

FAREHAM

BOROUGH COUNCIL

AGENDA

POLICY AND RESOURCES SCRUTINY PANEL

Date: Tuesday, 14 January 2020

Time: 6.00 pm

Venue: Collingwood Room - Civic Offices

Members:

Councillor Mrs S M Bayford (Chairman)

Councillor N J Walker (Vice-Chairman)

Councillors M J Ford, JP
I Bastable
S Cunningham
T Davies
Mrs C L A Hockley

Deputies: Mrs L E Clubley
J G Kelly



1. Apologies for Absence

2. Minutes (Pages 5 - 8)

To confirm as a correct record the minutes of the meeting of the Policy and Resources Scrutiny Panel meeting held on 23 October 2019.

3. Chairman's Announcements

4. Declarations of Interest and Disclosures of Advice or Direction

To receive any declarations of interest from members in accordance with Standing Orders and the Council's Code of Conduct and disclosures of advice or directions received from Group Leaders or Political Groups, in accordance with the Council's Constitution.

5. Deputations

To receive any deputations of which notice has been lodged.

6. Beach Hut Site Rent Review (Pages 9 - 22)

7. Finance Strategy , Revenue Budget and Council Tax 2020-2021 (Pages 23 - 82)

To consider a report by the Deputy Chief Executive Officer on the Finance Strategy, Revenue Budget and Council Tax for 2020-2021.

8. Fees and Charges 2020-21 (Pages 83 - 120)

To consider a report by the Deputy Chief Executive Officers on the proposed fees and charges for 2020-21.

9. Capital Programme and Capital Strategy 2020-21 (Pages 121 - 144)

To consider a report by the Deputy Chief Executive Officer on the Capital Programme and Capital Strategy for 2020-21.

10. Housing Revenue Account Budget and Capital Plans 2020-2021 (Pages 145 - 158)

To consider a report by the Deputy Chief Executive Officer on the Housing Revenue Account Budget and Capital Plans 2020-2021.

11. Executive Business (Pages 159 - 160)

To consider any items of business dealt with by the Executive since the last meeting of the Panel, that falls under the remit of the Policy and Resources Portfolio. This will include any decisions taken by individual members during the same time period.

(1) Update to Regulation of Investigatory Powers (RIPA) Policy (Pages 161 - 162)

- (2) **Annual Review of the Corporate Strategy 2017-2023 and Local Service Agreements 2018-2019** (Pages 163 - 164)
- (3) **Council Tax Discounts and Exemptions** (Pages 165 - 168)
- (4) **Finance Monitoring Report 2019-20** (Pages 169 - 170)
- (5) **Treasury Management and Capital Monitoring Report 2019-20** (Pages 171 - 172)
- (6) **Acquisition of Commercial Property in Havant** (Pages 173 - 176)
- (7) **Responsive Repairs for Fareham Borough Council owned properties** (Pages 177 - 178)
- (8) **Arrangements for the 75th Anniversary of VE Day** (Pages 179 - 180)
- (9) **Review of Citizen of Honour Award Scheme** (Pages 181 - 182)

12. Scrutiny Priorities

To provide an opportunity for Members to consider the scrutiny priorities for the Policy and Resources Panel.



P GRIMWOOD
Chief Executive Officer
Civic Offices
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06 January 2020

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FAREHAM

BOROUGH COUNCIL

Minutes of the Policy and Resources Scrutiny Panel (to be confirmed at the next meeting)

Date: Wednesday, 23 October 2019

Venue: Collingwood Room - Civic Offices

PRESENT:

Councillor Mrs S M Bayford (Chairman)

Councillor N J Walker (Vice-Chairman)

Councillors: M J Ford, JP, I Bastable, S Cunningham, T Davies and
Mrs C L A Hockley

Also Present: Councillor S D T Woodward, Executive Member for Policy and
Resources (Item 6)



1. APOLOGIES FOR ABSENCE

There were no apologies of absence.

2. MINUTES

RESOLVED that the minutes of the Policy and Resources Scrutiny Panel meeting held on 24 June 2019 be confirmed and signed as a correct record.

3. CHAIRMAN'S ANNOUNCEMENTS

There were no Chairman's announcements made at this meeting.

4. DECLARATIONS OF INTEREST AND DISCLOSURES OF ADVICE OR DIRECTION

There were no declarations of interest made at this meeting.

5. DEPUTATIONS

There were no deputations made at this meeting.

6. COUNCIL TAX DISCOUNTS AND EXEMPTIONS

The Panel considered a report by the Deputy Chief Executive Officer on the proposed changes to the Council's discretionary Council Tax discounts, exemptions, reliefs and premiums policy.

The Local Taxation and Corporate Debt Manager tabled an item which set out the amendments to the report that had taken place since its publication, which has been appended to these minutes.

Member attention was drawn to the amendments made to the recommendation since it was published.

At the invitation of the Chairman, Councillor S D T Woodward, Executive Member for Policy and Resources addressed the Panel on this item.

RESOLVED that the Policy and Resources Scrutiny Panel asks the Executive to note their endorsement of the following recommendations, when it considers this item at its meeting on 4 November 2019:

- a) Approve the latest discretionary reductions and premiums set out in Appendix A:
 - To remove the discount currently allowed on empty and unoccupied properties which have been vacant for less than 1 month, so that no discount is given (Class C);
 - To remove the discount currently allowed on empty and unoccupied properties undergoing or requiring major works to make them habitable, so that no discount is given (Class D);

- To implement 100% to 300% Long Term Empty property premiums for properties which have been unoccupied and unfurnished for more than 24 months; and

b) Agree the approach for the proposed policy for up to 100% of the Council Tax for properties occupied by Care Leavers under 25 years of age, to be considered as irrecoverable.

7. CORPORATE STRATEGY AND LOCAL SERVICE AGREEMENTS REVIEW

The Panel considered a report by the Deputy Chief Executive Officer on an annual review of the Council's Corporate Strategy and Local Service Agreements.

The Panel requested that the following changes be made:

Page 45 of the report under the heading of Strong, Safe and Inclusive and Healthy Communities on the last bullet point the word 'intimated' be changed to 'intimidated'; and

The bullet point on page 86 of the report pack which read "Develop long term plans aimed at bringing the Ashcroft Arts Centre and Ferneham Hall together into a new and exciting single arts and entertainment venue;" be removed from the Local Service Agreements as this is no longer part of the Council's Corporate Strategy.

RESOLVED that, subject to the amendments listed above, the Panel recommends the Corporate Strategy and Local Service Agreements report to the Executive for endorsement, when it considers this item at its meeting on 4 November 2019.

8. EXECUTIVE BUSINESS

The Panel considered the Executive items of business which fall under the remit of the Policy and Resources Portfolio, including Executive Member decisions and Officer delegated decisions, that have taken place since the last meeting of the Panel on 24 June 2019.

The Panel considered the decisions shown at items 8 (1) to 8 (3) of the agenda.

RESOLVED that the Policy and Resources Scrutiny Panel considered the following items of Executive Business.

(1) Capital and Treasury Management Outturn 2018-19

No comments were received.

(2) General Fund & Housing Revenue Account Outturn 2018-19

No comments were received.

(3) Award of Contract: Daedalus Gate Guardian

No comments were received.

9. SCRUTINY PRIORITIES

The Deputy Chief Executive Officer addressed the Panel on this item, and updated them on items of business that are being considered for the January 2020 meeting of the Panel.

Members were given the opportunity to put forward any further items that would like to consider. No further items were put forward for the Scrutiny Plan.

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

FAREHAM

BOROUGH COUNCIL

Report to Policy and Resources Scrutiny Panel

Date 14 January 2020
Report of: Director of Planning and Regeneration
Subject: BEACH HUT SITE RENT REVIEW

SUMMARY

The report advises the Policy and Resources Scrutiny Panel of the outcome of a Review of beach hut site rents which is to be reported to the Executive on 6 January 2020, and as set out at Appendix A to this report. The Review has resulted in a proposal to increase beach hut site rents above the current annual rate of inflation, based on market comparables. The proposals are fully in accordance with the principles set out in the Council's Medium-term Finance Strategy. The Panel will be provided with an update on the outcome of the Executive consideration of and decision in relation to this matter, for the Panel's information and any comment.

RECOMMENDATION

That the Policy and Resources Scrutiny Panel note the outcome of the Review of beach hut site rents and the recent decision of the Executive on this matter. The Panel has the opportunity to pass on any comments on the matter on to the Executive, prior to the possible implementation of any changes in April 2020.

Enquiries: For further information on this report please contact Grant Hobday (ext 4320).

Appendix A: [Executive Report "Beach Hut Site Rent Review"](#)

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 06 January 2020

Portfolio:	Policy and Resources
Subject:	Beach Hut Site Rent Review
Report of:	Director of Planning and Regeneration
Corporate Priorities:	A dynamic, prudent, progressive and best practice Council

Purpose:

To advise the Executive of the outcome of user consultation and review of beach hut site rents. The review has resulted in a proposal to increase rents which, if agreed, will take effect from 1 April 2020.

Executive summary:

The report advises the Executive of the outcome of a Review of beach hut site rents. The Executive was last asked to consider site rents and other issues in 2014 and the current review has been carried out in a similar way. The Review has resulted in a proposal to increase beach hut site rentals above the current annual rate of inflation, based on market comparables. The proposal is fully in accordance with the principles set out in the Council's Medium-term Finance Strategy.

Recommendation:

It is recommended that the Executive agrees the proposed increase in beach hut site rents set out in paragraph 10 of the Executive Briefing Paper to £565.00 per annum for residents and £1,130 per annum for non-residents.

Reason:

To advise the Executive of a proposal to increase beach hut site rents based on comparables from other local authorities (in particular at Hayling Island in the Borough of Havant) and reflecting the Council's Medium-term Financial Strategy.

Cost of proposals:

If the increase proposed in the report is implemented in full the Council will receive additional income of £12,180 pa inclusive of VAT. If any concessions or discounts or other changes are introduced this figure will be reduced.

Appendices:

A: Research on beach hut site rents charged by neighbouring authorities

B: Summary of responses from Fareham Beach Hut Association

C: Summary of responses from Beach Hut owners

Background papers: Letter from the Fareham Beach Hut Association

Letters and emails received from owners

Reference papers:

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	06 January 2020
Subject:	Beach Hut Site Rent Review
Briefing by:	Director of Planning and Regeneration
Portfolio:	Policy and Resources

INTRODUCTION

1. There are two beach hut locations in Hill Head Fareham at Cliff Road and Monks Hill. The huts are privately owned by individuals and families and a site rental is paid to the Council. This report sets out the outcome of a Review of beach hut rents based on market comparables and a consequential proposal to increase beach hut site rents with effect from 1 April 2020.

BACKGROUND

2. The wording of the beach hut agreements allows for an annual increase in the site rent "to such sum as the Council in their absolute discretion shall decide". At least three months' notice in writing to expire on 31st March in any year has to be given in this respect.
3. No discounts or concessions on the rent are currently granted and beach hut owners who are not resident in the Borough of Fareham pay a double site rental.
4. On 1 September 2014 a report was presented to the Executive proposing an increase of 25.85% based upon comparable evidence from Hayling Island in the Borough of Havant. The decision of the Executive was to implement the recommended increase and to phase this in over a three-year period commencing 1 April 2015.

	Residents Owners	Non-Resident Owners
2015/16	£411	£822
2016/17	£444	£888
2017/18	£477	£954

5. The second part of the decision was for officers to review the beach hut site agreements after consultation with beach hut owners. As a first stage to the review officers

corresponded with the Fareham Beach Hut Association. A number of suggestions were considered in respect of the documentation and the double site rental for non-residents but it was concluded each of the suggestions made in respect of the double site rent would if adopted limit future income to the Council and so no changes were implemented.

6. In 2018/19 the increase was in line with RPI (at 4%) and from 1 April 2019 to 31st March 2020 was in line with CPI which resulted in a 2.2% increase.

	Residents Owners	Non-Resident Owners
2018/19	£496	£992
2019/20	£507	£1,014

BEACH HUT SITE RENT REVIEW

7. The Council's Medium-Term Finance Strategy states that fees and charges are " to be increased to achieve a realistic increase in income wherever possible and every effort to be made to identify new sources of income. The proposed charges should be considered alongside those for similar services in neighbouring authorities and, where appropriate, the charges levied by private sector providers".
8. Research has been undertaken on beach hut site rents charged by other neighbouring Local Authorities and details are shown on the table attached as Appendix A. There are obviously differences in the tenancy and rental arrangements, transfer/administration fees, local facilities and parking provisions, but officers consider Hayling Island in the Borough of Havant to be the most appropriate comparable to Fareham. This is because the majority of beach huts at Hayling Island are privately owned, non-residents of Havant Borough have the opportunity to own a beach hut, and there is an out of Borough fee. Havant review their beach hut site rents annually and this is normally an increase in line with inflation, however this is kept under review and is dependent upon customer demand. The beach hut site rents for Hayling Island for 2019/20 are £565 (inc VAT) for residents and £1,234 (inc VAT) for non-resident; these rents were frozen at the 2018 level.
9. The beach huts are privately owned with each owner entering into an agreement (called the Beach Hut Agreement) with the Council for the use of the site. The Beach Hut Agreement includes payment of an annual site rent and non-domestic rates on the beach hut. Demand for the Beach Huts in Fareham is known to be high and beach huts at Hill Head are known to be selling for up to £26,000 depending on size, location (Cliff Road or Monks Hill) and condition. The value of a beach hut site is derived from its location on the coast overlooking the Solent, not the amenities or services at Hill Head. The Council does not receive any of the sale proceeds.
10. Based on the market comparables (see appendix A), there is a case to increase beach hut site rents above the rate of inflation to the level set out below, and which could be implemented from 1 April 2020 in accordance with the beach hut agreements.

Beach Hut site rent	2019/20 Current (inc VAT)	2020/21 Proposed (inc VAT)	Increase
Residents	£507	£565	£58
Non-residents	£1014	£1130	£116

This equates to an 11.4% increase and based on the current split of resident and non-resident beach hut owners, if the proposal is accepted, the additional income for 2020/21 would be £10,150 excluding VAT (£12,180 inclusive of VAT)

Beach Hut Owners	Current Beach Hut Rent (inc VAT)	Proposed Beach Hut Rent (inc VAT)
Residents (132)	£507	£565
Non-Residents (39)	£1,014	£1,130
Total (inc VAT)	£106,470	£118,650

CONSULTATION WITH FAREHAM BEACH HUT ASSOCIATION & OWNERS

11. Consultation over a three-week period setting out the proposed increase based on comparable market evidence has taken place with the Fareham Beach Hut Association and owners. As the Association does not represent all owners a letter was sent to every beach hut owner advising them that a report was to be presented to the Executive and giving them the opportunity to comment on the proposal.
12. Attached as Appendix B is a summary of the comments received from Fareham Beach Hut Association together with commentary from officers. Fareham Beach Hut Association has suggested that beach hut site rent increases are based on inflation only.
13. Attached as Appendix C is the summary of comments from individual beach hut owners together with commentary from officers.
14. Key issues raised in the responses are:
 - an above inflation rental increase,
 - over reliance on Hayling Island as a comparable,
 - double rental for out of Borough residents
 - lack of discount for OAP and people with disabilities,

Full commentary from officers on each off these issues is included in Appendix B and C as appropriate.

CONCLUSION

15. The Executive is asked to consider the proposed beach hut rent increase set out above, based on market comparables and in accordance with the principles set out in the Medium-Term Financial Strategy. If any discounts or concessions were to be introduced these would have an adverse effect on income.

