, aerospace, engineering and advanced manufacturing sectors, as a contribution to the overall employment targets of the Solent Enterprise Zone.



Objective 2

To realise the potential for developing and increasing corporate/ commercial aviation activity, whilst continuing to support and grow broader general aviation uses.

We intend to:

- In the short to medium term, market the airfield to encourage increased commercial aviation usage such as air charters and air taxis
- In the longer term, examine the benefits of enabling operators of small scale scheduled services to operate from the airfield, to provide flight movements between UK regional airfields
- Encourage a greater number of firms who manufacture and maintain aircraft to locate their business at Daedalus, including at least one “anchor” business
- In the longer term, carry out a review of the current limits on aircraft movements in light of the airfield’s viability
- Explore the possibility of extending the length of the runway to enable a wider range of aircraft to visit Daedalus
- Continue to recognise the historic legacy of the airfield in encouraging and expanding its use for general aviation



Objective 3

To ensure that the airfield is financially sustainable in the medium to long term.

We intend to:

- Closely examine the operating costs, landing fees and service charges relating to the airfield to ensure that they are equitable and competitive
- Examine how the development of commercial activity, including income from hangars, can contribute to the financial viability of the airfield
- Examine the potential for consolidating the operations for fuel supplies on the airfield
- Aim to ensure that the airfield operates on a break even basis by 2019

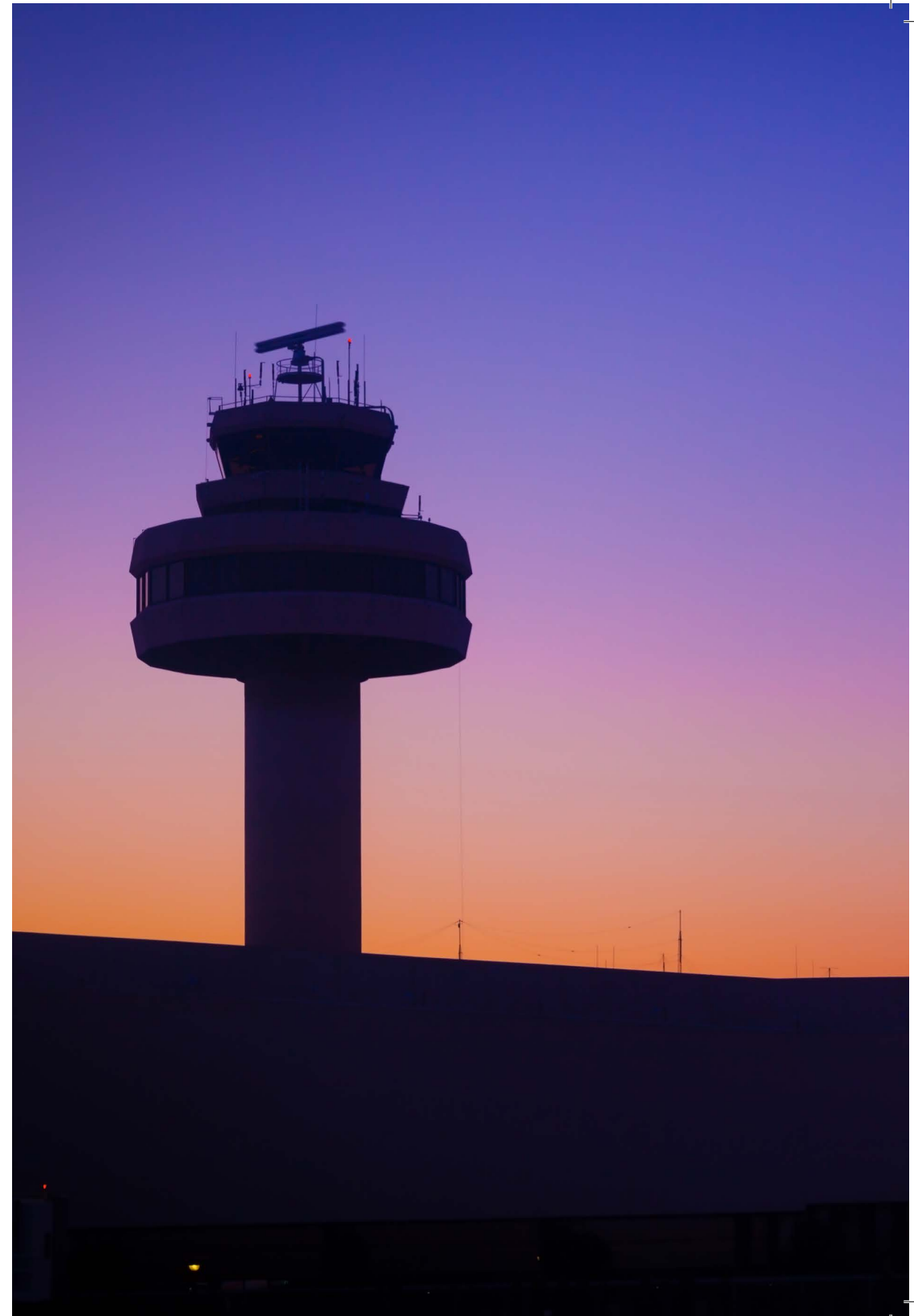


Objective 4

To further improve the infrastructure and facilities at the airfield, by enhancing its quality and making it more attractive to visitors and to new business.

We intend to:

- Refresh the Airfield business plan, and identify the enhancement works required to support the airfield's viability in the long term
- Review the existing times in which airside management is provided, and consider whether the hours of "staffed-operation" should be increased
- As a minimum, install Aeronautical Ground Lighting (AGL) to enable ground navigation of aircraft in hours of darkness or low visibility
- Consider the cost-benefits of installing the infrastructure required to support instrument-based landing
- In the longer term, upgrade the Air Traffic Control system to a Flight Information Service
- Prepare plans for the refurbishment and improvement of the Air Traffic Control building
- Provide better facilities for visitors, including a café or restaurant and reception facilities, either within the existing Air Traffic Control building or in a new building, with good connections to the surrounding areas
- Encourage a Fixed Based Operator to locate on the airfield to provide services and facilities for air taxis, charters and other visitors



Objective 5

To maintain a safe, secure, efficiently managed and sustainable airfield.

We intend to:

- Commence a procurement process with a view to commencing a new airfield management contract for airside operations in early 2016
- Introduce robust, sustainable, long term arrangements for grounds maintenance, including grass cutting and wildlife control
- Examine the necessity for and the feasibility of establishing a Management Company to encompass both airside and non-airside management
- Ensure that the airfield operates in an environmentally conscious way with particular regard to noise nuisance and impact on the local community



Objective 6

To generate a sense of local pride by making Daedalus an attractive location for businesses and their employees, for users of its facilities and for the local community, and to be a good neighbour.

We intend to:

- Ensure that new buildings are of a high quality design
- Provide public open spaces and play facilities in the areas surrounding the operational areas of the airfield in locations which are of most benefit to the local community
- Enable the provision of a pedestrian link from the airfield to the seafront at Hill Head and Lee-on-the-Solent
- Prepare a comprehensive marketing and communications strategy
- Encourage the provision of aviation related events on the airfield
- Work closely in consultation with strategic and local partners, commercial customers and the local community



Resourcing our Strategy

The Council has secured funding to provide the open spaces for community benefit, together with the allotments and some hangar provision. Funding has also been secured to support the airfield’s running costs in the first 3 years.

However, the Council’s vision includes a number of aspirations which are yet to be fully costed, or funded. For these items, a business case will be prepared for each, and a decision to proceed will be made if a sound return on investment can be demonstrated. These decisions will be made by the Council’s Executive. Initially it is anticipated that, to achieve these objectives, capital expenditure of the following order will be required over the next five years;

	£m
Already funded works	
Building temporary modular hangars on Daedalus East	1.25
Building a new 2,500m ² hanger on Daedalus West	1.5
Provision of open space and offsite allotments	1.1
Funding agreed in principle only	
Provision of infrastructure works on Daedalus West	4.4
Unfunded works, requiring a business case	
Provision of new Aeronautical Ground Lighting	0.6
Upgrading of Air Traffic Control facilities	0.3
Development of new visitor facilities (including café, restaurant etc)	0.41
Continued investment in taxiways and aprons	0.2
Refurbishment of existing buildings	0.4
Provision of further hangar space	Subject to scale
Provision of commercial space for tenanted activity, including Move-on space for Fareham Innovation Centre tenants	Subject to scale

These figures, which are indicative only at this stage, do not include capital expenditure which has already been spent or committed by the public sector, including Innovation Centre, runway improvements, Daedalus East infrastructure works, provision of new speculative building on Daedalus East remediation security and building improvements, which together exceed £50m of investment at Daedalus since 2011.

Working with Partners

With the wealth of history and the great potential at Daedalus, the Council will continue to work closely with partners and interested parties, and the local community, to ensure that we deliver something to be proud of.

Our work with the Homes and Communities Agency led to the fast-paced delivery of the Innovation Centre, and we will continue to work closely to ensure that the airfield and the land interest at the waterfront provide a cohesive offer to potential investors.

We will continue to work closely with the Solent LEP, recognising the vital role they have played in securing funding for the area and the importance of Daedalus in delivering employment opportunities.

Hampshire County Council continue to support the Enterprise Zone through enabling delivery of infrastructure and wider economic development activities, and together with Gosport Borough Council, we will work to ensure that the vision for Daedalus meets the needs and aspirations for the local communities.



Timetable

At present it is anticipated that the actions outlined above will be carried out over the following period of time:

Year 1 (2015/16)

- Undertake masterplanning exercise for whole airfield site in dialogue with the relevant local planning authority
- Procure a new airfield management contract
- Begin increased marketing activity to attract additional commercial aviation business
- Complete infrastructure works on Daedalus East
- Complete new industrial building on Daedalus East
- Facilitate commencement of development of new plots on Daedalus East
- Build new modular hangars
- Provide initial Fixed Based Operation and corporate handling facility
- Establish a clear delivery model for future development to offer potential occupier businesses, including plot purchase through to turnkey design and build solutions



Year 2 (2016/17)

- Commence infrastructure works on Daedalus West
- Continue new development on Daedalus East
- Improve facilities for airfield visitors
- Provide off-site allotments, new public open space and play facilities in areas to the north of the airfield
- Upgrade Air Traffic Control to Flight Information Service status

Year 3 (2017/18)

- Complete infrastructure on Daedalus West
- Facilitate development of new plots on Daedalus West in aviation and non-aviation clusters
- Build new FBC hangar
- Continue with facilitation of development work on Daedalus East
- Introduce new longer term arrangements for fuelling
- Install Aeronautical Ground Lighting



Year 4 (2018/19)

- Continue to facilitate development of Daedalus East and West

Year 5 - 10 (2019/20 onwards)

- Improve taxiways and aprons
- Examine the feasibility of enabling a limited number of small scale UK scheduled services



Further Information and Contacts

You can view Fareham Borough Council's vision for Daedalus at:

 www.fareham.gov.uk/daedalus/vision

Whether you are a business or investor considering a new location at Daedalus, or you are thinking of choosing the airfield at Daedalus as a destination, we would love to hear from you.

You can contact any member of the Council's Estates team using the details below, or visit www.fareham.gov.uk/daedalus for further information.

 01329 236100

 daedalusenquiries@fareham.gov.uk

 Estates Services
Fareham Borough Council
Civic Offices
Civic Way
Fareham
PO16 7AZ

You can also contact us on:

 www.facebook.com/farehambc

 [@farehambc](https://twitter.com/farehambc)



FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 13 July 2015

Portfolio:	Policy and Resources
Subject:	Matched Funding – Parish of Holy Trinity with St. Columba
Report of:	Director of Finance and Resources
Strategy/Policy:	Grants Policy
Corporate Objective:	All corporate objectives apply

Purpose:

To provide details of matched funding requests received by the Council during the first quarter of the 2015/16 financial year.

Executive summary:

During the first quarter of 2015/16, the Council has received one matched funding request:

The Parish of Holy Trinity with St. Columba has requested £40,000 towards repairs and restoration work to the Church's clock tower.

Recommendation/Recommended Option:

That the Executive considers a matched funding award of up to £40,000 towards the repairs and restoration work of Holy Trinity Church's clock tower.

Reason:

To act as an enabler, assisting the local community in making improvements to local community facilities, and introducing new facilities for the benefit of all age groups within the community.

Cost of proposals:

Up to £40,000 (the community funding budget currently has funds of approximately £107,750.68).

Appendices: A: Matched Funding Application – Parish of Holy Trinity with St. Columba

Background papers:

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	13 July 2015
Subject:	Matched Funding - Parish of Holy Trinity with St. Columba
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. The purpose of this report is to provide details of any matched funding requests received by the Council during the fourth quarter of the 2014/15 financial year.
2. On 8 March 2010, the Executive considered a report on the various discretionary grants provided by the Council. The report included details regarding each category of grant and the level of funding available. Members agreed to combine a number of grants into a single pot for the 2010/11 financial year onwards.
3. The report also highlighted the need for the Council to take a more coordinated approach in assessing matched funding requests in the future.
4. It was agreed that the procedure for applying for matched funding be changed so that bids would be considered by the Executive on a quarterly basis, by predefined dates, in order that applications could be prioritised.
5. It was also suggested that as matched funding requests are received, those "in the pipeline" are identified, as well as those submitted for formal consideration.

CRITERIA

6. The criteria for matched funding awards have been deliberately kept simple. The Council will consider any project which benefits the local community and/or improves the local environment.
7. Awards will only be made for capital projects and will not include on-going revenue funding.
8. The important fact about a matched funding application is that the sum being requested from the Council needs to be matched by the applicant and/or other agencies. This helps to ensure that there is a definite commitment and sense of ownership from the local community in both delivering the project and maintaining the facilities thereafter. All successful applicants have to sign a Community Use Agreement with the Council.

FINANCIAL IMPLICATIONS

9. The current balance of the matched funding budget is approximately £107,750.68.

MATCHED FUNDING BIDS RECEIVED

10. A matched funding bid has been received from the Parish of Holy Trinity with St. Columba requesting £40,000 towards the cost of repairs to the Holy Trinity Church's clock tower.
11. Holy Trinity is a Grade II listed building which dates from 1835 and is one of the few historically important buildings in West Street. The church is used by the Council for certain civic functions, such as last year's 1st World War Centenary commemoration service. In addition, over thirty social, charitable and cultural organisations use the church on a regular basis.
12. The Parish is engaged in a project called 'High Time', which aims to make substantial repairs and improvements to both the clock tower and the interior of the Church. The interior improvements will allow a greater variety and number of organisations to use the Church's facilities.
13. The church's clock tower is in need of urgent structural repairs as well as a number of internal improvements. The clock itself ceased to work in 2011. The repairs to the tower and clock will restore this local landmark to working order.
14. The total cost of the High Time project is £407,808. The Parish has so far secured £348,312 in funding through fundraising and various other sources. If the £40,000 matched funding bid is successful, the remaining £19,496 needed will be collected through Parish fundraising.

Councillor Consultation

15. Both ward Councillors for Fareham East, Councillor Whittle and Councillor Trott have expressed their support for the matched funding bid. Both Councillors are registered electoral roll members of the parish and attend services at the church.

MATCHED FUNDING BIDS "IN THE PIPELINE"

16. A potential matched funding bid from the Locks Heath Free Church to help them construct a large extension to their church building.

RISK ASSESSMENT

17. The risks and opportunities associated with each funding bid are considered on an individual basis and details are included in each assessment document.

CONCLUSION

18. This report sets out details for the matched funding bids received by the Council for the first quarter of the 2015/16 financial year.