Enquiries:

For further information on this report please contact Grant Hobday (Ext 4320)

APPENDIX A

Comparable research for Local Authority sites - Privately owned beach huts

Local Authority	Number of privately-owned huts	Agreement Term	Can Non-residents own hut	Rent Review	Size	Seaview	Discount options	Transfer/Admin Fee	Current Rental 2019/20 (inc VAT)
FAREHAM	171	Tenancy Agreement No term annual fee	Yes	Annual	Max 8ft x 8ft	Yes	No	£100.00	Residents £507 Non-Residents £1014
Gosport	3	no term annual fee	No	Annual	6sqm x 2.5h concrete huts garden shed size for wooden	Yes	Yes for senior citizen or disabled person	no	£450 Concessions- £337.50
Havant	316	no term annual fee	Yes	Annual	Max 8ft x 12ft	some	No	£100.00	Residents £565 Non-residents £1,234
IOW	Approx. 206	3 Years licence	No	Annual	Various	Yes	No	Legal costs of transfer	£313.95 up to 5sqm £18.32 for every additional 30cm
IOW	Approx. 35	10-year lease (this is a new arrangement following a review in Jan 19 all new owners are signed up to this agmnt and existing owners had option to tfr over to new lease after 10-year term existing lessee will be given first refusal)	Yes if 10-year lease	Annual	Various	Yes	No	Legal costs of transfer	For huts up to 5 sqm £441.88 for 2019/20 £513.71 for 2020/21 £585.52 for 2021/22 £657.32 for 2022/23 £729.13 for 2023/24 Phasing subject to annual consideration of market conditions Rents are higher for the larger huts

Arun	241	5-year ground lease	Yes	Annual	2.4m L x 1.8m W x 2.4m H (8ft x 6ft)	Yes	No	£500	£531.55
New Forest	740	no term annual fee	Yes but only to NFDC council tax payers	Annual	Various	Yes	No	£547.00	Resident £415 - 656 depending on location Non-Resident (but Council Tax payer) £650- £843 depending on location
Brighton & Hove	450	no term but must keep hut for a minimum of 3 years annual fee	No	Annual	2454mm Height 1830mm Width 2100mm Depth 6ft x 6.9ft	Yes	No	£82.00 transfer fee	£404
Adur	289	5-year ground lease	Yes	Annual	6ft x 8ft Height 6' to eaves and 8' to ridge	Yes	No	3x annual licence fee or 10% of the sale price whichever is greater	£465- £620 depending on location

Appendix B – Summary of response from Fareham Beach Hut Association

FBHA Response	Officer Comments
<p>The proposed increase is totally out of line with current and forecast inflation rates. The Fareham Beach Hut Association has attached information on inflation. The current forecast up to 2023 do not exceed 2.1%</p>	<p>Executive has regard to the Council budget guidelines which include, ‘...to be increased to achieve a realistic increase in income wherever possible and every effort to be made to identify new sources of income. The proposed charges should be considered alongside those for similar services in neighbouring authorities and, where appropriate, the charges levied by private sector providers’. Whilst an inflationary increase is suggested by the Association over a period of time the beach hut site rent would fall out of line with neighbouring authorities, the last comparable review based on neighbouring authorities was carried out in 2014.</p>
<p>The Association feels Fareham beach hut rent is currently set fair for the facilities available using the same research.</p>	<p>The review and proposal reflect the rent increase clause as set out in the beach hut Agreements ‘the Council to increase the ground rent to such sum as the Council in their absolute discretion shall decide’ and also the Council Fees and Charges guidelines. By carrying out research of comparable local authorities it has been suggested that the proposed increase is reasonable.</p>
<p>It is expected that a Civic Office Property department would review its rent income to keep up with inflation. It is not expected that to do so it would copycat a neighbouring authority to access what rents should be</p>	<p>Justification for the proposal is based on the Council fees and charges guidelines which includes the wording “The proposed charges should be considered alongside those for similar services in neighbouring authorities and, where appropriate, the charges levied by private sector providers”.</p>
<p>There should be no comparison with Havant, the sites are larger and Havant Borough Council maintenance is superior.</p>	<p>The site rent paid for beach huts does not take into account the size of the beach hut. Havant Council also does not take account of the size of the beach hut to determine the site rent paid. The location of a beach hut at Hill Head overlooking the Solent is considered to be comparable than Hayling Island. It is accepted that Hill Head does not have the tourist type attractions that Hayling Island enjoys but the rural non-commercialised location of Hill Head could be argued to make Hill Head as desirable.</p>
<p>In 2014 a phased increase was agreed which brought the site rents to the present amount including inflation.</p>	<p>The proposal could be phased in over 3 years if decided by the executive.</p>
<p>The Property Department could have discussed this with the Association and agreed an amicable agreement before sending out notices of the proposed increase to members.</p>	<p>No decision on the proposal has been made. Officers were asked to carry out research of comparable rents at other neighbouring local authorities and report findings, to be decided by the Executive.</p>

Appendix C – Summary of responses from Individual Beach Hut Owners

Individual Owner Response	Officer Comments
The beach hut site rent proposal is excessive and cannot be justified. Increases should be linked to the rate of inflation/should be linked to Council Tax increases	Justification for the proposal is the Council fees and charges guidelines which includes the wording “to be increased to achieve a realistic increase in income wherever possible and every effort to be made to identify new sources of income. The proposed charges should be considered alongside those for similar services in neighbouring authorities and, where appropriate, the charges levied by private sector providers”.
Where does my rent go, how do you intend to spend this money, what improvements will this fund?	Income from beach huts goes into the general fund to help pay for the services which the Council provides and is not spend specifically on beach area improvements.
The rental increase will make it more difficult keep the hut.	This would be very unfortunate but there is no evidence to suggest that sales decisions are based solely on the level of site rents.
System of charging double plot rental to non-residents is very unfair.	The Council has a policy which has been in place for many years of charging non-Fareham residents double the site rent paid by a Fareham resident. Not all local authorities allow non- residents to own huts and some that do charge a higher rate to those owners.
Discount should be given to disabled beach hut owners	Previous beach hut site rent increases have not taken disabilities into account. A full equalities impact assessment will be completed by officers prior to any increase.
Majority of beach hut owners are senior citizens on pensions	Previous beach hut site rent increases have not taken into account age or income. A full equalities impact assessment will be completed by officers prior to any increase.
Hill Head is not comparable to Hayling Island e.g. Hill Head not a blue flag beach, no commercial facilities are provided, not a tourist resort, Hayling has a beautiful sandy beach & showers, Hill Head beach huts are adjacent to a public right of way.	The location of a beach hut at Hill Head overlooking the Solent is considered to be comparable, if not better, than Hayling Island. It is accepted that Hill Head does not have the tourist type attractions that Hayling Island enjoys but the non-commercialised location of Hill Head could be argued to make Hill Head more desirable.
A broader range of southern coastal authorities should be looked at	See Appendix A for details of our research. There are differences in the tenancy & rental arrangements, transfer/administration fees, local facilities & parking provisions between the authorities. Some authorities have their own huts which they rent out, so this information has not been included. Officers still consider Hayling Island to be the most appropriate comparable to Fareham.
The beach huts at Hayling are larger.	The site rent paid for beach huts historically has not taken into account the size of the beach hut. Size is however one of the factors that reflects in the sale value of beach huts. Havant Council also does not take account of the size of the beach hut to determine the site rent paid.
Other issues e.g. dogs, toilets, vegetation clearance, seaweed, shingle on path, cyclists on path, parking	These comments have been drawn to the attention of the appropriate services of the Council.
Shingle build up at Monks Hill	The shape and levels of the beach are subject to constant change and the current profile does not warrant expenditure of Council funds to recontour the beach.
Lack of facilities provided for beach hut owners.	The services which are provided at Hill Head are for all users of the beach and not exclusively for beach hut owners
Where does my rent go, how do you intend to spend this money, what improvements will this fund?	Income from beach huts goes into the general fund to help pay for the services which the Council provides and is not spend specifically on beach area improvements.

Condition of huts/are all owners paying their rent?	Site inspections are carried out periodically, and additionally in response to information from other owners or members of the public. Owners are then contacted, and repairs requested. All owners are currently paying their site rents.
Increased noise and air pollution due to the adjacent airport	Flight numbers are limited by the Planning Consent. Air quality is monitored, and the levels are within national guidelines.

FAREHAM

BOROUGH COUNCIL

Report to Policy and Resources Scrutiny Panel

Date 14 January 2020

Report of: Deputy Chief Executive Officer

Subject: FINANCE STRATEGY, REVENUE BUDGET AND
COUNCIL TAX 2020-2021

SUMMARY

The Policy and Resources Scrutiny Panel is asked to consider and review the Executive's proposals for the overall revenue budget for 2020/21. The Deputy Chief Executive Officer will refer any proposals or comments of the Panel to the Executive meeting on 3 February 2020.

RECOMMENDATION

That any proposals or comments of the Panel be referred to the Executive at its meeting on 3 February 2020.

INTRODUCTION

1. On 6 January 2020, the Executive will have reviewed the Council's finance strategy and considered the revenue items to be included in the revised budgets for 2019/20, the budget for 2020/21 and beyond. A copy of this reports is attached as Appendices A and B, for information.
2. Members will consider a number of options, which could allow a balanced budget to be achieved, and will be asked to make the following decisions:-

Financial Forecasts (MTFS)

- (a) approves the Medium-Term Finance Strategy for the period 2019/20 to 2023/24, as set out at Appendix C to the report;
- (b) agrees to submit the updated Pay Policy, annexed to the Medium Term Finance Strategy at Annex C, to Council for approval;

Revenue Budgets

- (c) approves the revised 2019/20 general fund revenue budget, amounting to £9,319,200, as set out in Appendix A and B to the report;
 - (d) approves the base 2020/21 general fund revenue budget amounting to £9,606,500, as set out in Appendix A and B to the report;
3. A report will be submitted to the Executive on 3 February 2020. This report seeks final confirmation for the spending plans, together with recommendations for Full Council to consider on 21 February 2020.
 4. Officers will provide a verbal update on this report to members of the Policy and Resources Scrutiny Panel on 14 January 2020.
 5. Any comments or proposals that the Scrutiny Panel may wish to submit will be considered by the Executive on 3 February 2020.

RISK ASSESSMENT

6. While all spending plans can be met from within existing resources, growing financial pressures increase the risk that spending plans exceed desirable levels.
7. Also, the budget reflects the implications of the changing funding position from central Government as well as other more local budget pressures. These changes will continue to affect the Council's finances and it remains an important part of the overall Medium Term Finance Strategy to retain sufficient balances to cater for the unexpected in these uncertain times.
8. The council should continue to explore opportunities to increase income sources for the Council as well as review efficiency plans in order that balanced budgets can be made in future years.

CONCLUSION

9. The Board is asked to review the proposals and consider whether it wishes to submit comments for consideration by the Executive.

Appendix A: [Executive Report "Finance Strategy and Revenue Budget 2020/21" considered on 6th January 2020](#)

Appendix B: [Appendix C to the Executive Report "Finance Strategy and Revenue Budget 2020/21" considered on 6th January 2020](#)

Background Papers:

Reference Papers:

Enquiries:

For further information on this report please contact Neil Wood. (Ext 4506)

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 06 January 2020

Portfolio:	Policy and Resources
Subject:	Finance Strategy and Revenue Budget 2020/21
Report of:	The Deputy Chief Executive Officer
Corporate Priorities:	A dynamic, prudent and progressive Council

Purpose:

This report provides an update on the Council's 5-year financial forecasts and makes recommendations regarding the, revised revenue budget for 2019/20 and 2020/21.

Executive summary:

This report gives the Executive the opportunity to consider the Council's 5-year financial forecasts as set out in the Medium Term Finance Strategy (MTFS), revised service budgets for 2019/20 and proposed service budgets for 2020/21.

Revised General Fund Revenue Budget 2019/20

The revised general fund revenue budget for 2019/20 amounts to £12,709,300 for service budgets with other budgets totalling -£3,390,100 giving an overall position of £9,319,200 which shows an increase of £652,800 from the base budget for 2019/20.

General Fund Revenue Budget 2020/21

The proposed general fund budget for 2020/21 totals £11,582,500 for service budgets along with -£1,976,000 for other budgets giving an overall position of £9,606,500 which is an increase of £940,100 against the original budget for 2019/20.

5-Year Financial Forecasts

The 5-Year financial forecasts for 2019/20 to 2023/24 is predicting a funding shortfall by 2021/22. The Opportunities Plan approved last year is still predicted to address the shortfall and build in some capacity for future pressures and uncertainties.

Recommendation:

It is recommended that the Executive:

Financial Forecasts (MTFS)

- (a) approves the Medium Term Finance Strategy for the period 2019/20 to

- 2023/24, as set out at Appendix C to the report
- (b) agrees to submit the updated Pay Policy, annexed to the Medium Term Finance Strategy at Annex C, to Council for approval;

Revenue Budgets

- (c) approves the revised 2019/20 general fund revenue budget, amounting to £9,319,200, as set out in Appendix A and B to the report;
- (d) approves the base 2020/21 general fund revenue budget amounting to £9,606,500, as set out in Appendix A and B to the report;

Reason:

The proposed budgets and capital programme will continue to support delivery of the Council's services and corporate priorities whilst taking account of the continuing financial pressures.

The Medium Term Finance Strategy forecasts a funding shortfall by 2021/22. An Opportunities Plan has been developed to address this and build in capacity for future pressures and uncertainties.

Cost of proposals:

As detailed in the report.

Appendices: A: General Fund Revenue Budget Summary 2019/20 and 2020/21
B: Detailed Draft Revenue Budgets by Service Portfolio 2019/20 and 2020/21
C: Medium Term Finance Strategy 2019/20 to 2023/24

Background papers: None

Reference papers:

Report to Executive 4 February 2019 - Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2019-20

Report to the Executive 8 July 2019 – General Fund and Housing Revenue Outturn 2018-19

Report to the Executive 4 November 2019 – Finance Monitoring Report 2019-20

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	06 January 2020
Subject:	Finance Strategy and Revenue Budget 2020-21
Briefing by:	The Deputy Chief Executive Officer
Portfolio:	Policy and Resources

INTRODUCTION

1. This report provides an update on the financial forecasts for the next 5 years and makes recommendations on how the projected funding gaps can be mitigated.
2. It also brings together the revenue spending plans for the Council's services for the rest of the current year and for next year.

MEDIUM TERM FINANCE STRATEGY

3. The Medium Term Finance Strategy, attached to this report as **Appendix C**, sets out the broad principles on which the management of the Council's finances are based and provides background information regarding the level of resources, the revenue budget and capital programme.
4. The Council's main priorities are to produce sustainable spending plans, maintain adequate reserves and to continue to minimise increases in the net revenue budget, such that increases in Fareham's proportion of the council tax does not exceed the prevailing inflation rate. Consequently, strict budget guidelines must be maintained.
5. The document focuses on the various issues that will impact on the Council's financial position, now and in the future. In the light of these issues, the current financial position has been reviewed and the projected position in future years, up to 2023/24, examined.
6. Based on existing spending plans and taking account of the known variations and revenue budget pressures in future years, the projected revenue budget for the life of the Strategy through to 2023/24 would indicate a funding gap of £489,000 by 2021/22, even if Council Tax is increased by £5 each year.
7. There are also a number of spending priorities, potential pressures and uncertainties for which no provision has been made in the projections which could cause a widening of the funding gap. Members are reminded that due to the gearing effect any increase in spending has a significant increase on the amount that has to be met from Council Tax

payers. For example, an increase in spending of 1%, increases the Council Tax by 7%.

Opportunities Plan

8. An Opportunities Plan, as summarised below, has therefore been developed which consists of a number of projects that have been identified to either reduce expenditure, increase income or safeguard the Council from future expenditure increases.
9. As part of the budget setting report for 2019/20 the Executive agreed the setting up of a Project Team at a cost of £600,000 over 2 years to be met from reserves. The table below shows the number of projects that the team and other officers have been working on and the latest projections of the potential savings that can be made.

Table 10 - Summary of Opportunities Plan				
Project Grouping	Number of Projects	Latest Projected Potential Savings (£)	Annual Savings Realised To Date (£)	Savings Built into Budgets as at 20/21 (£)
1. Service changes already in progress	17	320,700	276,400	227,900
2. Projects needing resources led by Project Team	8	1,051,300	6,000	0
3. Projects needing resources led by Head of Service	7	830,500	373,450	483,400
4. Projects achievable within current resources	6	391,200	82,687	0
5. Good Practice Projects	3	None expected	0	0
6. Projects do as resources allow	16	Not costed	0	0
7. Other projects (additional to Plan)	12	29,500	9,500	0
Totals	69	£2,623,200	£748,037	£711,300

10. Savings to budgets from the Opportunities Plan totalling **£711,300** have already been built into the budget forecasts for 2018/19 to 2020/21.
11. To date 19 projects have been completed. The work will continue into 2020/21 with the team working with services to identify further opportunities to help provide savings or additional income to enable a balanced budget to be set in future years.

GENERAL FUND REVENUE BUDGETS

Revenue Budget 2019/20

12. The base net revenue budget set for 2019/20 set was £8,666,400, an increase of £225,900 on the previous year. This was part funded by a council tax increase of £5 which is the maximum allowable by the Government before a local referendum is needed.
13. Additional budget provision totalling £171,700 was carried forward for incomplete projects from 2018/19; this was fully financed from underspending in 2018/19.
14. The overall revised budget has increase from the base budget to £9,319,200. The budget reflects known changes that have occurred during the current financial year and as a result the service budgets have increased by £652,800.

15. Other budgets, such as investment income, contributions to capital, and movement in reserves, have been all changed, and the revised budget will increase to £9,319,200. Further information of how this is spread across portfolios is provided in Appendices A and B.

Revenue Budget 2020/21

16. The revenue budget for 2020/21 has been prepared as detailed in the Medium-Term Finance Strategy, as attached to Appendix C to this report. The proposed General Fund budget for 2020/21 totals £11,582,500 for service budgets along with -£1,976,000 for other budgets giving an overall position of £9,606,500 which is an increase of £940,100 against the original budget for 2019/20. This detailed in Appendices A and B.
17. The budget takes into account the predicted level of core funding resources that will be available for the year and builds in provisions for expected increases and decreases in expenditure and income in the year.
18. The budget also takes into account decisions made by the Executive during the year and the opportunities and pressures arising in the Council's key services.

GENERAL FUND CAPITAL PROGRAMME

19. The detailed General Fund capital programme for the period 2019/20 to 2023/24 is part of the Capital Strategy which is under a separate report on this agenda.

RISK ASSESSMENT

20. In considering the budgets and forecasts, there are a number of risks and uncertainties as set out in Section 6.3 in the Medium-Term Finance Strategy.
21. The Executive has previously agreed that the balance on the spending reserve should equate to at least 5% of gross revenue expenditure. A detailed assessment of need has been carried out, following guidance from the Chartered Institute of Public Finance and Accountancy (LAAP77), which indicates that this is an appropriate level to retain and should not be reduced. The budgets proposed will allow the Spending Reserve to be maintained at the required level.
22. Delivery of the Opportunities Plan, aims to address the shortfalls forecast across the next 5 years plus build in some spare capacity for pressures not yet built in to the forecasts.
23. The Government's expectation and associated funding levels indicate that they believe that Fareham will continue to raise council tax by up to £5 next year with a spending review detailing future proposals commencing in 2021/22.
24. While the Council's capital resources are expected to exceed planned capital expenditure at the end of the programme period, future spending requirements could give rise to a very significant shortfall. It is therefore imperative that capital reserves are replenished whenever possible in order to meet the future spending needs.

Enquiries:

For further information on this report please contact Neil Wood. (Ext 4506)

APPENDIX A

GENERAL FUND REVENUE BUDGETS SUMMARY 2019/20 AND 2020/21

a) Revised Budget 2019/20

Budget	Revised	Variation
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	2019/20	2019/20	Base to Rev
	£	£	£
Committees			
Licensing and Regulatory Affairs Committee	516,800	517,300	500
Planning Committee	485,700	666,900	181,200
Executive - Portfolio Budgets			
- Leisure and Community	633,000	773,500	140,500
- Housing	1,379,200	1,310,000	-69,200
- Planning and Development	-333,400	1,695,900	2,029,300
- Policy and Resources	-667,000	-523,600	143,400
- Health and Public Protection	2,151,600	276,000	-1,875,600
- Streetscene	4,903,500	5,226,000	322,500
Accounting Adjustments not included above	2,232,800	2,767,300	534,500
SERVICE BUDGETS	11,302,200	12,709,300	1,407,100
Capital Charges	-2,390,300	-2,927,700	-537,400
Direct Revenue Funding	1,125,000	1,125,000	0
Minimum Revenue Provision	905,700	809,800	-95,900
Interest on Balances	-515,900	-557,800	-41,900
Portchester Crematorium	-150,000	-160,000	-10,000
New Homes Bonus	-820,900	-820,900	0
Contribution to(+)/from(-) Reserves	-789,400	-858,500	-69,100
OTHER BUDGETS	-2,635,800	-3,390,100	-754,300
NET BUDGET	8,666,400	9,319,200	652,800

b) Base Budget 2020/21

	Budget	Budget	Variation
	2019/20	2020/21	Base to
	£	£	base
			£
Committees			
Licensing and Regulatory Affairs Committee	516,800	520,500	3,700
Planning Committee	485,700	472,600	-13,100
Executive - Portfolio Budgets			
- Leisure and Community	633,000	453,800	-179,200
- Housing	1,379,200	1,468,500	89,300
- Planning and Development	-333,400	1,584,800	1,918,200
- Policy and Resources	-667,000	-1,008,000	-341,000
- Health and Public Protection	2,151,600	221,100	-1,930,500
- Streetscene	4,903,500	5,101,900	198,400
Accounting Adjustments not included above	2,232,800	2,767,300	534,500
SERVICE BUDGETS	11,302,200	11,582,500	280,300
Capital Charges	-2,390,300	-2,927,700	-537,400
Direct Revenue Funding	1,125,000	1,510,000	385,000
Minimum Revenue Provision	905,700	1,134,300	228,600
Interest on Balances	-515,900	-695,700	-179,800
Portchester Crematorium	-150,000	-165,000	-15,000
New Homes Bonus	-820,900	-459,900	361,000
Contribution to(+)/from(-) Reserves	-789,400	-372,000	417,400
OTHER BUDGETS	-2,635,800	-1,976,000	659,800
NET BUDGET	8,666,400	9,606,500	940,100

DETAILED DRAFT REVENUE BUDGETS BY SERVICE PORTFOLIO
2019/20 AND 2020/21

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Committees			
Licensing and Regulatory Affairs Committee	516,800	517,300	520,500
Planning Committee	485,700	666,900	472,600
Executive - Portfolio Budgets			
Leisure and Community	633,000	773,500	453,800
Housing	1,379,200	1,310,000	1,468,500
Planning and Development	-333,400	1,695,900	1,584,800
Policy and Resources	-667,000	-523,600	-1,008,000
Health and Public Protection	2,151,600	276,000	221,100
Streetscene	4,903,500	5,226,000	5,101,900
NET EXPENDITURE	9,069,400	9,942,000	8,815,200

SUBJECTIVE ANALYSIS

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Employees	10,365,700	10,805,400	10,262,700
Premises-Related Expenditure	2,533,800	2,799,100	3,145,000
Transport-Related Expenditure	1,161,200	1,294,600	1,499,800
Supplies and Services	6,195,700	6,744,900	4,990,600
Third Party Payments	1,446,400	1,454,500	1,469,500
Transfer Payments	17,687,100	16,151,900	16,169,400
Support Services	3,242,100	3,149,000	3,029,100
Capital Charges	2,732,800	3,517,300	3,517,300
GROSS EXPENDITURE	45,364,800	45,916,700	44,083,400
Government Grants	-18,180,000	-17,093,800	-16,600,100
Other Grants & Reimbursements	-2,021,300	-2,502,400	-2,245,000
Customer & Client Receipts	-7,741,100	-7,622,100	-7,005,800
Rents	-5,966,600	-5,826,000	-6,597,400
Recharges to other Accounts	-153,600	-163,100	-153,600
GROSS INCOME	-34,062,600	-33,207,400	-32,601,900
NET EXPENDITURE	11,302,200	12,709,300	11,481,500

ESTIMATE OF EXPENDITURE AND INCOME FOR THE COUNCIL TAX 2020/21

LICENSING AND REGULATORY AFFAIRS COMMITTEE

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Hackney Carriage and Private Hire Vehicles	2,700	2,700	3,300
Licensing	-39,900	-39,900	-39,300
Health and Safety	146,700	146,800	147,900
Election Services	407,300	407,700	408,600
	<u>516,800</u>	<u>517,300</u>	<u>520,500</u>

PLANNING COMMITTEE

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Planning Applications	60,000	249,500	72,900
Planning Advice	243,300	235,700	215,400
Planning Enforcement	126,000	125,400	127,300
Planning Appeals	56,400	56,300	57,000
	<u>485,700</u>	<u>666,900</u>	<u>472,600</u>

ESTIMATE OF EXPENDITURE AND INCOME FOR THE COUNCIL TAX 2020/21

LEISURE AND COMMUNITY PORTFOLIO

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Community Grants	323,200	392,400	292,400
Community Development	191,400	259,500	256,700
Ferneham Hall	444,400	433,300	215,600
Fareham Leisure Centre	527,500	469,800	472,500
Holly Hill Leisure Centre	-65,500	-74,900	-75,200
Community Centres	271,500	269,800	268,200
	<u>1,692,500</u>	<u>1,749,900</u>	<u>1,430,200</u>

HOUSING PORTFOLIO

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Housing Grants and Home Improvements	38,500	37,900	16,800
Housing Options	45,800	46,200	27,800
Housing Benefit Payments	-114,100	-121,100	-121,100
Housing Benefit Administration	464,100	396,800	470,000
Homelessness	420,700	343,600	435,400
Housing Advice	436,900	436,100	474,400
Housing Strategy	212,000	230,600	221,000
Local Land Charges	-122,600	-33,000	-28,700
	1,381,300	1,337,100	1,495,600

ESTIMATE OF EXPENDITURE AND INCOME FOR THE COUNCIL TAX 2020/21

PLANNING AND DEVELOPMENT PORTFOLIO

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Parking Strategy	-1,950,800	0	0
Flooding and Coastal Management	113,300	171,500	171,500
Transport Liaison	36,500	36,500	36,400
Tree Management	142,000	312,800	317,100
Conservation & Listed Building Policy	30,300	30,200	29,400
Local Plan	1,321,400	1,233,200	1,118,700
	-307,300	1,784,200	1,673,100

POLICY AND RESOURCES PORTFOLIO

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Democratic Representation and Management	1,091,500	1,135,500	1,165,500
Commercial Estates	-371,500	-274,100	-497,400
Investment Properties	-3,339,600	-3,267,500	-3,815,200
Solent Airport and Daedalus	-634,200	-75,100	-47,700
Public Relations, Comms and Consultation	497,700	492,100	495,100
Unapportionable Central Overheads	175,600	175,600	175,600
Corporate Management	1,042,200	943,600	997,000

Economic Development	43,400	72,100	169,700
Local Tax Collection	881,900	876,700	951,900
	<u>-613,000</u>	<u>78,900</u>	<u>-405,500</u>

ESTIMATE OF EXPENDITURE AND INCOME FOR THE COUNCIL TAX 2020/21

HEALTH & PUBLIC PROTECTION PORTFOLIO

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Pest Control	39,500	38,300	39,900
Dog Control	24,500	24,500	25,100
Food Safety	139,500	139,500	140,100
Air Quality and Pollution	202,400	198,800	203,000
Community Safety	329,500	355,000	348,300
Emergency Planning	56,700	56,700	57,700
Clean Borough Enforcement	88,900	88,900	101,200
On-Street Parking	-34,800	-37,100	0
Off-Street Parking	1,287,200	-709,600	-818,300
Building Control	198,800	198,200	201,300
	<u>2,332,200</u>	<u>353,200</u>	<u>298,300</u>

STREETSCENE PORTFOLIO

	Base Estimate 2019/20 £	Revised Estimate 2019/20 £	Base Estimate 2020/21 £
Cemeteries & Crematorium	-15,900	-14,800	-7,500
Parks, Open Spaces and Grounds Maintenance	1,787,900	1,977,300	2,009,500
Sports Pavilions, Pitches, Greens and Courts	557,000	496,900	443,600
Countryside Rangers	187,600	167,300	173,300
Allotments	20,400	18,600	8,400
Street Cleaning	993,300	1,035,900	984,600
Public Conveniences	254,000	257,500	277,400
Waste Collection	987,500	1,022,100	972,700
Trade Refuse	-103,100	-68,100	-65,100
Recycling	689,700	825,200	781,300
Green Waste	349,900	420,400	416,400
Street Furniture	105,700	83,500	103,100
	<u>5,814,000</u>	<u>6,221,800</u>	<u>6,097,700</u>

TOTAL

11,302,200 12,709,300 11,582,500

FAREHAM

BOROUGH COUNCIL



Medium Term Finance Strategy

2019/20 to 2023/24

CONTENTS

	Page No.
1.OVERVIEW OF THE MEDIUM TERM FINANCIAL STRATEGY (MTFS)	
1.1 PURPOSE	4
1.2 FUNDAMENTAL PRINCIPLES	4
2. REVENUE POSITION	
2.1 CORE FUNDING RESOURCES	
Local Government Settlement	7
FBC Spending Power	7
SFA (Settlement Funding Assessment)	8
Revenue Support Grant	9
Transition Grant	9
Business Rates	9
New Homes Bonus	10
Council Tax	11
Fair Funding Review and Outlook	11
2.2 OTHER FUNDING SOURCES	
Specific Government Grants	13
Financial Investments	13
Property Investments	13
Partnership Contributions	14
Fees and Charges Income	14
2.3 GENERAL CHANGES IN EXPENDITURE	
Service Budgets Added or Deleted	15
Pay Awards	15
Pension Provisions	15
Depreciation / Capital Charges	16
2.4 SERVICE OPPORTUNITIES AND PRESSURES	
Key Services	16
Other Priorities and Pressures	17
3. COPORATE PRIORITIES	
3.1 CORPORATE STRATEGY 2017-2023	19
3.2 WELBORNE	20
3.3 SOLENT AIRPORT and DAEDALUS	20
4. CAPITAL POSITION	

	Page No.
4.1 CAPITAL PROGRAMME	22
4.2 CAPITAL RESOURCES	22
4.3 MINIMUM REVENUE PROVISION	22
5. PROPOSED BUDGET 2020/21	
5.1 THE BUDGET SETTING PRINCIPLES FOR 2020/21	23
5.2 BASE BUDGET 2020/21	23
5.3 CONTRIBUTIONS TO AND FROM RESERVES	25
5.4 COUNCIL TAX 2020/21	25
6. FIVE YEAR FORECASTS	
6.1 OVERALL REVENUE POSITION	26
6.2 SENSITIVITY ANALYSIS	27
6.3 RISKS AND UNCERTAINTIES	28
6.4 THE OPPORTUNITIES PLAN	29
7. CONCLUSIONS	
Annex 1 – Budget Responsibilities	
Annex 2 – Pay Policy Statement	

1. OVERVIEW OF THE MEDIUM TERM FINANCIAL STRATEGY (MTFS)

1.1 PURPOSE

Fareham has a long history of prudent financial management which has been the subject of favourable comments from the Council's external auditors over many years.