Reference Papers:

Report to the Executive on 8 March 2010 - Review of Discretionary Grants

Report to the Executive on 17 May 2010 - Grants Review Update

MATCHED FUNDING REQUEST	
APPLICANT	The Parish of Holy Trinity Church and St. Columba
PROJECT DESCRIPTION	<p>The Parish is engaged in a project called 'High Time', which aims to make substantial repairs and improvements to both the clock tower and the interior of the Church. The interior improvements will allow a greater variety and number of organisations to use the Church's facilities.</p> <p>The church's clock tower is in need of urgent structural repairs as well as a number of internal improvements. The clock itself ceased to work in 2011. The repairs to the tower and clock will restore this local landmark to working order.</p> <p>The Parish is looking for matched funding of £40,000 to fund the repairs to the clock.</p>
PROJECT COSTS	<p>The costs for the High Time project are outlined below:</p> <ul style="list-style-type: none"> • High Level repairs £234,596 • Kitchenette and glass door £55,760 • Access and internal repairs £24,888 • Dayworks (Contingency) £5,155 • Clock repairs £40,487 • Bells refurbishment £15,341 • Lightning protection £5,047 • Flagpole £803 • Professional fees £23,160 • Parish activities and other costs £2,570 • Total cost £407,808
PROJECT FUNDING	<p>The Parish has been raising funds for the project since May 2014 and have raised:</p> <ul style="list-style-type: none"> • Heritage Lottery Fund award for Delivery Phase (2015) £214,200 • Parish fundraising to end April 2015 (post 2014 Development Phase) £41,000 • National Churches Trust award £10,000

	<ul style="list-style-type: none"> • ChurchCare award £10,000 • Hampshire & Islands Historic Churches Trust • (actual amount to be confirmed*) up to £10,000 • Allchurches Trust award £5,000 • VAT-reclaim (from Listed Places of Worship Grant scheme)** £58,112 • Total funds raised (or to be claimed) £348,312
COMMUNITY BENEFITS	The repairs to the clock will restore this local landmark. The working clock will compliment the internal improvements to the church, which in turn will allow a greater variety and number of organisations to use the Church's facilities.
ENVIRONMENTAL BENEFITS	There are no significant environmental benefits arising from the project.
LINKS TO THE COUNCIL'S CORPORATE PRIORITIES	<p>The Project links to the Council's Leisure and Cultural Strategy, with its commitment to working in partnership with voluntary, statutory and commercial agencies to provide new and improved leisure opportunities.</p> <p>The ward councillors, Councillor Trott and Councillor Whittle are supportive of the application and proposals and the Executive Member for Leisure and Community Councillor Bell has expressed their support.</p>
PROJECT RISKS	The project would be managed by the church who would appoint a contractor to carry out all of the works.
RECOMMEND	<p>That the Executive gives consideration to making a matched funding award of up to £40,000 to this application, subject to:</p> <ol style="list-style-type: none"> 1. The remainder of funding being in place. 2. The church enters into a community use agreement. 3. Receipt of all Local Authority approvals.

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 13 July 2015

Portfolio:	Policy and Resources
Subject:	General Fund and Housing Revenue Account Outturn 2014/15
Report of:	Director of Finance and Resources
Strategy/Policy:	Finance Strategy
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:

This report provides the Executive with details of the actual revenue expenditure for 2014/15 for the General Fund and Housing Revenue and Repairs accounts and seeks approval for the completion, in 2015/16, of the 2014/15 expenditure programmes set out in the briefing paper contained in the report.

Executive summary:

The General Fund actual revenue expenditure for 2014/15 totals £8,882,125 which represents an overall saving of £633,974 when compared to the revised budget.

However, it has not been possible to complete a number of expenditure programmes in 2014/15 and approval is sought to complete these programmes totalling £355,300 during 2015/16.

When the use of the saving in 2014/15 to complete these programmes is taken into account, along with minor financing adjustments, the net saving for the year is reduced to £309,356.

The final figures for 2014/15 show that, overall, the actual surplus on the Housing Revenue Account and Housing Repairs Account is £24,000 compared to a forecast deficit of £209,000. If the requested carry forward is agreed then the surplus will reduce to £19,000.

Recommendation/Recommended Option:

- (a) That completion of the General Fund expenditure programmes contained in this report be approved;
- (b) That the balance on the Housing Revenue and Repairs Accounts as at 31 March 2015 be carried over to 2015/16.

- (c) That the following budget be carried forward:
 - i. £5,000 HRA - Consultants
- (d) That the report be noted

Reason:

To enable the completion of the General Fund expenditure programme for 2014/15 and to ensure that the balances on the Housing Revenue and Repairs Accounts at 31 March 2015 will be available in future years and that 2015/16 budgets are sufficient to meet the level of work programmed.

Cost of proposals:

There are no additional costs relating to the recommendations.

Appendices: **A:** Actual Revenue Expenditure 2014/15 on individual services
 B: Housing Revenue and Repairs Accounts

Background papers:

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	13 July 2015
Subject:	General Fund and Housing Revenue Account Outturn 2014/15
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. This report brings together the outturn position for the General Fund along with the Housing Revenue and Repairs accounts for the financial year 2014/15. The report compares the actual spend against the budgets that were approved by the Executive in February 2015.

EMPLOYEE EXPENDITURE 2014/15

2. The approved 'cost of employment' budget for 2015/16 was £15,436,900. The actual expenditure for 2014/15 was £14,883,855 giving an underspend for the year of £553,045 or 3.6% compared to the final budget.
3. An analysis of this overspend between corporate core, general fund services and housing revenue account services is shown the following table:-

		£
Corporate Core	Saving	196,303
Housing Revenue Account	Saving	129,980
General Fund	Saving	226,762
GRAND TOTAL	SAVING	553,045

4. The underspend from salaries and associated costs (£982,192) has arisen from vacancies that have occurred during the year. These have been offset by an increase in agency payments (£420,021) and recruitment costs (£8,976) that have been made during the year.

THE GENERAL FUND

5. The General Fund actual revenue expenditure for 2014/15 totals £8,882,126 and this represents an overall saving of £633,974, compared with the revised budget approved by the Executive in February.
6. Later paragraphs of this report also set out details of a number of expenditure programmes that were not completed in 2014/15 and approval is sought for these programmes to be completed in the current year. If these proposals are approved

along with the financing adjustment, this will reduce the overall saving for the year to £309,356.














7. The following table summarises the position:-

	Revised Budget £	Actual Spend £	Variation £
Committees			
Planning	801,800	769,997	-31,803
Licensing & Regulatory Affairs	497,200	476,349	-20,851
Executive - Portfolio Budgets			
- Leisure and Community	2,257,100	1,781,686	-475,414
- Health and Housing	1,322,100	1,167,425	-154,675
- Planning and Environment	-610,300	-845,099	-234,799
- Policy and Resources	1,755,600	1,109,742	-645,858
- Public Protection	2,417,400	1,917,721	-499,679
- Streetscene	4,517,800	4,469,127	-48,673
Total Service Budgets	12,958,700	10,846,948	-2,111,752
Less			
Accounting Adjustments	0	4,313,692	4,313,692
Other Budgets	-3,442,600	-6,278,514	-2,835,914
Net Budget	9,516,100	8,882,126	-633,974
Financing	-9,516,100	-9,546,782	-30,682
Net Total	0	-664,656	-664,656
Adjust for:			
Carry Forwards	0	0	355,300
Final Position			-309,356

8. The detailed position on each service is set out in Appendix A. The main reasons for the variations for key council services are set out in the following paragraphs of this report.

THE KEY COUNCIL SERVICES

9. 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	Revised Budget 2014/15 £	Actual 2014/15 £	Variation £	
Income Budgets				
Parking Services	-1,069,500	-1,366,901	-297,401	
Commercial Estates	-2,130,800	-2,001,091	129,709	
Land Charges	-170,900	-184,697	-13,797	
Trade Waste	-64,000	-104,842	-40,842	
Interest on Investments	-706,900	-710,760	-3,860	
Expenditure Budgets				
Local Tax Collection	874,100	762,387	-111,713	
Community Parks & Open Spaces	1,127,600	1,151,071	23,471	
Street Cleansing	961,800	924,270	-37,530	
Processing Planning Applications	233,600	253,221	19,621	
Homelessness	356,700	260,819	-95,881	
Housing Benefits Payments & Administration	409,300	234,330	-174,970	
Waste Collection & Recycling Services	1,936,400	1,962,963	26,563	
Ferneham Hall	403,400	402,895	-505	

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







- (a) Parking Services is showing a variation of £297,401 below the budget, which is mainly as a result of a lower depreciation charge of £169,000. There was reduced income from users of the Council's car parks but this was offset by use of the Tesco bond. There has also been savings in the employee budgets due to vacancies following changes in working practices.
- (b) Rents derived from commercial estates are less than expected, by £130,000. 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. This has been partially offset by saving on premises costs.
- (c) Trade Waste is showing an increase in the income budget for the year which is a result of taking on more customers during the year which has offset the increase in tipping charges although this increase is expected to continue.
- (d) Local Tax Collection is showing an under spend for the year with

employees, supplies & services and internal recharges all showing reductions against the revised budget.

- (e) The Homelessness service is showing an underspend mainly as a result of increased income through leased properties although some of this has been offset by payment of additional rents. There was also a saving in the supplies & services budget due to a reduction in the bad debt provision.
- (f) Housing benefits payments are showing as £175,000 under the budget for the year. The amount paid out in benefits was less than anticipated but there was also more income than in the budget including a small amount due to prior year adjustments. There was also additional income from money owed due to overpaid benefits which was reduced by an increase in the bad debt position
- (g) Waste and Recycling Services is showing an overspend for the year which is mainly due to increased spend on employee budgets and a drop in recycling income mainly due to the market value of recyclables. This has been offset by reduced transport and supplies and services spend.