The main focus of prudent financial management is the Council's Medium Term Finance Strategy, the overall objective of which is to structure and manage the Council's financial resources, revenue and capital, to ensure that they match and support the direction of the Council's objectives.

The Strategy must ensure that the requirement to set a balanced budget is fully met and that the Council is able to respond to year-on-year changes and short-term service delivery issues.

The Council has adopted as a corporate priority in the Corporate Strategy for 2017-2023 to "continue to work within a balanced and sustainable budget, recognising the reduction in Government funding". To meet these requirements the Medium Term Finance Strategy is supported by a strategic and long-term approach to corporate and service planning.

1.2 FUNDAMENTAL PRINCIPLES

There are a number of fundamental principles that are followed by the Council and which form the basis of the Medium Term Finance Strategy as they are key to the Council's approach to financial management. These are summarised in the table below.

Table 1 – The Fundamental Principles of FBC Financial Management

RESERVES

- **Major Repairs and Renewals (MRR) Fund:** A MRR fund will be maintained to cover emergency capital expenditure on Council Assets. The minimum balance will be **£1million**.
- **Spending Reserve:** A spending reserve will be maintained to cover unforeseen changes in revenue expenditure or income. The minimum balance will be **5% of gross expenditure**.
- The levels of these reserves to be maintained will be reviewed each year.
- These reserves should not be used to meet on-going, unsustainable levels of revenue expenditure but any surpluses on the reserves can be used for one-off projects.
- All decisions regarding the use of any significant reserve will take account of the effect on the revenue budget from a reduction in investment interest.

USE OF RESOURCES

- “Windfall” or one-off revenue resources will only be used to increase capital resources or to meet one-off revenue expenditure.
- Capital receipts from the sale of assets will be used to meet future corporate priorities rather than be retained for use on the service that has relinquished the asset.
- CIL receipts will be used to meet future community infrastructure projects in accordance with the priorities of the council.
- New Homes Bonus funding will be used to support day-to-day service delivery
- In determining the use of funds for capital investment, there should be a bias towards:
 - Investing in land & property that will generate a long term source of income;
 - Projects that support economic or employment growth;
 - Projects that support or secure further housing delivery.

CAPITAL EXPENDITURE

- All new potential capital schemes will only be considered if they make a clear contribution to the Council’s objectives and priority actions, or support the Council’s Asset Management Plan.
- The following factors need to be considered before a decision is made to include a new scheme in the capital programme:
 - On-going operational costs associated with the scheme;
 - Whole life costing implications of the scheme;
 - Cost of servicing the debt if the scheme is financed by borrowing;
 - Loss of investment interest if internal resources are used.
- Where new capital schemes are included in the capital programme there will be a need to ensure that the necessary resources are in place to meet the full capital costs and the on-going revenue costs.
- Efforts will be made to secure external (non-borrowing) sources of funding capital schemes. Internal capital resources will only be released to fund schemes once external sources of funding (such as developers’ contributions, lottery grants, etc.) have been explored and rejected.
- Capital schemes will normally be financed by use of capital reserves or external contributions. Borrowing will only be considered where there is a sound economic business case (e.g. for spend to save schemes) whereby borrowing costs are wholly offset by long term net revenue income or savings.
- New schemes will be subject to prioritisation as set out in the Council’s Capital Strategy.
- Resources allocated to particular capital projects but subsequently not required are returned to meet future corporate priorities rather than be retained for use by that service.

REVENUE EXPENDITURE

- Budget setting guidelines are maintained and approved by the Executive each year as part of this Strategy.

- New revenue spending plans will only be considered if they make a clear contribution to the Council's objectives and priority actions or to meet new statutory responsibilities and are affordable.
- All significant new revenue spending plans are considered together for inclusion at the time of Council Tax setting and are subject to a prioritisation process.
- No new revenue spending plans are included in the revenue budget without the necessary resources to meet the full capital costs and the on-going revenue costs being in place. This is particularly important because of the implications for the Council Tax of even modest increases in expenditure.

TRANSPARENCY AND OPENNESS

- It is Council policy to be transparent in the decision making process and provision of information about the Council's activities is available through the website. To this end, budgetary plans and historical spending information (including payments to third party suppliers) is published on the Council's website.
- Under the Localism Act 2011 the Council is required to prepare and publish a pay policy statement which forms part of this Strategy.

PARTNERSHIP AND AGENCY WORKING

- The Council will seek to work with partners to achieve more for less and actively pursue the achievement of the Council's priorities.
- Any deficits arising from services provided on behalf of other agencies (such as the on-street parking service), may be held on the Council's balance sheet but should be fully offset by an equivalent contribution to the spending reserve, to protect the Council's long term finances.

2. REVENUE POSITION

2.1 CORE FUNDING RESOURCES

The Council's core funding comes from 4 main sources:

- Central Government Grants
- Business Rates
- New Homes Bonus
- Council Tax

These are largely governed by Central Government Policy. The autumn statement in October 2018 heralded "the end to austerity" with short term spending increases announced for several areas ahead of the 2019 Spending Review. Areas being targeted include highways, education and social care. The Housing Revenue Borrowing Cap was also lifted and extra money was allocated to the Housing Infrastructure Fund.

Local Government Settlement

As part of the Statement, councils were offered a 4-year settlement deal in order to give some certainty around the levels of funding through to 2019/20. Fareham chose to accept the deal on offer. The Council is currently in the last year of its settlement.

The Government is carrying out a [Fair Funding Review](#) for local government, which will inform the basis of distributing resources to councils beyond 2020/21. This review has been delayed due to a general election being held in December 2019. The review will commence in time for the 2021/22 financial year with a 1 year settlement being announced for 2020/21 after the election. The Spending review announcement in September 2019 did cover an overall increase in total spending for Councils for 2020/21 but this is being targeted at non district services such as adult social care.

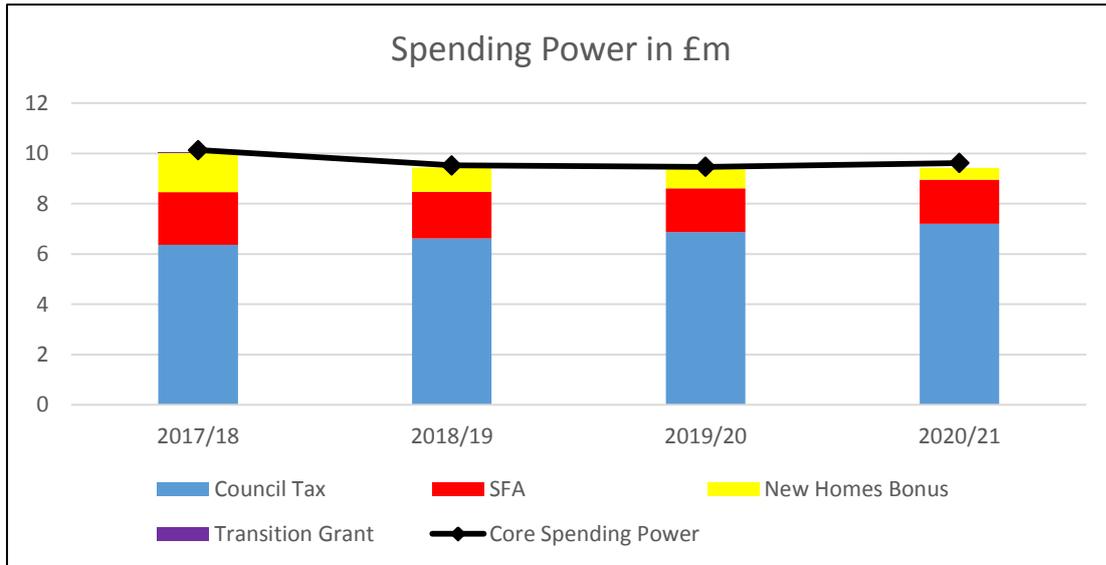
The allocation of resources is determined by the Government's assessment of the funding needs of the borough, as discussed below.

FBC Spending Power

Spending power is defined by central government as a gauge of how much money a council needs to provide its services. The spending power calculation takes into account a number of factors and the graph below shows how Fareham's spending power has reduced over the last 3 years of the current settlement arrangement.

For 2019/20 Fareham's spending power is the 9th lowest out of all 201 district councils, due to a combination of lower than average New Homes Bonus per head and a lower Council Tax income, as discussed further below.

The graph also shows how significant the Government sees Council Tax as a funding source for the Council.

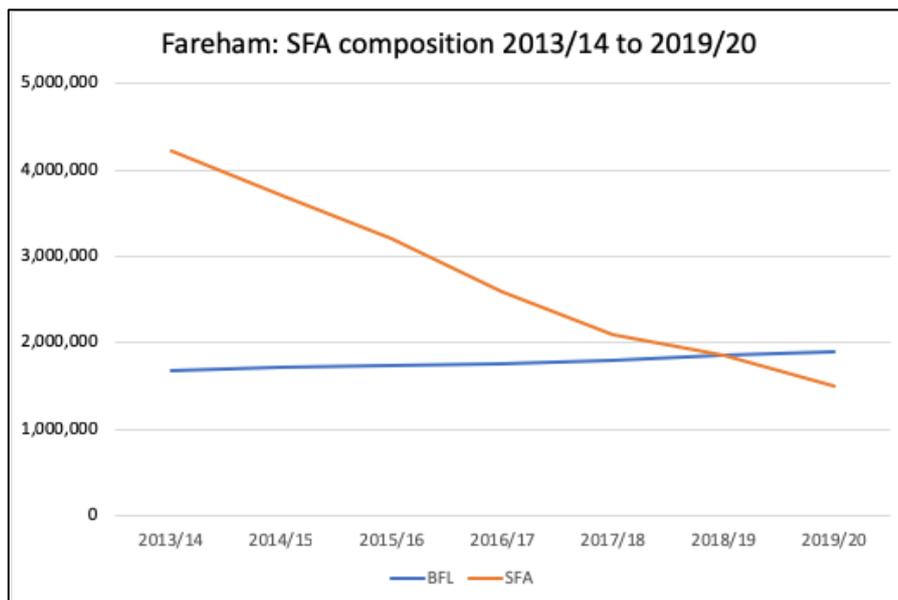


SFA (Settlement Funding Assessment)

The SFA consists of the Revenue Support Grant (RSG) and the local share of Business Rates. At a national level this is the total RSG and Estimated Business Rate Aggregate for the year.

In 2013/14 the Government introduced a **Baseline Funding Level (BFL)** for each council based on the previous 2 years net rates collections. This takes into consideration factors such as the level of deprivation, sparsity and density. This is then used to allocate the total SFA across each Council in the form of Revenue Support Grant (60%) and retained business rates (40%).

As of 2018/19, Fareham’s SFA (perceived need) is below its baseline funding level which means the Council is perceived to receive too much money to run its services. This therefore affects how much Revenue Support Grant the Council will get and how much business rates it can retain.



Revenue Support Grant (RSG)

The Revenue Support Grant is the element of government funding that councils receive directly to provide their services. Since 2017/18 Fareham has not received any RSG from central government. Currently Fareham is in a position where its spending assessment is lower than its allocation in the funding formula meaning the Council should be paying money to the government (negative subsidy).

The negative subsidy was a small amount in 2018/19 of just over **£30,000** and was written off by the government so no payment was required. In 2019/20 this amount increased to approximately **£400,000**, but again the government confirmed that this payment was not required but was absorbed centrally from foregone business rates. This position is likely to continue into 2020/21 with a nil impact for Fareham.

It is then anticipated that under the Fair Funding Review negative subsidy will be removed as part of the funding reset.

Transition Grant

The Transition Grant was received in the first 2 years of the 4-year settlement and was given to authorities, like Fareham, whose funding had dropped the most from the previous funding arrangements. This is no longer available.

BUSINESS RATES

From April 2013, some business rates started to be retained locally by the billing authority. The amount depends on the difference between the council's assessed funding level (Baseline Funding Level) and the amount of rates that are collectable in the area (Business Rates Baseline).

Fareham currently collects around **£39 million** of business rates. Of this 50% (£19.4m) is paid to Central Government with 9% (£3.5m) and 1% (£0.39m) paid to the County Council and the Fire Authority respectively. The remaining 40% (£15.7m) is Fareham's initial share of the rates collected.

However, in order that authorities don't benefit from keeping too much of the rates collected there is then a series of tariffs and top-ups that are returned to the central pot for further redistribution, with a safety net threshold to prevent the tariff being too severe. Fareham is currently calculated as having the 3rd lowest needs of the 325 authorities and so has to pay a tariff to reflect its Baseline Funding Level. Once the tariff is paid to the central pot, Fareham retains around **£1.9 million (5%)** of the rates collected. The council's income is increased by Section 31 Grants. These grants are received to make up for loss of income due to Government decisions over business rates such as rate reliefs for small business that would mean local authorities are worse off through no fault of their own. These grants are expected to be approximately **£0.5 million** for 2019/20.

The government has been consulting on a potential 75% business rates retention scheme from 2020/21 and to this end has introduced a pilot scheme in which groups of councils can bid to keep 75% of the business rates locally if they work together in a pooled scheme which will provide learning information for the government. Hampshire Councils placed a bid to be a pilot scheme in 2019/20 but were unsuccessful. No further pilot opportunities are likely to be available for 2020/21, and the scheme will continue at 50% business rates retention for 2020/21.

NEW HOMES BONUS

The New Homes Bonus (NHB) was introduced in April 2011 with local authorities being rewarded for increased housing development in their area as it was seen that house building was not sufficient to meet demand. It is a non-ring-fenced grant.

The scheme commenced with council's receiving the equivalent Band D Council Tax for each additional property plus an extra £350 per affordable property. The total amount for each area for each year is split between district council (80%) and county council 20%. This amount would be received for 6 years.

In 2017 the scheme changed with a cap being introduced where the government would only pay for increased development above the cap of 0.4% of total dwellings. It is assumed that this baseline will continue for 2020/21. There was also a reduction in the term for payments being received, from 6 years down to 4 years (for payments from 2014/15 onwards) with a transition of 5 years for payments already in the system for financial years 2012/13 and 2013/14.

Fareham initially used this extra money to fund capital schemes in line with the policy that was introduced. In 2017/18 the whole of the NHB received in year (£1.5m) was used to support council revenue services.

The Government's position on NHB is not clear but it is anticipated that changes will be introduced that result in a much reduced payment to the Council. This will become clearer when the delayed funding review is announced.

The current payments are £1,671.45 per property with an affordable homes premium of £350 per unit. For 2019/20 Fareham received money from 59 units above baseline and 41 affordable units generating **£821,000** of NHB, which is its lowest payment for 9 years, due to two high years dropping out of the calculation.

This will continue to drop over the course of the Strategy period if the scheme continues in the current format. The table below shows how NHB has been made up and changed since 2011.

Table 2 – New Homes Bonus Calculations to Date

		Year of Payment											
		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Cumulative Payments												
	Payments for Year 1	£226,565	£226,565	£226,565	£226,565	£226,565	£226,565						
	Payments for Year 2		£431,134	£431,134	£431,134	£431,134	£431,134						
Year	Payments for Year 3			£435,038	£435,038	£435,038	£435,038	£435,038					
of	Payments for Year 4				£323,200	£323,200	£323,200	£323,200					
Delivery	Payments for Year 5					£232,066	£232,066	£232,066	£232,066				
	Payments for Year 6						£415,783	£415,783	£415,783	£415,783			
	Payments for Year 7							£168,090	£168,090	£168,090	£168,090		
	Payments for Year 8								£146,094	£146,094	£146,094	£146,094	
	Payments for Year 9									£90,892	£90,892	£90,892	£90,892
	2019/20: Total Payments									£820,860			

COUNCIL TAX

In 2017/18 the government allowed councils to increase Council Tax whereas during the previous few years it had been encouraging councils to freeze Council Tax in order to help tax payers during the recession.

Fareham has the 5th lowest Band D Council Tax for a district council when parish precepts are taken into account and is currently 16% below the national average. Government policy now allows an increase of either 3% or £5, whichever is the greatest, each year. However, this can penalise Fareham for having a low Council Tax as the maximum increase that can be approved each year, outside of a referendum, is £5. In comparison, the largest Band D for a district council stands at £362 which would see an increase of £10.86 in their Council Tax using the policy, resulting in the gap between the average authority and Fareham continuing to grow

The Council Tax for Fareham forms around 75% of its spending power showing that there is a significant reliance on it to fund the net spend. Fareham's Council Tax has risen by £5 per year for the 4 years of the 4-year settlement and is proposed to increase similarly for 2020/21.. The Council Tax for a Band D property currently stands at £160.22 which was approved by the Full Council on 22 February 2019. Of the gross expenditure budget of **£48,009,100** (net budget £8,666,400) for council services in 2019/20, £6,874,944 (**14%**) was budgeted to be met by Council Tax payers.

This Medium Term Finance Strategy assumes that there will be an increase of **200** Band D equivalent properties per year which will generate some additional Council Tax even if no increase in the rate is approved each year.

In November 2019 the Executive approved a report making changes to council tax discounts and premiums all of which are detailed below.

It is recommended that the Executive:

- agrees the approach for the proposed policy for up to 100% of the Council Tax for properties occupied by Care Leavers under 25 years of age, to be considered as irrecoverable; and
- approves the latest discretionary reductions and premiums set out in Appendix A for:

- (i) 0% discount for properties which are unoccupied and unfurnished for less than 2 years (Class C)
- (ii) 0% discount for properties requiring major works to render them habitable (Class D)
- (iii) 100% to 300% Long Term Empty property premiums for properties which have been unoccupied and unfurnished for more than 24 months

These changes have already begun to take effect through increased council tax and will continue to impact from April 2020, and provision for this has been built into the Medium Term Strategy figures

FAIR FUNDING REVIEW (FFR)

During the early part of 2019/20 a Fair Funding Review (FFR) commenced to look at how the funding for councils is distributed, as the current system is considered to be outdated and unfair. However, due to a December 2019 general election, the results of this review have been delayed and will now impact on the funding from 2021/22 onwards.

As well as the FFR coming in for 2021/22 there will also be a “reset” of the business rates system. This will allow tariffs and top-ups to be recalculated in order that new settlement figures can be issued to authorities in the provisional settlement in the latter part of 2020.

How Fareham BC will fair under the FFR is still unclear but the assumption being used is that this will not result in any significant increases in core funding.

AFFECT ON THE MEDIUM TERM FINANCE STRATEGY



Currently due to the delay in the Fair Funding Review future funding levels remain uncertain, however, we are predicting a reduction in new homes bonus of at least **£460,000** over the next 5 years. Generally, we are not expecting any increases in core funding, outside of Council Tax.

2.2 OTHER FUNDING SOURCES

Specific Government Grants

These amounts received from Central Government relate to specific services and will be paid to match expenditure or projects. Grants expected in the 2019/20 and 2020/21 financial years include; benefits, housing advice, disabled facilities grants, homelessness and Council Tax administration.

Financial Investments

This element of income comes from investments of surplus cash and through the Council's cash management opportunities. Interest rates have been below 1% since March 2009 which has meant that returns on investments have been low. Also, the amount the council has to invest has reduced due to increased capital spending in recent years.

Security of capital has remained the Council's main investment objective so the Council has sought to spread its risks, using highly rated commercial institutions or Government bodies and investing for short periods. Consequently, however, the rates of return are limited.

The Council has therefore further diversified into longer-term secure and higher yielding asset classes, moving part of the portfolio from bank and building society deposits into externally management strategic pooled diversified income funds and money market funds.

These funds are in line with the Council's investment strategy and offer potentially enhanced investment returns whilst diversifying opportunities and risks.

We are therefore predicting a slightly higher income from financial investments in the next few years.

Property Investments

In 2013 the Executive agreed a Corporate Property Investment Acquisition Strategy where the council would purchase commercial sites to bring in rental income that was at a higher rate than from financial investments. Since 2013 £31 million has been invested in various properties in and outside of the borough and this currently brings in over **£2.1 million** in rent which is at a far greater return than investing in the money markets.

It is anticipated that further purchases bringing in additional income of **£500,000** per annum will take place during 2020/21 and the income will continue to grow.

However, income from property investments is sensitive to any downturns in the economy, and this risk is spread by using a spread of property types in the investments.

Partnership Contributions

Any surplus from Portchester Crematorium Joint Committee(PCJC) is distributed among the four councils who constitute the joint committee. It is anticipated that over the period of the Strategy this amount will increase from £150,000 to £165,000 per annum. The amount received from PCJC is a non-ring fenced contribution and is used to keep the overall Council Tax at an acceptable level.

Fees and Charges Income

The Council reviews the fees and charges for its services annually and the proposed fees and charges for each Committee and Executive portfolio are reviewed by the Executive and Licensing and Regulatory Committee and approved by Full Council.

The approach taken to reviewing fees and charges for 2020/21 is as follows:

- **New Fees and Charges** – There have been new charges proposed in respect of pre-planning advice, pest control charges for those on certain benefits and charges for new and replacement refuse and recycling bins.
- **Statutory Fees** - Some fees and charges are set by statute and therefore are not under the Council's control.
- **Discretionary Charges where no increase is proposed** - There are some charges where there are no increases proposed, that are at the discretion of the Council. Many of these, such as market pitch fees have not been increased as it is believed that higher charges would be detrimental to the service or its users.

Car parking has been budgeted for in line with the Fareham Town Centre Parking Strategy and the proposed charges have not been increased for 2020/21. The charges have been at the current level since they were set in October 2010.

- **Discretionary Charges increasing** – Some discretionary charges are proposed at a level to achieve an increase in income that is deemed to be realistic. In most cases, an increase of around **5%** is proposed.

In particular, the following changes are highlighted:

- **Pest Control Rodents - Commercial and Domestic Premises.** This charge is showing a large increase due to the time taken in attending by officers and is considered to be more in line with those charges levied by commercial operators.
- **Beach Huts** - Charges for beach huts are proposed to increase after comparing other local authorities that offer the same service.
- **Bulky Waste** – A new charge is proposed for the collection of 2 small items, and the charge for collection of fridges/freezers is to be merged with the higher price of a single item collection.

- **Green Waste Sacks** – The charge for single use green waste sacks is proposed for an increase as it is seen as a premium service over and above the one sack that is collected fortnightly for free.
- **Cemeteries** – These charges have been increased to bring into line with other local authorities and to reflect the increase in providing the service.
- **Home Boarding (including Day Care for Dogs)** – It is proposed to increase the fees charged to reflect officer time spent dealing with inspecting the premises.

Where charges have been increased and volumes are known the additional income range is shown in the table below:

Fee Area	Likely Range of additional income
Pest Control	£1,000 to £2,000
Cemeteries	£2,500 to £5,800
Licences	£100
Bulky Waste	£4,000 to £9,000
Waste Collection	£20,000 to £52,000
Overall	£27,600 to £68,900

2.3 GENERAL CHANGES IN EXPENDITURE

Service Budgets Added or Deleted

There have been no new service budgets included in this Strategy, and the following service budgets have now been amalgamated or deleted:

- On-Street parking has been deleted from the budget as the service will transfer to Hampshire County Council from 1 April 2020
- Parking Strategy has been amalgamated with Off-Street Parking
- The Museum Service has been merger with Community Centres as there will only be small costs against this service

Pay Awards

The Pay Policy for 2019/20 was approved by the Executive in January 2019. The Pay Policy Statement for 2020/21 is attached at [Annex 2](#).

The rising cost of employment in future years reflects the cost of an assumed **2%** pay award and other pay movements such as meeting the requirements of the National Living Wage.

Pension Provisions

During 2019, the triennial pension fund valuations will be taking place and, subject to confirmation, have concluded that the fixed contributions needed to close the past years' service gap will be reduced to zero (from over £1m per annum), while for Fareham the future service funding will increase from 16.1% of pay to 19.3%. This review showed that the funding gap of almost 20% in the 2016 valuation had closed to almost 1% in 2019.

The reduction in the fixed contribution has been partially offset by an increase in the variable contribution. The rest has been earmarked for use as an additional contribution towards capital expenditure.

The next valuation of the fund will be due in March 2022.

Depreciation / Capital Charges

Many services provided by the council will attract depreciation and capital charges that reflect the use of the assets over the period of their useful life. The depreciation charge is set against the service but an entry is made to adjust the charge so there is no overall impact on the Council Tax payers.

2.4 SERVICE OPPORTUNITIES AND PRESSURES

Key Services

There are a number of services where the costs and/or income directly correlate with service activity, some of which would have a notable impact on the Council's overall financial position if a significant variation in activity arose. These are classified as "major" or "demand led" services and account for almost £15 million of gross expenditure and £14 million of gross income.

Special arrangements are in place to track financial performance of these services and the other major services, and to take action where there is a significant deviation from plans.

Key Services with a positive effect on the budget:

- **Trade Waste Collection** - The trade waste service continues to grow with additional income being received as the customer base grows. Additional budget of **£40,000** has therefore been built into the budgets for 2020/21.
- **Ferneham Hall** – In July 2018, the Executive considered the proposals for the future development and operation of Ferneham Hall. In January 2020 the hall will close for a period of up to 2 years to enable an extensive refurbishment to take place after which an operator will be brought in to run the new facility. One of the financial aims for the proposal is to halt the escalation of the operating costs. Some budget reductions have been built into the 2020/21 budgets which includes a reduction in overheads during the period of closure in 2020.

Key services under pressure:

- **Planning Applications** – Planning applications have seen a reduction in income during the year due to issues around levels of nitrates. This situation will continue to be closely monitored. The service has also seen in an increase in employee costs, consultants' costs and legal fees dealing with the applications and also an increase in the number of appeals.
- **Local Plan** – The Local Plan is due for inspection during 2020 which will see an increase in the demand for resources during that financial year. The plan works on a 5-year cycle with the inspection year having the highest demand on resources. A plan is being prepared which will smooth the effect on resources during the life of the plan.
- **Tree Management** – The demand on the tree service has increased over a number of years due to additional land that the council has taken on which includes woodland areas and open spaces after developments. Much of the work is planned after inspection work but there is also a need for emergency works particular as a result of poor weather.
- **Shopping Centre** - The assumed income from the Council's interest in Fareham shopping centre has been reduced to reflect the current lease arrangements and occupancy levels.
- **Car Parking** – The trend of reduced car park income in the town centre has continued. Estimated parking income has therefore been reduced in previous years and continues to be under pressure.
- **Other Waste Collection Services** - The cost of refuse collection continues to rise, particularly the disposal cost of waste to Hampshire County Council which also affects the trade waste service. The rest of the waste services continue to be affected as the number of properties to be collected from increases.
- **Homelessness** - The homelessness service continues to face pressures due to demands on the service. There are also issues with housing demand and the housing shortage is regularly raised both locally and nationally.
- **Climate Change** – This will impact on many council services with costs not yet determined to meet council priorities linked to climate change. Once a plan has been drawn up then detailed costs will be produced along with the impact on budgets.

Priorities and Pressures

Examples of spending requirements or income reductions which have been built into the budgets include:

- £125,000 spending on agency costs
- £70,000 spending on town centre security patrols

- £80,000 increase in the costs of works to trees
- £155,000 loss of income from rentals for town centre and other commercial properties
- £35,000 reduced income from market traders
- £50,000 loss of income due to changes in HCC recycling rates
- £100,000 loss of income from planning fees due to drop in applications around nitrates issues

3. CORPORATE PRIORITIES

3.1 Corporate Strategy 2017-2023

The latest Corporate Strategy was adopted by the Council in December 2017 and is updated each December. It currently contains 6 priorities linked to 31 project areas, as summarised in the table 3 below. New project areas added in 2019 were:

- Continue with our 'Give Plastic the Push' campaign, aiming to reduce the use of single use plastic in the Borough
- Develop an action plan to mitigate and adapt to impacts of climate change in Fareham and reduce our carbon footprint.

Table 3 – Priorities and Projects in the Corporate Strategy

Priority 1	Providing Housing Choices	NEW GARDEN VILLAGE
		LOCAL PLAN
		AFFORDABLE HOUSING STRATEGY
Priority 2	Protect and Enhance the Environment	DAEDALUS FIELDS & VERGES
		ABBEY MEADOWS
		COLDEAST WOODLAND
		COASTAL DEFENCE
		RECYCLING & WASTE REDUCTION
		REDUCTION OF SINGLE USE PLASTIC (NEW)
		CLIMATE CHANGE (NEW)
Priority 3	Strong, Safe, Inclusive and Healthy Communities	WELBORNE COMMUNITY
		HOLLY HILL CEMETERY
		COMMUNITY SAFETY
		AIR QUALITY
Priority 4	Maintain and Extend Prosperity	TOWN CENTRE
		DAEDALUS INNOVATION CENTRE
		PORTCHESTER DISTRICT CENTRE
		DAEDALUS SWORDFISH BUSINESS PARK
		STUBBINGTON BYPASS
		A LEVEL COURSES
Priority 5	Leisure Opportunities for Health and Fun	WESTBURY MANOR MUSEUM
		FERNEHAM HALL
		COLDEAST SPORTS & PLAY
		STUBBINGTON ALLOTMENT
		CAMS ALDER RECREATION GROUND
Priority 6	A dynamic, prudent and progressive Council	BALANCED BUDGET
		SYSTEMS THINKING
		CIVIC OFFICES TENANTS
		COUNCIL OWNED LAND & BUILDINGS
		PROPERTY INVESTMENTS

PARTNERSHIPS & JOINT WORKING

The financial resources needed to deliver the projects are contained within the General Fund Revenue and Capital budgets, and the Housing Revenue Account Revenue and Capital budgets. We are currently developing a costing and financing plan to make the finances earmarked to deliver the Strategy more visible.

3.2 Welborne Garden Village

The Welborne Garden Village is a key project to achieving priorities in the Corporate Strategy.

The Council's Welborne Delivery Strategy was approved by the Executive in July 2016 to secure comprehensive development of the area by implementing strategies for land assembly and procuring a development partner. This Strategy was successful and land ownership issues were resolved and the comprehensive development of the site is progressing. The development partner procurement process was terminated by the Council in October 2017.

The resources needed to implement the Delivery Strategy were funded from existing budgets plus the following:

- **£228,570** of Capacity Funding awarded by Homes England in 2016/17.
- Revenue reserves (General Fund Reserve and the Working Balances Reserve) totalling **£730,000** between 2015/16 and 2018/19. Other earmarked reserves of £680,000 have now been released for other use leaving a balance of £90,000 for Welborne use.
- Internal borrowing totalling **£1,890,000** used to purchase and repair 3 cottages in the development area. They have been added to the Council's estate investment portfolio and have been generating income since May 2017.