THE COUNCIL'S FUNDAMENTAL PARTNERSHIPS

11. The table below shows the end of financial year performance relating to the Council's element of each of the fundamental partnerships:-

Service	Budget 2014/15 £	Actual 2014/15 £	Variation £	
Project Integra	22,000	20,461	-1,539	
Community Safety Partnership	299,100	186,524	-112,576	
Fareham & Gosport CCTV Partnership	199,900	154,769	-45,131	
Portchester Crematorium Joint Committee	-150,000	-150,000	0	
Environmental Health Partnership	1,491,200	1,463,551	-27,649	
Building Control Partnership	221,200	190,025	-31,175	

12. There are no particular causes for concern within the Council's fundamental partnerships with all showing an underspend or breakeven for the financial year.

OTHER BUDGETS

Other Budgets

13. These budgets are used where spend or income cannot be shown against a specific service. Most are accounting entries that ensure that items such as depreciation or other capital charges do not have an impact on the council tax or where a service is provided and is funded from reserves.

PROVISION FOR EXPENDITURE FUNDED FROM 2014/15 UNDERSPENDINGS

14. A proportion of the savings in 2014/15 have accrued because it was not possible to complete certain expenditure programmes last year.
15. In order to minimise the financial burden of this work on the budget for the current year, it is proposed that an equivalent sum from the 2014/15 underspend is brought forward into 2015/16 to allow for their completion.

Description of Service	Cost	Justification
Health and Safety repairs	65,000	Slippage in work programme
Titchfield Car Park Improvements	14,100	Delay in works due to design issues
Home check Scheme	5,000	For development of improved scheme
Community Safety	47,000	Special Expenditure budget not used in 2014/15 plus £7,000 for Youth Projects in 2015/16
Fareham Park Project	18,000	Community Development - Fareham Park project
A32 Air Quality Banners	5,000	Air Quality Action Plan initiative
Community Grants	28,000	Grants for Community Groups and Play Rangers funding
Specialist Legal Fees for Planning Appeals	42,400	2 large appeals due in 2014/15 have slipped to 2015/16
Individual Electoral Registration	26,000	Funds received and not used in 2014/15 towards ongoing IER costs
ICT Cloud and PSN Implementation	35,000	Delay due to resource issues and complexity of solutions
Local Plan	47,000	Planning inspectorate costs delayed due to further consultation and studies required
Coast Protection	22,800	Coastal Partnership underspend to be used for future maintenance programme
TOTAL CARRY FORWARDS	£355,300	

16. Taking account the carry forward proposals above this reduces the underspend figure to £309,356.
17. The Council faces a number of financial challenges over the next few years, and given the scale of these, it is proposed that the any unallocated underspend in 2014/15 is added to the General Fund balance pending the overall review of the Council's finance strategy later in the year.

HOUSING REVENUE ACCOUNT

18. On the 2nd February 2015, the Executive considered the revised budgets for the Housing Revenue Account (HRA) and Housing Repairs Account for the financial

year 2014/15. At this time, the estimated surplus for the HRA was £591,000 and estimated deficit for the Housing Repairs Account of £800,000.

19. The final figures for 2014/15 show that, overall, the actual surplus is £824,000 for the HRA and deficit of £800,000 Housing Repairs Account.
20. A request is made to carry forward an underspent budget of £5,000 relating to Consultants' Fees.
21. The actual position compared with the revised budget is detailed in Appendix A. The tables below summarise the position and indicates the effect of the year's activities on the overall position.

Housing Revenue Account	Revised Budget 2014/15 £000s	Actual 2014/15 £000s	Variance 2014/15 £000s
Income	(11,983)	(12,257)	274
Expenditure	4,881	6,012	(1,131)
(Surplus)/Deficit on HRA Services	<u>(7,102)</u>	<u>(6,245)</u>	<u>(857)</u>
Net interest	1,735	1,723	12
Revenue contribution to capital expenditure, Pension, etc	2,612	1,516	1,096
Transfer to Reserves	<u>2,164</u>	<u>2,182</u>	<u>(18)</u>
(Increase)/Decrease in HRA balances in year	(591)	(824)	233
Balance brought forward	<u>(4,118)</u>	<u>(4,118)</u>	<u>0</u>
Balance carried forward	<u>(4,709)</u>	<u>(4,942)</u>	<u>233</u>
Repairs Account	Revised Budget 2014/15 £000s	Actual 2014/15 £000s	Variance 2014/15 £000s
Contribution from HRA	(814)	(2,085)	1,271
Other Income	(60)	(48)	(12)
Expenditure	1,674	2,915	(1,241)
Transfer to/(from) Leaseholder	<u>0</u>	<u>18</u>	<u>(18)</u>
(Increase)/Decrease in Repairs Account balance in year	800	800	0
Balance brought forward	<u>(1,800)</u>	<u>(1,800)</u>	<u>0</u>
Balance carried forward	<u>(1,000)</u>	<u>(1,000)</u>	<u>0</u>
Leaseholder Reserve Account		2014/15 £000s	
Transfer to/(from) Repairs Account		(18)	
Opening Balance		<u>(182)</u>	
Closing Balance		<u>(200)</u>	

Capital Development Fund	2014/15
	£000s
Transfer from Housing Revenue Account	(2,164)
To Capital Programme	356
Opening Balance	(4,328)
Closing Balance	<u>(6,136)</u>

TOTAL OF HRA BALANCES (£12,278)

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

HRA EXPENDITURE

22. Contributions to the Repairs Account: The most significant variance of +£1,232,000 related to capital expenditure of £485,000 that for accounting reasons cannot be capitalised and therefore charged to Revenue plus an increase in value of repairs charged to the account.
23. Revenue Contribution to Capital Outlay: The variance of -£1,069,000 related to a lower figure of capital expenditure that could not be capitalised. Of the capital programme a greater proportion of the expenditure added £ for £ to the value of the housing stock than in previous years.

RISK ASSESSMENT

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

CONCLUSION

25. This report outlines the financial position during 2014/15 for the General Fund and the Housing Revenue and Repairs Accounts.
26. The General Fund is showing a saving of £633,974 against the revised budget. Taking into account the proposed spending items to be funded from this underspend and the changes to financing the revenue budget, the contribution to the General Fund balance reduces to £309,356.
27. The combined balance on the Housing Revenue Account, Repairs Account, Leaseholder Reserve and Capital Development Fund is £12,278,000.
28. Members are asked to note the contents of the report and approve the carry forward balance and budgets in order that the agreed work can be completed in the current financial year.

APPENDIX A

ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2015

	Revised 2014/15 £	Actual 2014/15 £	Variation £
Planning Committee			
Processing Applications	233,600	253,221	19,621
Planning Advice	302,200	272,400	-29,800
Enforcement of Planning control	129,400	142,002	12,602
Appeals	136,600	102,374	-34,226
	<u>801,800</u>	<u>769,997</u>	<u>-31,803</u>
Licensing & Regulatory Affairs Committee			
Hackney Carriage and Private Hire Vehicles	-2,300	-9,791	-7,491
Licensing	-10,100	15,698	25,798
Health and Safety	146,200	196,006	49,806
Election Services	363,400	274,436	-88,964
	<u>497,200</u>	<u>476,349</u>	<u>-20,851</u>
Leisure and Community			
Community Grants	353,600	292,427	-61,173
Tourist Information	40,000	37,156	-2,844
Community Development	166,700	147,783	-18,917
Outdoor Sport and Recreation	511,800	466,333	-45,467
Countryside Management	160,000	164,172	4,172
Ferneham Hall	403,400	402,895	-505
Fareham Leisure Centre	283,400	-61,880	-345,280
Community Centres	264,700	262,259	-2,441
Westbury Manor Museum	73,500	70,541	-2,959
	<u>2,257,100</u>	<u>1,781,686</u>	<u>-475,414</u>
Accounting Adjustments in service		<u>-1,312,033</u>	<u>-1,312,033</u>
		<u>469,653</u>	<u>-1,787,447</u>