Since October 2017, the Council has been working closely with the Master Developer to bring forward the new community with exemplar placemaking as well as new housing delivery as key objectives. This is being funded from existing budgets and by drawing down on additional grant funding from Homes England; to date this has been **£275,000** Capacity Funding in August 2017 and **£220,000 and £300,000** Garden Towns and Villages Funding in March 2018 and March 2019. A further bid for Gardens Towns and Villages Funding of £500,000 for 2019/20 is anticipated.

3.3 Solent Airport and Daedalus

Solent Airport and development of the Daedalus site is another key project to achieving priorities in the Corporate Strategy.

Since the purchase of Daedalus from the Homes and Community Agency and the adoption of the Council's Vision for Daedalus in 2015, the site has become the largest employment site in the area. It is now arguably the premier centre of excellence for aviation, aerospace, marine and advanced engineering businesses in the south.

The number of businesses located at the site continues to grow and this is mainly due to investment by Fareham Borough Council. To date the Council has invested over **£28 million** in the site including building an innovation centre which was extended due to demand for space, new hangars and general infrastructure works to improve access to and from the site. There is another **£9 million** planned spend during the life of the Medium Term Finance Strategy.

As well as creating business and employment opportunities there will be a large community space known as Daedalus Common that will provide many benefits for the local community to enjoy.

The business opportunities are creating rental income for the council of over **£2 million** per annum although there are also operating costs required to run the site of just under **£2 million** that includes repayment of the borrowing used to fund the projects.

By 2021/22 it is anticipated that a surplus would be available to make a contribution of **£200,000** to the General Fund.

4. CAPITAL POSITION

4.1 CAPITAL STRATEGY

The Capital Strategy is now a separate document to the Medium Term Finance Strategy and demonstrates how the Council's capital programme supports its corporate priorities and sets the framework for developing the capital investment programme to deliver these priorities.

The Council agrees a rolling five-year programme each year consistent with the Medium Term Finance Strategy and the resources available along with any impact on the revenue budgets.

The capital programme for the duration of the Strategy has been amended to take into account carry forwards from 2018/19 and now totals **£63.4 million** of General Fund expenditure.

4.2 CAPITAL RESOURCES

Resources of **£70.3 million** are estimated to be available over the life of the capital programme and therefore there should be a surplus of resources of approximately **£6.9 million** in 2023/24.

Capital Financing Costs

The proposed budget for 2020/21 provides for a revenue contribution to capital of **£1.5 million**, which includes a contribution of £500,000 towards future capital commitments. The remaining amount provides for ICT, vehicle purchases, CCTV renewals and car park improvements.

4.3 MINIMUM REVENUE PROVISION

Where the Council finances capital expenditure from borrowing (debt), it must put aside resources to repay the borrowing in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP).

Borrowing costs (MRP and interest charges) for schemes funded by debt will be covered by revenue generating assets.

The budget provision reflects the capital costs relating to commercial property purchases and construction works at Daedalus including the Innovation Centre Phase 2 and new general aviation and business hangars.

5. PROPOSED BUDGET 2020/21

5.1 THE BUDGET SETTING PRINCIPLES

In addition to the fundamental principles on which the Council's Medium Term Finance Strategy is based, the Council adopts for each financial year a set of budget setting principles that form the framework for budget preparation.

It is proposed therefore that the following budget guidelines be adopted:

- No provision for the effects of inflation to be provided in revenue budgets except to cover price increases that are unavoidable or predictable, or the Council is legally obliged to accept.
- The revenue resources available to the Council will determine the spending plans for the year, taking account of any measures to reduce the net cost in the year.
- Fees and charges to be increased to achieve a realistic increase in income wherever possible and every effort to be made to identify new sources of income. The proposed charges should be considered alongside those for similar services in neighbouring authorities and, where appropriate, the charges levied by private sector providers.
- New revenue commitments and capital schemes will only be considered for inclusion in the budget where the expenditure is essential to protect the Council's assets or meet the Council's corporate priorities.
- Full weight to be given to the Council's overall position and future Council Tax levels when services are reviewed and revenue budgets, capital programmes and fees and charges are considered.

5.2 BASE BUDGET 2020/21

The proposed base budget for 2020/21 has been built up using the principles and assumptions laid out in this Medium Term Finance Strategy. A summary of the budget, compared to the base budget 2019/20 is summarised in the table below. It should, however, be noted that the revised net budget needs for 2019/20 are estimated to be £9,319,200.

Table 5 – Proposed Revenue Budget for 2020/21

	Budget 2019/20 £	Budget 2020/21 £	Variation Base to base £
<u>Committees</u>			
Licensing and Regulatory Affairs Committee	516,800	520,500	3,700
Planning Committee	485,700	472,600	-13,100
Executive - Portfolio Budgets			
- Leisure and Community	633,000	453,800	-179,200
- Housing	1,379,200	1,468,500	89,300
- Planning and Development	-333,400	1,584,800	1,918,200
- Policy and Resources	-667,000	-1,008,000	-341,000
- Health and Public Protection	2,151,600	221,100	-1,930,500
- Streetscene	4,903,500	5,101,900	198,400
Accounting Adjustments not included above	2,232,800	2,767,300	534,500
SERVICE BUDGETS	11,302,200	11,582,500	280,300
Capital Charges	-2,390,300	-2,927,700	-537,400
Direct Revenue Funding	1,125,000	1,510,000	385,000
Minimum Revenue Provision	905,700	1,134,300	228,600
Interest on Balances	-515,900	-695,700	-179,800
Portchester Crematorium	-150,000	-165,000	-15,000
New Homes Bonus	-820,900	-459,900	361,000
Contribution to(+)/from (-) Reserves	-789,400	-372,000	417,400
OTHER BUDGETS	-2,635,800	-1,976,000	659,800
NET BUDGET	8,666,400	9,606,500	940,100

5.3 CONTRIBUTIONS TO AND FROM RESERVES

These represent:

- one-off items in the budget that are funded from reserve accounts that the Council holds;
- decisions made to increase the value of specific ear-marked reserves; or
- areas where there are excess funds and a transfer is made into reserves.

The cost of these activities will be included in the service, and accounting regulations require the funding of the activities to be shown separately from the service cost. The table below specific contributions to and from reserves.

Table 6 – Budgeted Transfers from and to Reserve in 2020/21

	'000s
Transfer to Reserves	15
Funding from Reserves	
S106 Money to fund grounds maintenance work	- 51
Whiteley Fund	- 71
Opportunities Project Funding	- 233
Welborne Grant Funding	- 32
Total Due from Reserves	- 372

In addition, as [discussed above](#), the proposed budget for 2020/21 provides for a revenue contribution to capital (**RCCO**) of **£1.5 million**.

The value of the **Spending Reserve** as at 31/03/19 was predicted to be over the £2,421,200 which is the threshold of 5% of gross expenditure for 2019/20 (£48.4 million). Proposals on the use of the additional surplus arising will be developed for consideration in February, alongside the consolidated draft budget for 2020/21.

5.4 COUNCIL TAX 2020/21

The net revenue budget proposed for 2020/21 of £9,606,500 can mostly be funded from the collection fund as summarised below. However, there is currently a projected shortfall which may need to be met by a Council Tax increase in 2020/21.

Table 7 – Projected Funding of the 2020/21 Net Revenue Budget

	£'000
Net Budget Requirement	£9,607
Retained Business Rates	-£2,410
Council Tax at current level	-£6,875
Additional Council Tax for new properties	-£104
Total Available from the Collection Fund	-£9,389
Projected Shortfall	£217

6. FIVE YEAR FORECAST

6.1 OVERALL REVENUE POSITION

Table 8 – Financial Projections 2019/20 to 2022/23

	2019/20 R	2020/21	2021/22	2022/23	2023/24
	000s	000s	000s	000s	000s
Gross Expenditure on Services					
Base Budget	£45,365	£45,365	£45,698	£46,165	£46,132
Changes for Spend Pressures and Opportunities	£2,087	£333	£467	-£33	£117
Revised Budget	£47,452	£45,698	£46,165	£46,132	£46,249
Gross Income from Services					
Base Budget	-£31,912	-£31,357	-£31,410	-£31,460	-£31,510
Changes for Income Pressures and Opportunities	-£680	-£53	-£50	-£50	-£50
Revised Budget	-£32,592	-£31,410	-£31,460	-£31,510	-£31,560
NET COST OF SERVICES	£14,860	£14,288	£14,705	£14,622	£14,689
Contribution to capital spend - RCCO	£1,125	£1,510	£1,510	£1,510	£1,510
Provision to repay borrowing (MRP)	£810	£1,134	£1,300	£1,532	£1,576
Accounting Adjustments	-£2,927	-£2,927	-£2,927	-£2,927	-£2,927
TOTAL NON SERVICE BUDGETS	-£992	-£283	-£117	£115	£159
NET BUDGET REQUIREMENT	£13,868	£14,005	£14,588	£14,737	£14,848
SOURCES OF FUNDING					
Revenue Support Grant	£0	£0	£0	£0	£0
Business Rates & Collection Fund Balance	-£2,444	-£2,410	-£2,457	-£2,457	-£2,457
New Homes Bonus	-£821	-£460	-£237	-£91	£0
TOTAL CORE FUNDING	-£3,265	-£2,870	-£2,694	-£2,548	-£2,457
Income from Financial Investments	-£558	-£696	-£696	-£696	-£696
Income from Property Investments	-£2,151	-£2,706	-£2,706	-£2,706	-£2,706
Contributions from Partnerships / other orgs	-£160	-£165	-£165	-£165	-£165
TOTAL OTHER FUNDING SOURCES	-£2,869	-£3,567	-£3,567	-£3,567	-£3,567
Use of Ear Marked Reserves	-£859	-£372	-£372	-£372	-£372
COUNCIL TAX REQUIREMENT	£6,875	£7,196	£7,955	£8,250	£8,452
Projection of Retained Council Tax at current level	£6,875	£6,875	£6,979	£7,029	£7,078
Additional Council Tax for new properties	£0	£104	£50	£50	£50
Council Tax available at no increase	£6,875	£6,979	£7,029	£7,078	£7,128
Projected shortfall with no increase		-£217	-£926	-£1,172	-£1,324
Council Tax available with £5 increase per year		£7,197	£7,466	£7,738	£8,012
Projected shortfall with £5 increase per year			-£489	-£512	-£440

The Five-Year Forecast indicates that there continues to be a number of spending pressures facing the Council over the coming years as core funding sources are expected to fall whilst unavoidable costs increase. Although the Council has been successful in making significant savings for a number of years now, the projections indicate that further reductions will be necessary to produce a balanced budget for the period from 2021/22 onwards.

The 2018/19 predictions were for a shortfall of approximately £524,000 by 2021/22. Since then further savings have been made/are in progress including **£711,300** from the new Opportunities Plan below which have been built into the budgets for 2018/19 to 2020/21. The highest funding gap now showing across the 5 years is **£512,000, even with the proposed increases in council tax**. There are also a number of pressures, risks and uncertainties, including delivery of some of the Corporate Priorities, for which no provision has been made in the budgets.



It should be noted that the way that the financial information is shown in the Five Year Forecast table above differs from the Net Budget figures used for the budget setting tables. This is because the sources of funding have been moved together to make their impact clearer. In the budget figures some of these appear in the Service income and Other budget income lines.

6.2 SENSITIVITY ANALYSIS

The Council has been committed to minimising increases in the overall net budget and Council Tax increases. This has proven successful in restricting the proportion of gross expenditure on general fund services that has to be met by Council Tax payers, currently **14%**.

Because the proportion is so low, the Fareham element of the Council Tax (around 10%) is very sensitive to even minor increases in expenditure. An increase in gross expenditure of 1% (approximately £½m) would result in an increase in the amount to be met by Council Taxpayers of 7.2%. The following table highlights the gearing effect that additional expenditure has on the Council Tax.

Table 9 – Gearing Effect of Additional Spend on Council Tax

	£M	% Increase
Current Spending	49.0	
Significance of an extra £500,000 in spending		+1.0%
Council Tax Payers	6.9	
Significance of spending an extra £500,000		+7.2%

For each pressure, an assessment has been made about the possible variation above and below the "most likely" position. This allows the sensitivity of the projected totals to change. As more information becomes available about the individual pressures, the projections can be updated and made more certain.

6.3 RISKS AND UNCERTAINTIES

The budget projections indicate the susceptibility of the Council's revenue budget to changes in the level of expenditure and income caused by factors outside the control of the Council. It is clear that even a small variation in funding, expenditure or income would have a significant impact on the Council's revenue budget position.



This is why one of the fundamental principles contained in the MTFS is to maintain a minimum spending reserve equivalent to 5% of gross revenue expenditure.

In considering the budget forecasts, there are also a number of other issues that need to be borne in mind, as set out below:

- The full impact of the Fair Funding Review on the Council's core funding sources is not known.
- The funding needs of the Council's corporate priorities have not been fully costed and built into the budgets.
- There is a level of uncertainty surrounding the current economic climate.
- Demand for Council services remains volatile in some services, and this may be heightened due to economic changes.
- While the Council's capital resources are expected to exceed planned capital expenditure at the end of the programme period, future spending requirements could give rise to a shortfall. It is therefore imperative that capital reserves are replenished whenever possible in order to meet the future spending needs.
- Hampshire County Council is also having funding pressures, and some of the decision they may need to take may impact on Fareham Borough Council's finances.

There are also significant pressures that have not yet been built into the forecasts. These include:

- **Land Charges Income** – As part of the Queen's speech in June 2014 it was announced that the land charges function would be centralised and run by the Land Registry in order to support the delivery of digital services. The timetable for this is not clear but would result in a loss of income for the Council of approximately **£150,000**.
- **Universal Credit** – The long-term ambition for the government is for the housing benefits system to be replaced by Universal Credit administered centrally. This was introduced in Fareham in November 2018 and will be implemented gradually over time. The migration of benefit claimants to Universal Credit will have a financial impact to the Council particularly in relation to the service team and overhead costs.
- **Population Increases** – There are a number of significant planning applications

in the borough which could lead to a significant increase in the population (up to 12%) and households (up to 13%). No provision has currently been built into the budgets for the impact this will have on the services the Council provides (e.g. council tax administration)

Conversely any housing growth in the borough above 300 new properties a year will bring in additional income through Council Tax.

6.4 THE OPPORTUNITIES PLAN

The Council aims to develop its efficiency plans well in advance of need to ensure that they are sufficiently reliable before being included in budgets, and to allow the full consequences of such changes to be considered and consulted upon where appropriate.

Work was undertaken during 2018 by all Senior Managers and Heads of Services to generate ideas to close the predicted funding gap in 2020/21, and build in capacity to cover future pressures and areas of spending growth.

Over 132 ideas were generated; they were then reviewed further and prioritised for delivery between 2018/19 and 2020/21 as part of the new Opportunities Plan. The Plan is being expanded as other opportunities to generate savings are identified.

This Strategy therefore includes an 'Invest to Save' approach to achieving the Opportunities Plan, in which reserves are invested into establishing a small project team for a two-year fixed term to lead on or assist Heads of Service in the delivery of their projects. The project team has been in place since May 2019. The cost of this, coupled with other costs such as employing additional surveyor resources, using external consultants and legal advisors, is still estimated to be **£600,000** for the two years.

The table below summarises the latest position on the Opportunities Plan in terms of potential savings being explored and how many have been realised.

Table 10 - Summary of Opportunities Plan

Project Grouping	Number of Projects	Latest Projected Potential Savings (£)	Annual Savings Realised To Date (£)	Savings Built into Budgets as at 20/21 (£)
1. Service changes already in progress	17	320,700	276,400	227,900
2. Projects needing resources led by Project Team	8	1,051,300	6,000	0
3. Projects needing resources led by Head of Service	7	830,500	373,450	483,400
4. Projects achievable within current resources	6	391,200	82,687	0
5. Good Practice Projects	3	None expected	0	0
6. Projects do as resources allow	16	Not costed	0	0
7. Other projects (additional to Plan)	12	29,500	9,500	0
Totals	69	£2,623,200	£748,037	£711,300

Current predictions are that the Opportunities Plan would address the projected funding gap for the next 5 years, with some spare capacity for pressures not yet built in.

7. CONCLUSION

The Council has a long history of prudent financial management, of achieving efficiency savings while providing a wide range of excellent services.

The projections set out in this report give a broad indication of the anticipated level of expenditure, based on the latest information available about the Government's funding intentions. This is predicting a funding gap by 2021/22 even if Council Tax is increased by £5 each year. There are also a number of budget pressures and uncertainties, both revenue and capital, which do not currently feature in the forecasts.

By having the Opportunities Plan in place, if adequately resourced, the Council would be able to meet its budget position for the next five years. The position from 2021/22 onwards will also become clearer when future government spending plans are released.

In the meantime, there will be a continued need to focus on the need to identify where capacity can be created through the delivery of more efficient services to meet demand, while protecting, as far as possible, services to the public, and delivering the priorities set for the Borough.

ANNEX 1

BUDGET RESPONSIBILITIES

Responsibility for budgets rests formally with the Full Council but there are arrangements in place as part of the Constitution that delegates certain responsibilities to the Executive, the committees and to officers.

The timetable for the financial planning and budget process is:

Stage	Detail	
1	Consultation with residents and business representatives (incl. Chambers of Commerce, Federation of Small Businesses, the Institute of Directors, Business South and Solent Local Enterprise Partnership)	Continual
2	Member approval of corporate objectives and priority action plan	November
3	Member review of Medium Term Finance Strategy Member consideration of revised revenue budget for current year, base budget for next year, the capital programme and fees and charges.	January
4	Member consideration of new capital schemes and revenue growth items Member review of Capital Strategy (new) Member confirmation of capital programme Member confirmation of overall revenue budget for next year Member setting of the Council Tax	February
5	Outturn position for the General Fund and Housing Revenue Account revenue and capital budgets for the <u>previous year</u> . Member approval of carry forward of any revenue and capital expenditure programmes into current year. Member approval of financing arrangements for any capital programme overspends.	July
6	Six monthly monitoring against current year budgets	November

Full Council

The Full Council has the general responsibility for setting the Council's policy and budget framework. The Full Council must ensure the following:

- Corporate strategies are approved in accordance with the projected resources of the Council;
- Approved revenue budgets, capital programmes and Council Tax levels are in accordance with the Council's Medium Term Finance Strategy;
- Supplementary estimates are only approved after consideration of the Council's overall financial position.

The Executive

The Executive has general responsibility for making decisions on Council services within the policy and budget framework. The Executive must ensure the following:

- Detailed estimates of expenditure and income for all services and committees, and the proposed Council Tax levels are prepared within the context of the council's Medium Term Finance Strategy for approval by Full Council;
- Expenditure is only incurred if it forms part of the approved service revenue budget or capital programme;
- Any decision to reallocate revenue or capital budgets from one service to another does not exceed the virement rules;
- The overall revenue budget and capital programme are not exceeded.

The Committees

The Committees have general responsibility for carrying out non-Executive functions within the powers delegated to them by Full Council. The Committees must ensure the following:

- Detailed fees and charges along with estimates of expenditure and income for committee services are submitted to the Executive for approval by Full Council;
- The committee revenue budgets are not exceeded.

Employees

All budgets are allocated to a named manager who has the authority to spend the approved budget. Financial regulations also form part of the Constitution and these set out the scheme for the authorisation of expenditure.

Expenditure can only be incurred within the revenue and capital budgets approved by the Council.

Officers can delegate their power to incur expenditure but only within the limits of their own delegated powers.

The limits given to any individual employee are in accordance with the schedule of limits set out in the financial regulations. All employee powers to incur expenditure should be officially documented and authorised in a form approved by the Statutory Chief Finance Officer.

The Council's financial regulations are available to all employees on the corporate filing system giving detailed guidance on:

- The responsibilities of employees
- Financial reporting
- Revenue and capital budgets
- Budgetary control and virements.

FAREHAM BOROUGH COUNCIL PAY POLICY STATEMENT FINANCIAL YEAR 2020 - 21

1. Purpose

This Pay Policy Statement (“Pay Statement”) is provided in accordance with the Localism Act 2011 (“Localism Act”) and this will be updated in each subsequent financial year.

This Pay Statement sets out Fareham Borough Council’s pay policies relating to its workforce for the financial year 2020-21, including the remuneration of its Chief Officers, lowest paid employees and the relationship between its Chief Officers and that of its employees who are not Chief Officers.

2. Definitions

For the purpose of this Pay Statement the following definitions apply:

Pay	includes base salary, charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements and termination payments.
Chief Officers	refers to the following roles within the Council: Statutory Chief Officers: <ul style="list-style-type: none"> • Chief Executive Officer, as Head of Paid Service • Director of Support Services, as Monitoring Officer • Deputy Chief Executive Officer, as Section 151 Officer Non Statutory Chief Officers: <ul style="list-style-type: none"> • Director of Planning and Regulation • Director of Leisure and Community
Deputy Chief Officers	Heads of Service who report directly to/or accountable to a statutory or non-statutory Chief Officer in respect of all or most of their duties.
Lowest paid employees	refers to those employees employed within Grade1 of the Council’s mainstream pay structure. This definition has been adopted because Grade1 is the lowest grade on the Council’s mainstream pay structure.
Employee who is not a Chief Officer	refers to all employees who are not covered under the “Chief Officer” group above. This includes the “lowest paid employees”. i.e. employees on Grade1.

3. Pay Framework and Remuneration Levels

3.1 General approach

The pay structure and pay scales have been designed to enable the Council to recruit and retain suitably qualified employees at all levels who are dedicated to fulfilling its corporate objectives and delivering services to the public whilst operating within an acceptable financial framework.

With a diverse workforce the Council recognises that its Pay Policy needs to retain sufficient flexibility to cope with a variety of circumstances that may arise that might necessitate the use of market supplements or other such mechanisms for individual categories of posts where appropriate. The decision to apply a market premium will be approved by the Head of HR and ICT and endorsed by the Chief Executive Officer.

The Chief Executive Officer, as Head of Paid Service, has delegated power to update the pay policy in line with establishment changes.

3.2 Responsibility for decisions on pay structures

The outcome of reviews into the local pay and grading structures covering all jobs are submitted to a meeting of Full Council for approval.

The Council's locally determined pay structures are based on the outcome of a job evaluated process and were implemented for the Chief Officers, Heads of Service and all other employees in April 2008. This followed a national requirement for all Local Authorities to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer to comply with employment legislation.

The pay structure for the Chief Executive Officer was established in 2008 having regard to the need to be fully competitive in the market and to be confident of attracting and retaining the highest calibre of employee to reflect the high level of organisational and corporate performance which the Council requires its Chief Executive Officer to deliver. Relevant labour market and comparative remuneration data was considered. This was reviewed in 2013.

3.3 Pay scales and grading framework

The **mainstream pay structure** for all employees below the level of Heads of Service was determined through a local process based on the outcome of a job evaluation scheme. The pay structure from 1 April 2019 consists of a pay spine of 44 points, comprising 11 grades containing 5 spinal column points with the exception of grade 1. Grade 1 is the lowest grade and 11 the highest. Each employee will be on one of the 11 grades based on their job evaluated role.

The **Chief Executive's** pay grade reflects the same principles as for all of the Council's pay structures consisting of 5 spinal column points.

The pay structure for **Chief Officers and Heads of Service** was determined through a local process that took into account market alignment with District Councils in Hampshire and the outcome of a job evaluated process. It followed the same principles as applied for the mainstream pay structure and consists of one pay grade for Chief Officers and three pay grades for Heads of Service with all grades containing 5 points.

The National Minimum Wage applies to those under 25 but Fareham's pay scales are not aged biased.

Details of the Council's pay structures are published on the Council's website and a copy as at 1st April 2019 is appended to this Statement (at [Annex A](#)).

3.4 Pay Awards and National Pay Awards

Pay awards are considered annually for all employees. The outcome of national consultations by the Local Government Employers in negotiation with the Trade Unions in relation to the settlement of the annual pay award is normally applied. As it stands the pay award with effect from April 2020 has not been agreed.

If there is an occasion where the Council believes that the National Pay Settlement would distort the local pay structures alternative proposals will be developed, discussed with the trade unions and brought to Elected Members for formal approval.

4. Remuneration – level and element

4.1 Salaries of Chief Officers and Deputy Chief Officers

“Chief Officers” are identified at 2 above and constitute the Council's Corporate Management Team. They are all paid within the Council's pay structures as follows:

- a) Chief Executive Officer, as Head of Paid Service will be paid a salary within the grade range £114,621 to £132,664.
- b) Statutory and Non-Statutory Chief Officers will be paid a salary within the grade range £81,330 to £93,412.

“Deputy Chief Officers” who are Heads of Service are all paid within the Council's pay structures and will be paid a salary within grade ranges £53,863 to £81,330.

Typically Chief Officers and Heads of Service have received the same percentage pay award as for all other employees.

Details of Chief Officer and Heads of Service remuneration have been published since 2010 on the Council's website.

4.2 “Lowest paid employees”

Each lowest paid employee will be paid a salary within the pay scales for Grade1 mindful of the need to meet the National Living Wage requirements.

A very detailed review of pay and grading was undertaken on this topic along with other parts of the grading structure and the review and recommendations were reported to Full Council in December 2014.

4.3 Bonuses and Performance related pay

There is no provision for bonus payments or performance related pay awards to any level of employee.

There is, however, an honorarium provision which may be awarded where an employee performs duties outside the scope of their post over an extended period or where the additional duties and responsibilities involved are exceptionally onerous. All such payments are subject to approval by a Chief Officer (Member of Chief Executive's Management Team).

4.4 Other pay elements – Statutory Officers

The pay structure for Chief Officers does not take account of the clearly defined additional responsibilities in respect of the Section 151 and Monitoring Officer roles. Officers undertaking these roles receive payment equivalent to two spinal column points based on the incremental pay progression from the penultimate to maximum point of the pay grade for Chief Officers.

Provision for the recognition of the role of acting Head of Paid Service exists within the Chief Officers pay structure for up to two spinal column points on the same payment principle as for the Section 151 and Monitoring Officers.

These pay arrangements allow for flexibility in the allocation of the additional roles to Chief Officers and for the responsibilities to be rotated.

4.5 Charges, fees or allowances

Allowances or other payments, for example shift working, standby, etc. may be made to employees, below the level of Chief Officer, in connection with their role or the pattern of hours they work in accordance with National or Local collective agreements.

Expenses: The Council recognises that some employees incur necessary expenditure in carrying out their responsibilities, for example travel costs. Reimbursement for reasonable expenses incurred on Council business are paid in accordance with the Council's collective agreement and subsequent amendments to it.

Elections: The Chief Executive Officer has been appointed as the Council's Returning Officer for elections and he has appointed the Deputy Chief Executive Officer, Director of Leisure and Community and Head of Democratic Services as his Deputy Returning Officers. For performing elections duties the Returning Officer and Deputies receive a fee payable according to a scale of costs, charges and expenses set by the Hampshire and Isle of Wight Election Fees Working Party and allowed under the Local Government Act 1972.

Professional Subscriptions: The Chief Executive Officer and Chief Officers are entitled to receive payment for one subscription to a relevant professional body.

4.6 Benefits in kind

Benefits in kind are benefits which employees receive from their employer during their employment which are not included as part of their salary. Fareham has a technology scheme and car leasing scheme that employees have a choice to sign up for in lieu of salary. These benefits are reportable to HMRC and taxed accordingly.

4.7 Pension

All employees as a result of their employment are eligible to join the Local Government Pension Scheme (LGPS).

4.8 Severance payments

The Council already publishes its policy on discretionary payments on early termination of employment and flexible retirement as well as publishing its policy on increasing an employee's total pension. These policies are applied in support of efficient organisational change and transformation linked to the need for efficiencies and expenditure reduction.

Details of the Council's policies are published on the Council's website.

Redundancy payments are calculated using the statutory weekly pay calculator which gives the following entitlements:

0.5 week's pay for each full year worked when you are under 22

1.0 week's pay for each full year worked when you are between 22 and 41

1.5 week's pay for each full year worked when you are 41 or older

The council will apply weekly pay to the number of entitled weeks and has a local multiplier of 2.2 which is applied to the overall calculation.

No employee who has left the Council in receipt of a redundancy or severance package will be re-employed by the Council, in any capacity, unless there are exceptional business circumstances in which case approval is required from the Chief Executive Officer.

The government has commenced the process to enforce a cap on exit payments of £95,000 with the likely implementation date to be during 2020 following consultation.

4.9 New starters joining the Council

Employees new to the Council will normally be appointed to the first point of the salary scale for their grade. Where the candidate's current employment package

would make the first point of the salary scale unattractive (and this can be demonstrated by the applicant in relation to current earnings) or where the employee already operates at a level commensurate with a higher salary, a different starting salary point within the grade may be considered by the recruiting manager in consultation with HR Services. The candidate's level of skill and experience should be consistent with that of other employees in a similar position on the salary scale within the grade.

5. Relationship between remuneration of "Chief Officers" and "employees who are not Chief Officers".

This relates to the ratio of the Council's highest paid employee (falling within the definition of "Chief Officers") and the median earnings across the whole workforce as a pay multiple. By definition, the Council's highest paid employee is the Chief Executive Officer. The median average pay has been calculated on all taxable earnings for the financial year 2019-20, including base salary, allowances, etc.

Highest paid employee	£132,664
Median earnings for remainder of workforce	£24,313
Ratio	5.46

ANNEX A (to the Pay Policy Statement)**Fareham Borough Council - Pay Scales as at 01/04/2019**

Chief Executive Grades & Salary		Directors Grades & Salary	
Spinal Column Point	Annual Salary	Spinal Column Point	Annual Salary
1	£114,621	1	£81,330
2	£119,133	2	£83,942
3	£123,643	3	£86,987
4	£128,155	4	£90,141
5	£132,664	5	£93,412

Senior Management Grades & Salary scales								
Grade	Spinal Column Point	Annual Salary	Grade	Spinal Column Point	Annual Salary	Grade	Spinal Column Point	Annual Salary
	1	£71,627		1	£62,114		1	£53,863
	2	£74,135		2	£64,366		2	£55,817
1	3	£76,728	2	3	£66,701	3	3	£57,841
	4	£79,024		4	£69,120		4	£59,940
	5	£81,330		5	£71,627		5	£62,114

Local Pay Scales					
GRADE	SPINAL COLUMN POINT	ANNUAL SALARY (APRIL 2018)	GRADE	SPINAL COLUMN POINT	ANNUAL SALARY (APRIL 2018)
1	3	£17,364			
	4	£17,711			
	5	£18,065			
2	5	£18,065		26	£31,871
	6	£18,426		27	£32,829
	7	£18,795	7	28	£33,820
	8	£19,171		29	£34,838
	9	£19,554		30	£35,876
3	9	£19,554		30	£35,876
	10	£19,945		31	£36,956
	11	£20,344	8	32	£38,058
	12	£20,751		33	£39,204
	13	£21,166		34	£40,282
4	13	£21,166		34	£40,282
	14	£22,021		35	£41,395
	15	£22,911	9	36	£42,525
	16	£23,836		37	£43,696
	17	£24,313		38	£44,772
5	18	£25,295		38	£44,772
	19	£25,801		39	£45,909
	20	£26,632	10	40	£47,058
	21	£27,502		41	£48,229
	22	£28,323		42	£48,824
6	22	£28,323		42	£48,824
	23	£29,175		43	£49,930
	24	£30,050	11	44	£51,050
	25	£30,952		45	£52,197
	26	£31,871		46	£53,375

FAREHAM

BOROUGH COUNCIL

Report to Policy and Resources Scrutiny Panel

Date 14 January 2020
Report of: Deputy Chief Executive Officer
Subject: FEES AND CHARGES 2020-21

SUMMARY

The Policy and Resources Scrutiny Panel is asked to consider and review the Executive's proposals for the fees and charges for 2020/21. The Deputy Chief Executive Officer will refer any proposals or comments of the Panel to the Executive meeting on 3 February 2020.