	Revised 2014/15 £	Actual 2014/15 £	Variation £
Health and Housing			
Housing Grants & Home Improvements	432,900	395,194	-37,706
Housing Options	85,000	70,288	-14,712
Homelessness	356,700	260,819	-95,881
Housing Advice	269,600	268,062	-1,538
Housing Strategy	78,500	92,002	13,502
Home Energy Conservation	22,400	18,468	-3,932
Registered Providers	77,000	62,592	-14,408
	<u>1,322,100</u>	<u>1,167,425</u>	<u>-154,675</u>
Accounting Adjustments in service		-521,030	-521,030
		<u>646,395</u>	<u>-675,705</u>
Planning and Development			
Parking Strategy	-2,273,000	-2,325,498	-52,498
Flooding and Coastal Management	131,300	107,662	-23,638
Public Transport	46,200	43,812	-2,388
Transportation Liaison	-33,600	-38,990	-5,390
Building Control	221,200	190,025	-31,175
Environmental Improvement Schemes	110,800	39,596	-71,204
Tree Management	41,000	45,719	4,719
Sustainability	50,800	40,511	-10,289
Conservation & Listed Building Policy	48,200	48,377	177
Local Plan	1,046,800	1,003,687	-43,113
	<u>-610,300</u>	<u>-845,099</u>	<u>-234,799</u>
Policy and Resources			
Housing Benefit Payments	0	-127,679	-127,679
Housing Benefit Administration	409,300	362,009	-47,291
Democratic Representation and Management	1,080,000	973,496	-106,504
Commercial Estates	-2,130,800	-2,001,091	129,709
Henry Cort	81,300	45,036	-36,264
Neighbourhood Working	122,800	120,041	-2,759
Public Relations and Consultation	266,300	239,925	-26,375
Unapportionable Central Overheads	177,600	10,590	-167,010
Corporate Management	746,700	687,699	-59,001
Economic Development	299,200	222,026	-77,174
Local Land Charges	-170,900	-184,697	-13,797
Local Tax Collection	874,100	762,387	-111,713
	<u>1,755,600</u>	<u>1,109,742</u>	<u>-645,858</u>
Accounting Adjustments in service		6,735,922	6,735,922
		<u>7,845,664</u>	<u>6,090,064</u>

	Revised 2014/15 £	Actual 2014/15 £	Variation £
Public Protection			
Pest Control	54,300	47,800	-6,500
Dog Control	27,800	24,568	-3,232
Food Safety	139,700	164,583	24,883
Air Quality and Pollution	203,000	186,028	-16,972
Community Safety	499,000	290,615	-208,385
Emergency Planning	50,400	47,469	-2,931
Clean Borough Enforcement	106,700	99,542	-7,158
On-Street Parking	66,300	16,021	-50,279
Off-Street Parking	1,203,500	987,664	-215,836
Traffic Management	66,700	53,431	-13,269
	<u>2,417,400</u>	<u>1,917,721</u>	<u>-499,679</u>
Accounting Adjustments in service		-29,067	-29,067
		<u>1,888,654</u>	<u>-528,746</u>
Streetscene			
Cemeteries & Closed Churchyards	219,200	207,801	-11,399
Community Parks and Open Spaces	1,127,600	1,151,071	23,471
Allotments	22,100	29,489	7,389
Street Cleansing	961,800	924,270	-37,530
Public Conveniences	223,500	207,673	-15,827
Household Waste Collection	952,500	895,009	-57,491
Trade Refuse	-64,000	-104,842	-40,842
Recycling	602,200	645,155	42,955
Garden Waste Collection	381,700	422,799	41,099
Street Furniture	91,200	90,702	-498
	<u>4,517,800</u>	<u>4,469,127</u>	<u>-48,673</u>
Accounting Adjustments in service		-560,100	-560,100
		<u>3,909,027</u>	<u>-608,773</u>
TOTAL - Before adjustments	12,958,700	10,846,948	-2,111,752
Total Adjustments	0	4,313,692	4,313,692
TOTAL - After adjustments	<u>12,958,700</u>	<u>15,160,640</u>	<u>2,201,940</u>

APPENDIX B

<u>Housing Revenue Account</u>	Revised Budget 2014/15 £000s	Actual 2014/15 £000s	Variance 2014/15 £000s
<u>Income</u>			
Gross rental income:			
- Dwellings	10,860	11,058	198
- Other	256	274	18
Charges for services & facilities	575	703	128
Contributions towards expenditure	292	222	(70)
Total Income	11,983	12,257	274
<u>Expenditure</u>			
Contribution to Repairs Account	815	2,047	1,232
Supervision & Management	2,547	2,498	(49)
Rent, Rates & other Taxes	54	31	(23)
Depreciation & Impairment	1,240	1,330	90
Debt Management Costs	40	40	0
(Increase)/Decrease in HRA Debt Provision	27	(205)	(232)
Bad Debts Written Off	10	65	55
HRA Share of Corporate & Democratic Core	148	130	(18)
Total Expenditure	4,881	5,936	1,055
Net Cost of HRA Services	(7,102)	(6,321)	781
Interest Payable	1,847	1,860	13
Pension interest costs and expected return on pension assets	0	243	243
Movement on Pension Reserve	0	264	264
Interest Receivable	(115)	(137)	(22)
(Surplus)/Deficit for the year on HRA Services	(5,370)	(4,091)	1,279
Additional amounts required to be debited/(credited) to HRA balances for the year.			
Pension Reserve Contributions		(503)	(503)
Revenue Contribution to Capital Outlay	2,612	1,543	(1,069)
Difference between any other item of income or expenditure determined in accordance with The Code and determined in accordance with statutory requirements		7	7
Transfer to/from Reserves	2,164	2,182	18
Impairment		0	0
(Increase)/Decrease in HRA balances for the	(594)	(862)	(268)
HRA Surplus brought forward	(4,118)	(4,118)	0
HRA Surplus carried forward	(4,712)	(4,980)	(268)

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 13 July 2015

Portfolio:	Policy and Resources
Subject:	Capital and Treasury Management Outturn 2014/15
Report of:	Director of Finance and Resources
Strategy/Policy:	Finance Strategy
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:

This report provides the Executive with details of the capital and treasury management outturn for 2014/15 to comply with the reporting requirements of the Code of Practice for Treasury Management. The report also seeks approval for the proposed methods of financing the capital programme.

Executive summary:

Actual capital expenditure on General Fund and Housing Revenue Account schemes in 2014/15 was £19,775,116 compared with the revised capital programme of £23,070,860. The overall variance was £3,295,744 and a detailed analysis of the variations is given in Appendix A to the report.

Total savings of £179,974 were achieved, additional expenditure of £389,023 was incurred and a total of £3,504,793 will be carried forward into 2015/16.

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

Full details of investment and borrowing activity in 2014/15 are set out in the main body of this report. Investment activity in 2014/15 is summarised below:

	£m
Investments as at 1 April 2014	40.8
Investments made in 2014/15	149.9
Investments repaid in 2014/15	147.6
Investments as at 31 March 2015	43.1

Total investment interest receivable for the year was £391,575. The total of external interest paid on borrowing and other amounts invested with the Council was £1,402,028.

The net total of £1,010,475 has been allocated to the Council's funds as shown in the following table:

	£
Net amount credited to the General Fund	710,760
Net amount credited to the Whiteley Fund	1,960
Net amount debited to the Housing Revenue Account	(1,723,195)
Net Total	(1,010,475)

During 2014/15, the Council complied with its legislative and regulatory requirements of the Prudential Code.

Recommendation:

That the Executive agrees;

- (a) the capital programme for 2014/15 be approved and financed as set out in Appendix A to this report;
- (b) the additional expenditure incurred, amounting to £389,023 be financed retrospectively from surplus capital resources; and
- (c) the actual capital expenditure and treasury management activity for 2014/15 be noted.

Reason:

To provide the Executive with details of the capital expenditure and financing in 2014/15 and to comply with the reporting requirements of the Code of Practice for Treasury Management.

Cost of proposals:

The necessary resources are available to finance the capital programme for 2014/15 including the additional expenditure of £389,023.

Appendices: **A:** Actual Capital Expenditure and Financing 2014/15
 B: Treasury Management Activity 2014/15
 C: Prudential and Treasury Indicators 2014/15

Background papers: None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	13 July 2015
Subject:	Capital and Treasury Management Outturn 2014/15
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. This report provides the Executive with details of the capital and treasury management outturn for 2014/15 to comply with the reporting requirements of the Code of Practice for Treasury Management.

CAPITAL

2. The capital programme for 2014/15, approved in February this year for both the General Fund and Housing Revenue Account (HRA) services, was £23,070,860. The actual capital expenditure, detailed in Appendix A, was £19,775,116 giving an overall variation of £3,295,744. A summary, including savings and additional expenditure, is summarised in the table below.

	Capital Programme	Actual Expenditure	Savings	Additional Expenditure	Carry over to 2015/16
	£	£	£	£	£
Streetscene	185,000	104,554	3,399	0	77,047
Planning & Development	74,200	38,901	0	0	35,299
Leisure & Community	3,921,060	3,126,221	162,575	6,910	639,174
Housing	722,300	657,215	0	12,444	77,529
Policy & Resources	10,817,200	9,038,956	14,000	3,301	1,767,545
General Fund	15,719,760	12,965,847	179,974	22,655	2,596,594
HRA	7,351,100	6,809,269	0	366,368	908,199
Total	23,070,860	19,775,116	179,974	389,023	3,504,793

SAVINGS AND ADDITIONAL EXPENDITURE

3. In the year, there were a number of schemes that were completed at a lower cost than originally anticipated. The savings for the year totalled £179,974 which all relate to General Fund schemes.
4. The main areas of savings for the General Fund were £82,022 for the Wicor Recreation Ground Sports Changing Facilities, £32,017 for Portchester Community Centre, £21,141 for Portchester Community Centre Tennis Courts and £14,000 for the Countywide Superfast Broadband which is now being funded from revenue

budgets and not capital.

5. The total additional expenditure was £389,023 which largely relates to HRA Capital Improvements.

CARRY OVER TO 2015/16

6. There are a number of schemes still in progress and a total of £3,504,793 will be carried forward to 2015/16. An explanation for the larger carry forwards are set out in the following paragraphs:

STREETSCENE PORTFOLIO SCHEMES

Street Lighting Maintenance

7. The underspend of £77,047 will be carried forward to 2015/16 to fund the maintenance of the street lights at Market Quay Roundabout.

PLANNING AND DEVELOPMENT PORTFOLIO SCHEMES

Car Parks Surface Improvements

8. The £37,724 underspend for the rolling programme of Car Park Surface Improvements will be carried forward to 2015/16.

LEISURE AND COMMUNITY PORTFOLIO SCHEMES

Buildings

9. There was no expenditure on the Ferneham Hall Major Repairs Programme during 2014/15. The £50,000 budget will be carried forward to fund the architectural feasibility study for Ferneham Hall and the Ashcroft Arts Centre.
10. The underspend on the Review of Community Buildings will be carried forward to fund future projects.
11. There was a delay to the contract start for Holly Hill Leisure Centre due to the requirement for additional budget. The £28,620 underspend will be carried forward to fund the contract works in 2015/16.

Play and Parks Schemes

12. The £20,103 underspend on the Abshot Road Youth Facility will be carried forward to 2015/16.
13. The contracts for the play areas at Birchen Road and King George V were awarded at the March 2015 Executive. The budgets will be carried forward to 2015/16.
14. The unspent budget for the Hammond Road Youth Facility will be carried forward to 2015/16.

Outdoor Recreation Schemes

15. There was a delay to the completion of the Bath Lane Cricket Pavilion due to drainage problems. The underspend of £65,835 will be carried forward to 2015/16.
16. The delay to the start on site for Park Lane Concrete Skate Park has resulted in an underspend of £18,713 being carried forward to 2015/16.

17. The budget for the relocation of the Play Area at Park Lane will be carried forward to 2015/16 following the completion of the skate park.
18. The Park Lane Outdoor Gym scheme has been deferred to 2015/16 to tie in with the play area works above.
19. The roofing works at Seafield Park Changing Accommodation were completed under budget. The £21,799 underspend will be carried forward and used for internal improvements.
20. The £14,270 underspend on the Stubbington Tennis Courts Refurbishment will be carried forward to fund the resolution of defects.
21. The Hook Recreation Ground Feasibility is no longer required. The underspend will be carried forward to 2015/16 for the demolition of the building should Streetscene not take over the building for a grounds maintenance store.
22. The Burrige Changing Rooms Improvements will be completed at the end of the football season. The unspent budget will be carried forward into 2015/16.
23. Crofton Bowls Club Fencing Improvements may not be required but will be reviewed as part of the open spaces improvement programme.

HOUSING PORTFOLIO SCHEMES

Empty Homes Strategy Loans

24. The Empty Homes Strategy Loans budget of £40,000 was unspent in 2014/15 and will be carried forward into 2015/16.

Enabling

25. The underspend of £24,141 on Enabling Feasibility Studies will be carried forward to 2015/16.

POLICY AND RESOURCES PORTFOLIO SCHEMES

Vehicles and Plant

26. A total of £62,591 will be carried forward to 2015/16 to fund the rolling programme of vehicles and plant purchases.

ICT Capital Budgets

The underspend of £140,983 will be carried forward and included in the proposed spending plans identified within the ICT development plan.

Civic Offices 10 Year Improvement Plan

28. The carry forward of £113,984 will be used to fund improvement works in 2015/16 including roof repairs, plant room cladding and window replacement.

Other Schemes

29. During 2014/15, the Council purchased two commercial properties as part of the commercial property investment acquisition programme. The under spend of £1,936,796 will be carried forward to fund the purchase of one more property in

2015/16.

30. The Council's investment project at Daedalus is progressing as planned with the airfield coming into Council ownership on 27 March 2015. The over spend of £497,909 in 2014/15 will be carried forward and offset against the budget in 2015/16.

HOUSING REVENUE ACCOUNT SCHEMES

Housing Developments

31. The under and overspends on the major housing development schemes will be carried forward to 2015/16 where the majority of the schemes will be completed.

HRA Vehicles

32. Four transit vans were purchased in 2014/15 for the new in-house responsive repairs service. The carry forward of £39,650 will be used to purchase further vehicles in 2015/16.

Conversion of Gardens to Car Hard Standings

33. The unspent budget of £25,000 for converting gardens to car hard standings will be carried forward to 2015/16.

CAPITAL PROGRAMME 2015/16 TO 2019/20

34. The Capital Programme will be reviewed by officers in light of the slippage and re-phasing of works and an updated programme for 2015/16 to 2019/20 will be presented to the Executive as part of the Finance Strategy for 2016/17.

CAPITAL FINANCING

35. Details of the various methods used to finance the capital expenditure in 2014/15 are set out in Appendix B. External funding contributed to 32% of the Council's Capital Programme.

36. The overall capital expenditure and financing is summarised in the table below:

	General Fund £'000	HRA £'000	Total Programme £'000
Revised Budget	15,720	7,351	23,071
Actual Expenditure	12,966	6,809	19,775
Financed by:			
Revenue Resources	3,678	6,646	10,324
Capital Receipts	3,007	163	3,170
External Contributions	6,281	0	6,281
Total Financing	<u>12,966</u>	<u>6,809</u>	<u>19,775</u>

TREASURY MANAGEMENT

37. The Council is required under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for the year. This report meets the requirements of both the CIPFA Code

of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

38. During 2014/15 the minimum reporting requirements were that full Council should receive the following reports:
- An annual treasury strategy at the start of the year (Council 21 February 2014);
 - A mid-year (minimum) treasury update report (Council 11 December 2014);
 - An annual report describing the year's activity compared to the strategy (this report).
39. In addition, the Council has received quarterly treasury management update reports on 1 September 2014, 3 November 2014 and 2 February 2015 which were received by the Executive.
40. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
41. The Council also confirms that it has complied with the requirement under the Code to give scrutiny to treasury management activity, by the Audit and Governance Committee.

THE ECONOMY AND INTEREST RATES: COMMENTARY BY CAPITA ASSET SERVICES

42. The original market expectation at the beginning of 2014/15 was for the first increase in Bank Rate to occur in quarter 1 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's initial forward guidance target of 7%.
43. In May, however, the Bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the Bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%.
44. Expectations for the first increase in Bank Rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand. During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the euro.
45. Fears also increased considerably that the ECB was going to do too little too late to ward off the threat of deflation and recession in the Eurozone. In mid-October, financial markets had a major panic for about a week. By the end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and possibly even turn negative. In turn, this made it clear that the MPC would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016.
46. Gilt yields were on a falling trend for much of the last eight months of 2014/15 but were then pulled in different directions by increasing fears after the anti-austerity parties won power in Greece in January; developments since then have increased

fears that Greece could be heading for an exit from the euro.

47. While the direct effects of this would be manageable by the EU and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone once the so called impossibility of a country leaving the EZ had been disproved.
48. Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015.
49. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.

THE TREASURY MANAGEMENT STRATEGY FOR 2014/15

50. The expectation for interest rates within the Treasury Management Strategy for 2014/15 anticipated low but rising Bank Rate (starting in quarter 1 of 2015), and gradual rises in medium and longer term fixed borrowing rates during 2014/15. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

THE BORROWING REQUIREMENT AND DEBT

51. The Council has £40m of fixed rate PWLB loans due to the abolishment of the housing subsidy system in March 2012, as shown below.

Principal	Interest Rate	Duration Remaining (years)
£4m	3.52%	37.5
£4m	3.51%	38.5
£4m	3.51%	39.5
£4m	3.51%	40.5
£4m	3.50%	41.5
£4m	3.50%	42.5
£4m	3.50%	43.5
£4m	3.49%	44.5
£4m	3.49%	45.5
£4m	3.48%	46.5

52. In addition to the fixed rate loans, the Council holds investments from Portchester Crematorium Joint Committee and the Cocks' Bequest Trust Fund which are treated as temporary loans.
53. Total interest payable by the Council in 2014/15 amounted to £1,402,028, as shown below:

	£
Interest payable to PWLB	1,400,400
Interest payable on investments with the Council	811
Other interest payable (e.g. HMRC)	817
Total	1,402,028

INVESTMENT RATES IN 2014/15

54. Bank Rate remained at its historic low of 0.5% throughout the year. It has now remained unchanged for six years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2015 but then moved back to around quarter 3 2016 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme.

INVESTMENT OUTTURN FOR 2014/15

55. The Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 21 February 2014. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

56. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

57. The Council maintained an average balance of £38.8m of internally managed funds and call accounts earning an average rate of return of 0.71%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.35%.

58. The Council uses the external fund manager Tradition UK Ltd to invest up to £13m of the Council's cash balances. The use of the external fund manager is a chargeable arrangement and has been in place since 2000. The performance of the fund was 1.07% compared to the 7-day LIBID benchmark return of 0.35%.

59. The list of approved institutions for the investment of the Council's surplus funds has been reviewed on a regular basis, taking account of the grading system for investment institutions operated by the Council's treasury management advisors, Capita Asset Services.

60. The Council's investments were £40.8m on 1 April 2014, which increased to £43.1m on 31 March 2015. However, at times during the year the level of investment was higher, as shown in the following table:

The Overall Level of Investments	
Date	£m
1 April 2014	40.8
30 June 2014	49.5
30 September 2014	47.1
31 December 2014	45.0
31 March 2015	43.1

61. An analysis of internally and externally managed investment activity and call accounts used during the year is shown in the table below.

	Externally Managed £m	Internally Managed £m	Call Accounts £m	Total £m
Investments at 1 April 2014	10.0	18.0	12.8	40.8
New investments	8.0	18.0	123.9	149.9
Investments repaid	8.0	23.0	116.6	147.6
Investments at 31 March 2015	10.0	13.0	20.1	43.1

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

At 31 Mar 2014 (£m)	Investments	At 31 March 2015	
		£m	%
34.8	Interest Rate between 0.51% and 1.00%	35.1	81
6.0	Interest Rate between 1.00% and 1.50%	8.0	19
40.8	Total	43.1	100

65. The total interest received in respect of the 2014/15 investment activity and other interest received from car loans and housing association loan payments is as follows:

	£
Investments	287,415
Call Accounts	93,201
Other	10,959
Total	391,575

COMMERCIAL PROPERTY INVESTMENT ACQUISITIONS

66. In January 2013, the Executive agreed £3m to fund a commercial property investment acquisition programme as a means to optimise returns on Council investments. A further £5m was agreed by the Executive in November 2013.
67. Two purchases were made during 2014/15. Total purchases to date are as follows:

	Purchase Date	Premises Type	£
Clifton House, Segensworth	1 Aug 2013	Industrial	1,700,000
122-134 Seaside, Eastbourne	20 Dec 2013	Convenience Store	825,000
86-88 Mitcham Lane, Streatham	10 Mar 2014	Convenience Store	1,300,000
83 St Thomas St, Weymouth	29 Sept 2014	Retail	810,000
470 Ringwood Road, Poole	24 Nov 2014	Convenience Store	1,260,000
Total			5,895,000

68. The five premises will generate additional rental income of £432,000 per annum at a weighted average return of 7.6%.

INTEREST ALLOCATION

69. The interest receivable by the Council of £391,575 is allocated between the General Fund and the Housing Revenue Account (HRA). Interest is also payable in respect of the balances on the Whiteley Fund.
70. The allocation of interest to the HRA is based on the average balance for the year on the HRA itself, the Housing Repairs Account and the Major Repairs Reserve, using the average interest rate earned on external investments. The interest credited to the other funds is calculated in a similar way:

	£
Total interest receivable	391,575
Less:	
Amount due to Housing Revenue Account	137,185
Amount due to Whiteley Fund	1,960
Balance credited to the General Fund	252,430

71. The interest payable by the Council of £1,402,050 is also allocated between the General Fund and the HRA. The amount payable by the HRA is made up of the interest payable on external PWLB loans, internal General Fund loan and the HRA capital financing requirement.
72. This calculation means that the amount payable by the HRA to the General Fund is actually greater than the amount payable by the General Fund, as shown in the following table:

	£
Total interest payable by the General Fund	1,402,050
Less:	
Amount chargeable to the HRA	1,860,380
Surplus accruing to the General Fund	(458,330)

73. The net total of £1,010,475 has been allocated to the Council's funds as shown in the following table:

	£
Net amount credited to the General Fund	710,760
Net amount credited to the Whiteley Fund	1,960
Net amount debited to the Housing Revenue Account	(1,723,195)
Net Total	(1,010,475)

74. The net balance credited to the General Fund of £710,760 is shown in the General Fund as "Interest on Balances" for which the revised budget was £706,900.

PRUDENTIAL AND TREASURY INDICATORS

75. During 2014/15, the Council complied with its legislative and regulatory requirements. Appendix C shows the actual prudential and treasury indicators for 2014/15. Detailed information on actual capital expenditure and how this was financed can be found in a separate report on this agenda.

SUMMARY

76. This report gives details of the treasury management activity in 2014/15 in accordance with the reporting requirements set out in the CIPFA Code of Practice for Treasury Management. Members of the Executive are asked to note the report.

RISK ASSESSMENT

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

Reference Papers: CIPFA Code of Practice for Treasury Management

APPENDIX A

ACTUAL CAPITAL EXPENDITURE AND FINANCING 2014/15

	Capital Programme £	Actual Expenditure £	Savings £	Additional Expenditure £	Carry over to 2015/16 £
STREETSCENE					
Play Area Surface Replacement	41,000	40,937	63		0
Glass Recycling - Replacement Skips and Bins	14,100	10,764	3,336		0
Street Lighting Maintenance	129,900	52,853			77,047
STREETSCENE - TOTAL	185,000	104,554	3,399	0	77,047
PLANNING & DEVELOPMENT					
Osborn Road 5 Year Programme	14,500	16,925			(2,425)
Car Park Surface Improvements	59,700	21,976			37,724
PLANNING & DEVELOPMENT - TOTAL	74,200	38,901	0	0	35,299
LEISURE & COMMUNITY					
Buildings					
Ferneham Hall Repairs	50,000	0			50,000
Review of Community Buildings	50,000	28,127			21,873
Community Buildings Health & Safety Fund	9,300	0			9,300
Fareham Leisure Centre Swimming Pool	1,500,000	1,500,000			0
Holly Hill Leisure Centre	463,000	434,380			28,620
Portchester Community Centre	148,700	116,683	32,017		0
	2,221,000	2,079,190	32,017	0	109,793
Play and Parks Schemes					
Abshot Road Youth Facility	80,000	59,897			20,103
Swanwick Lane Play Area	8,200	0	8,200		0
Hammond Road Youth Facility	45,000	0			45,000
Birchen Road Play Area	50,000	0			50,000
King George V	75,000	0			75,000
	258,200	59,897	8,200	0	190,103
Outdoor Recreation Schemes					
Bath Lane Cricket Pavilion	490,000	424,165			65,835
Wicor Rec Sports Changing Facility	110,400	22,378	88,022		0
Park Lane Concrete Skate Park	120,000	101,287			18,713
Relocation of Play Area at Park Lane	80,000	0			80,000
Park Lane Outdoor Gym	50,000	0			50,000
Stubbington Rec Outdoor Gym	10,000	16,889		6,889	0
Burrige Pitch Drainage System	8,200	6,460	1,740		0
Bath Lane Replacement Cricket Square	9,300	9,321		21	0
Seaford Park Changing Accommodation	50,000	28,201			21,799
Stubbington Tennis Courts Refurbishment	30,000	15,730			14,270
Hook Recreation Ground Feasibility	25,000	2,645			22,355
Burrige Changing Rooms Improvements	15,000	0			15,000
Crofton Bowls Club Fencing Improvements	15,000	0			15,000
Portchester Community Centre Tennis Courts	60,000	38,859	21,141		0
	1,072,900	665,935	110,903	6,910	302,972

Capital Actual Additional Carry over

	Programme £	Expenditure £	Savings £	Expenditure £	to 2015/16 £
Grants to Community Groups					
Catisfield Memorial Hall	7,560	7,560			0
Holy Rood Church	25,000	25,000			0
Portchester Community School Gym Equipment	9,800	9,800			0
1st Catisfield Scout Group	27,600	27,600			0
Titchfield Amateur Boxing Club	25,000	0			25,000
Lee-on-the-Solent Golf Club	5,000	0			5,000
	99,960	69,960	0	0	30,000
Other Community Schemes					
Allotment Improvements	16,500	10,194			6,306
Salterns Promenade	252,500	241,045	11,455		0
	269,000	251,239	11,455	0	6,306
LEISURE & COMMUNITY - TOTAL	3,921,060	3,126,221	162,575	6,910	639,174
HOUSING					
Home Improvement Schemes					
Disabled Facilities Grants	520,200	520,397		197	0
Home Improvement Loans	78,000	83,171		5,171	0
Flood Repair and Renew Grants	55,000	41,612			13,388
Empty Homes Strategy Loans	40,000	0			40,000
	693,200	645,180	0	5,368	53,388
Enabling					
Coldeast Close & Bridge Road Acquisitions	0	7,076		7,076	0
Feasibility Studies	29,100	4,959			24,141
	29,100	12,035	0	7,076	24,141
HOUSING - TOTAL	722,300	657,215	0	12,444	77,529
POLICY & RESOURCES					
Rolling Programmes					
Vehicles & Plant	108,500	45,909			62,591
ICT	277,800	136,817			140,983
	386,300	182,726	0	0	203,574
Council Buildings					
Depot Refurbishment	11,100				11,100
Depot Boundary Wall/River Bank	87,400	90,701		3,301	0
Civic Offices 10 Year Improvement Plan	148,100	34,116			113,984
	246,600	124,817	0	3,301	125,084
Other Schemes					
Countywide Superfast Broadband	14,000	0	14,000		0
Commercial Property Investment Acquisitions	4,110,300	2,173,504			1,936,796
Daedalus Development	6,060,000	6,557,909			(497,909)
	10,184,300	8,731,413	14,000	0	1,438,887
POLICY & RESOURCES - TOTAL	10,817,200	9,038,956	14,000	3,301	1,767,545
GENERAL FUND - TOTAL	15,719,760	12,965,847	179,974	22,655	2,596,594

Capital Programme £	Actual Expenditure £	Savings £	Additional Expenditure £	Carry over to 2015/16 £
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HOUSING REVENUE ACCOUNT

HRA Improvements	2,067,000	2,433,368	366,368	0
Collingwood Court	4,067,100	3,437,064		630,036
Palmerston Avenue	200,000	282,775		(82,775)
Coldeast Sheltered Housing		29,449		(29,449)
Allotment Road Passivhaus Homes	100,000	43,763		56,237
Stock Repurchase	812,000	542,500		269,500
Vehicles	80,000	40,350		39,650
Conversion of Gardens to Car Hard Standings	25,000	0		25,000

HOUSING REVENUE ACCOUNT - TOTAL	7,351,100	6,809,269	0	366,368	908,199
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OVERALL TOTAL	23,070,860	19,775,116	179,974	389,023	3,504,793
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Capital Financing 2014/15

	General Fund £	HRA £	Total £
Revenue Resources:			
Direct Revenue Funding	216,739	2,001,204	2,217,943
Capital Fund Account	3,391,166	355,990	3,747,156
Matched Funding Reserve	69,960		69,960
Major Repairs Reserve		4,289,324	4,289,324
Capital Receipts:			
Usable Capital Receipts	2,947,281	162,750	3,110,031
Capital Development Fund	59,897		59,897
External Contributions:			
Government Grants:			
- Disabled Facilities Grant	264,171		264,171
- HCA Grant	4,965,070		4,965,070
Other Contributions:			
- Leisure Developer Contributions	637,269		637,269
- Environment Agency	90,701		90,701
- DEFRA	41,612		41,612
- Sustrans	20,000		20,000
- Other Developer Contributions	261,982		261,982
	12,965,847	6,809,269	19,775,116

Total Investment Activity 2014/15 with Each Approved Institution

	Externally Managed £	Internally Managed £	Call Accounts £	Total £
Clearing Banks				
RBS (incl Nat West)	5,000,000	1,000,000	115,700,000	121,700,000
Barclays Bank		6,000,000		6,000,000
Lloyds Bank		14,000,000		14,000,000
HSBC			6,000,000	6,000,000
Other Banks				
Santander UK			10,000,000	10,000,000
Svenska Handelsbanken			5,000,000	5,000,000
Building Societies				
Nationwide	3,000,000	6,000,000		9,000,000
Skipton	4,000,000			4,000,000
Leeds		2,000,000		2,000,000
Principality	2,000,000	1,000,000		3,000,000
West Bromwich	4,000,000			4,000,000
Other				
Glasgow City Council		3,000,000		3,000,000
Leeds City Council		3,000,000		3,000,000
Total Investments	18,000,000	36,000,000	136,700,000	190,700,000

2014/15 Prudential and Treasury Indicators - Actual Performance

Indicator	Description	2014/15 Indicator	2014/15 Actual
<u>Aff.1</u>	Affordability Measure: Financing Costs as a percentage of net revenue stream		
	Overall Position	3%	5%
1a	General Fund	-12%	-8%
1b	Housing Revenue Account	14%	15%
<u>Aff.2</u>	Affordability Measure: Incremental impact of capital investment on Council Tax and Housing Rents		
2a	Council Tax increases, borrowing costs only	£2.70	£0.00
2b	Housing Rent increases, borrowing costs only	£0.56	£0.00
<u>Aff.3</u>	Affordability Measure: Capital Expenditure (£'000s)		
	General Fund	£15,720	£12,966
	Housing Revenue Account	£7,351	£6,809
	Total Capital Expenditure	£23,071	£19,775
<u>Aff.4</u>	Affordability Measure: External Debt Level (£'000s)		
	Authorised limit, comprising	£73,000	£44,803
	- borrowing	£69,000	£41,782
	- other long term liabilities	£4,000	£3,021
	Operational boundary, comprising	£50,000	£42,311
	- borrowing	£48,000	£41,782
	- other long term liabilities	£2,000	£3,021
<u>Aff.5</u>	Affordability Measure: Capital Financing Requirement (CFR) (£'000s)		
	General Fund CFR closing balance in the year	£54,016	£51,051
		£211	£-2,754
	HRA CFR closing balance in the year	£53,805	£53,805
<u>Pru.1</u>	Prudence Measure: Gross Debt and Capital Financing Requirement (CFR) (£'000s)		
	Gross Debt	£44,204	£44,803
	CFR (for last, current and next 2 years)	£213,099	£204,204
	Has measure been achieved?	Achieved	Achieved
	Memorandum Item : Prudence margin	£168,895	£159,401
<u>Pru.2</u>	Prudence Measure: Adoption of the CIPFA Treasury Management Code of Practice		
	Has the Code been adopted in its entirety?	Yes	Yes
<u>Pru.3</u>	Prudence Measure: Upper Limits to fixed and variable interest rate exposure		
	Upper limit to variable interest rate exposures	25%	5%
	Upper limit to fixed interest rate exposures	100%	100%
<u>Pru.4</u>	Prudence Measure: Maturity structure of borrowing	<u>Upper Limit</u>	
	Loans maturing within 1 year	25%	£40m long term loans from PWLB
	Loans maturing within 1 - 2 years	25%	
	Loans maturing within 2 - 5 years	25%	
	Loans maturing within 5 - 10 years	50%	
	Loans maturing in over 10 years	100%	
<u>Pru.5</u>	Prudence Measure: Total Principal sums invested for periods of more than 364 days (£'000s)		
	Upper Investment Limit for the year	£16,000	£2,000

Agenda Item 11(1)

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

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