RECOMMENDATION

That any proposals or comments of the Panel be referred to the Executive at its meeting on 3 February 2020.

Enquiries:

For further information on this report please contact Neil Wood. (Ext 4506)

Appendix A: [Executive Report "Fees and Charges 2020/21" considered on 6th January 2020](#)

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 06 January 2020

Portfolio:	Policy and Resources
Subject:	Fees and Charges 2020-21
Report of:	Deputy Chief Executive officer
Corporate Priorities:	A dynamic, prudent and progressive Council

Purpose:

This report provides an update and proposals for the Council's fees and charges for the financial year 2020/21.

Executive summary:

This report gives the Executive the opportunity to consider the Council's fees and charges for 2020/21 including approving increases in existing charges and consider new charges where applicable.

Recommendation/Recommended Option:

It is recommended that the Executive approve the fees and charges for 2020/21 as set out at Appendix A.

Reason:

The proposed fees and charges will continue to support delivery of the Council's services and contribute to the budgets setting process for 2020/21

Cost of proposals:

There are no costs to the proposals

Appendices: **A: Fees and Charges for 2020/21**

Background papers: None

Reference papers:

Report to Executive 7 January 2019 Finance Strategy, Capital Programme, Revenue Budget & Council Tax 2019/20

Report to Executive 6 January 2020 Beach Hut Site Rent Proposals

Report to Licensing & Regulatory Affairs Committee 28 January 2020 Fees and Charges 2020-21

Report to Planning Committee 22 January 2020 Planning Advice Charges

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	06 January 2020
Subject:	Fees and Charges 2020-21
Briefing by:	Deputy Chief Executive Officer
Portfolio:	Policy and Resources

INTRODUCTION

1. The Council levies Fees and Charges for a number of services it provides. This is an important source of funding for Council services and therefore contributes to the budget setting process. As Government funding continues to reduce, Councils are expected to adopt a more commercial approach to their fees and charges income streams.
2. This report therefore provides an update following the latest annual review of the Council's fee and charges and makes proposals for increasing current charges and also implementing new charges where opportunities have been identified.

BUDGET SETTING PRINCIPLES

3. The budget setting principles are detailed in the Council's Medium-Term Finance Strategy and the one proposed relating to fees and charges is shown below:
 - Fees and charges to be increased to achieve a realistic increase in income wherever possible and every effort to be made to identify new sources of income. The proposed charges should be considered alongside those for similar services in neighbouring authorities and, where appropriate, the charges levied by private sector providers.
4. During the year the Opportunities Team have been working with services to review fees and charges after analysing what other authorities in Hampshire are charging and looking at areas where these authorities charge and Fareham doesn't currently charge.

CHANGES PROPOSED FOR 2020/21

5. There have been a number of changes to fees and charges which are detailed in the following paragraphs. The full booklet of fees and charges is attached as Appendix 1.

Statutory Fees

6. Many of the charges that are used by the council will be statutory charges and as such the council has no control over the setting of these charges.

Discretionary Charges where No increase is Proposed

7. There are some charges where there is no increase proposed that are at the discretion of the council. Many of these, such as market pitch fees have not been increased as it is believed that higher charges would be detrimental to the service or its users.
8. Car parking charges have not been increased since October 2010 and there is no proposal to increase them for 2020/21 as it is again likely to impact on service users when there is already reduced use of car parking facilities in the town centre.

New or Increasing Charges

9. The proposed changes to **Beach Hut charges** would be an increase of 11.4% over the current charge and the reasoning behind this is subject to a separate report on this agenda.
10. In the **Pest Control** area there are some new charges for those in receipt of certain benefits. In the past this service has been free but this has led to a number of missed appointments and recommendations not being implemented by the resident. It is hoped that by levying a charge residents will fulfil appointments. Fareham is one of only 2 authorities in Hampshire who currently do not charge for this service. The charge proposed would still be at a reduced rate compared to households not on benefits.
11. There have also been changes to the general charges for Pest Control to reflect officer time in dealing with the issues and also to bring in line with commercial prices, which in one case has resulted in reducing a charge.
12. The Waste Services has also made some changes to the proposed charges around collection of **bulky waste items**. There is a new charge for collection of 2 small items as this takes up less space than half a load and eases the service.
13. It is proposed to remove the charge for collection of fridges/ freezers and bring these under the heading of a Single Item and charge the same. Previous a lower charge (£20) was levied but the higher charge (£40) is now in line with commercial operators.
14. The charge for single use garden waste sacks has increased to reflect that this is a premium service over and above the one sack that is collected fortnightly.
15. A new charge is also proposed for **replacement domestic bins**. The Council only currently charges for a new refuse bin for new households where the developer has not provided one. However, the Council currently delivers approximately 2,700 free replacement bins to households a year. A charge is therefore proposed for both replacement refuse and recycling bins, where the council is not at fault.
16. In most other cases, an increase of around **5%** is proposed.

Fees that Fall under the Responsibility of Other Committees

17. Charges for the Licensing and Regulatory Committee and Planning Committee are shown in the appendix just for information as those charges will be approved by the relevant committees.

18. Charges for some Housing Services are also shown in the appendix for information as these are approved through the Housing Revenue Account report.

Additional Reviews in Progress

19. There are a number of services where additional analysis is being done to determine the level of charges for future years and where other opportunities may exist. These include cemeteries, garden waste service, car parks, trade waste and sports pitches.

FINANCIAL IMPLICATIONS

20. Fees and charges generate under £4 million of income for the council so it is important that the charges are reviewed regularly and provide value for money for users of the services.
21. Where it is proposed that charges are increased and volumes are known, the additional income range is shown in the table below:

Fee Area	Likely Range of additional income
Pest Control	£1,000 to £2,000
Cemeteries	£2,500 to £5,800
Licences	£100
Bulky Waste	£4,000 to £9,000
Waste Collection	£20,000 to £52,000
Overall	£27,600 to £68,900

Enquiries:

For further information on this report please contact Neil Wood. (Ext 4506)



Fees and Charges 2020/21

FAREHAM
BOROUGH COUNCIL

General Notes

1. Fees and Charges are normally reviewed by the Council on an annual basis to apply for the whole of the Financial Year (1 April to 31 March), but it sometimes proves necessary to amend charges at other times during the year.
2. The charges shown in this book are those which apply from 1 April 2020.
3. VAT where charged will be at the prevailing rate, which is currently 20%.
4. **VALUE ADDED TAX – LETTING OF SPORTS FACILITIES - EXEMPTION**

VAT exemption is available for the provision of a series of lets to Schools, Clubs, Associations or Organisations representing affiliated clubs or constituent associations (such as local league) subject to the following guidelines:

- a. The series consists of 10 or more sessions.
- b. Each session is for the same sport or activity.
- c. Each session is at the same place.
- d. The interval between each session is at least a day and not more than 14 days. Letting for every other Saturday afternoon fulfils this condition but there is no exception for intervals longer than 14 days which arise through closure e.g. for public holidays.
- e. The series must be paid for as a whole, and there is written evidence to that effect.
- f. The person to whom the facilities are let has exclusive use of them during the sessions.
- g. The hirer has no right to amend or cancel a booking

Fees and Charges for Services	Page
Beach Huts	<u>3</u>
Building Control Partnership	<u>3</u>
Cemeteries and Burial Grounds	<u>4</u>
Clean and Tidy Borough	<u>7</u>
Elections	<u>8</u>
Housing	<u>9</u>
Land Charges	<u>10</u>
Licensing and Fees	<u>11</u>
Markets and Town Centre	<u>17</u>
Parking Charges	<u>18</u>
Planning Services	<u>20</u>
Public Protection	<u>21</u>
Waste Collection and Disposal	<u>25</u>
Sports and Leisure	<u>26</u>
Miscellaneous Charges	<u>28</u>



BEACH HUTS

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Residents	Inclusive of VAT	507.00	565.00	11.4
Non-Residents	Inclusive of VAT	1,014.00	1,130.00	11.4



BUILDING CONTROL PARTNERSHIP

Building Control Partnership fees are available on application to the Head of Building Control. Fees will not be published due to commercial sensitivity.



CEMETERIES AND BURIAL GROUNDS

The charges below are either currently exempt, or not subject to VAT.

Resident Fees

Resident fees are charged when the person to be interred lived in the Borough of Fareham prior to their death.

Persons residing in Care and Nursing homes outside the Borough are also classed as residents if they lived in the Borough of Fareham prior to moving to Care and Nursing Homes.

Non-Resident Fees

Non-resident fees are charged when the person to be interred did not live in the Borough prior to their death. Fees in relation to the purchase of the 30 year lease will also apply.

Non-residents fees are charged when a person wishes to reserve a grave and lives outside the Borough at the time of their application to purchase the 30 year lease.

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
ASHES (CREMATED REMAINS) AREA				
Interment				
a) Burial of ashes into a cremation plot	Note 1	200.00	210.00	5.0
Memorials				
b) Purchase of 30 year lease (area selected by Council)	Note 1	215.00	225.00	4.7
c) Purchase of 30 year lease (area chosen by customer where possible)	Note 1	320.00	335.00	4.7
d) Application to place a flat memorial tablet	Note 2	50.00	53.00	6.0
e) Application to add a further inscription onto an existing tablet	Note 2	35.00	37.00	5.7

BURIAL AREA				
Interment				
f) Burial of a body into a new grave	Note 1	825.00	865.00	4.9
g) Re-open an existing grave for second burial	Note 1	625.00	660.00	5.6
h) Application to scatter ashes	Note 1	65.00	70.00	7.7
i) Burial of ashes into grave at cremation depth	Note 1	200.00	210.00	5.0
j) Burial of ashes into grave at burial depth	Note 1	362.00	385.00	6.4
k) Burial of a body (Child under 18 years)	Note 1,3	825.00	865.00	4.9
Exclusive right of burial (30 year lease)				
l) Purchase of 30 year lease (area selected by Council)	Note 1	635.00	670.00	5.5
m) Purchase of 30 year lease (area chosen by customer where possible)	Note 1	880.00	925.00	5.1
n) Purchase of 30 year lease (Child's grave)	Note 2	290.00	305.00	5.2
Memorials				
o) Application to place a headstone for ten years	Note 2	172.00	180.00	4.7
p) Renewal of the application to place a headstone	Note 2	25.00	26.00	4.0
q) Application for additional inscription on headstone and re-erection	Note 2	126.00	132.00	4.8
r) Application to place a fixed memorial vase	Note 2	50.00	53.00	6.0
s) Application to add a further inscription onto an existing fixed memorial vase	Note 2	35.00	37.00	5.7

MISCELLANEOUS				
t) Hire of Chapel at Wickham Road Cemetery	Note 2	120.00	125.00	4.2
u) Transferring of the ownership of the lease known as the Exclusive Right of Burial	Note 2	62.00	66.00	6.5
v) Administration fee for making arrangements directly with Council (ashes only)	Note 2	66.00	70.00	6.1
w) To undertake the arrangements for funerals under the Public Health Act	Note 2	450.00	475.00	5.6
x) Burial out of hours	Note 2	At Cost	At Cost	
y) Exhumation	Note 2	At Cost	At Cost	
z) Purchase of commemorative bench and plaque	Note 2	1,485.00	1,560.00	5.1
<p>Notes</p> <ol style="list-style-type: none"> 1. The charge shown is for residents. Non-residents will be charged double the residents rate. 2. The charge shown is for both residents and non-residents. 3. Charges for children under 18 years old will be free at the point of need. The charges are shown to enable the council to be reimbursed by the Children's Funeral Fund. 				



CLEAN AND TIDY BOROUGH

The charges shown are currently not subject to VAT.

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Litter and Fouling				
Dropped litter – Fixed Penalty Notice	Enforcement Policy	150.00	150.00	Nil
Public Space Protection Order – Fixed Penalty Notice	Enforcement Policy	100.00	100.00	Nil
Highways – Damage to Street Furniture				
Offender charged at cost plus a 10% administration charge				
Shopping Trolley Collection				
Shopping Trolley Collection		96.00	100.00	4.2



ELECTIONS

The charges shown are currently not subject to VAT.

Returning Officer's fees and disbursements: as determined by Hampshire Election Fees Working Party; available on request to Head of Democratic Services.

Registration of Electors (Statutory)

Item	Data	Printed
Sale of Edited Register	£20 plus £1.50 per thousand entries (or part)	£10 plus £5.00 per thousand entries (or part)
Sale of Full Register*	£20 plus £1.50 per thousand entries (or part)	£10 plus £5.00 per thousand entries (or part)
Sale of monthly update notices*	£20 plus £1.50 per thousand entries (or part)	£10 plus £5.00 per thousand entries (or part)
Sale of list of Overseas Electors	£20 plus £1.50 per hundred entries (or part)	£10 plus £5.00 per hundred entries (or part)
Sale of Marked Register*	Where available £10 plus £1.00 per thousand entries (or part)	£10 plus £2.00 per thousand entries (or part)
*Notes 1. Supply of the Full Register, monthly update notices and the marked register is restricted by the Representation of the People Regulations. 2. Packing and carriage costs will also apply where relevant. 3. A request for the same part of the register in both printed and data form will be treated as two separate requests.		



HOUSING

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Sales of Council Houses				
Maximum legal and administration fees in connection with granting a service charge loan	Statutory Charge	100.00	100.00	NIL
Recharge of Officer time in agreeing any consent to freeholders	Fee per occurrence	100.00	100.00	NIL
Repairs to Council Houses				
Abortive visit by Officer, Surveyor or Tradesman	Charge per visit	50.00	50.00	NIL
Rechargeable works	These will be assessed individually at the time the work is carried out.			
Sheltered Accommodation for the Elderly – Guest Room Charges				
Single occupancy per night	Inclusive of VAT	9.25	10.00	8.1
Per couple per night	Inclusive of VAT	13.25	15.00	13.2
Collingwood Court per room	Inclusive of VAT	23.50	25.00	6.4
Sylvan Court per room	Inclusive of VAT	23.50	25.00	6.4
Sheltered Accommodation for the Elderly – Other Charges				
Keys – Key	Inclusive of VAT	5.00	5.00	NIL
Keys – Fob		8.00	8.20	2.5
Wash Cards (where applicable)	Inclusive of VAT			
Wash		0.60	0.60	NIL
Dry		0.50	0.50	NIL
Homelessness				
Bed & Breakfast charges	100% cost recovery from the homeless of Hotel/Bed & Breakfast charges ineligible for Housing Benefit made straight to the Council.			
Storage of furniture	Homeless households qualifying for financial assistance towards the cost of removal and storage of their possessions must agree to pay a contribution towards these costs based on all their sources of income.			
Other				
Second mortgage enquiry forms	Inclusive of VAT	70.00	75.00	7.1
Care Line Service - Telephone link for assistance (private sector)	Tariff available on application to Sheltered Housing Manager			



LAND CHARGES

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Local Land Charges 1 Search Fees (not subject to VAT) Official Certificate of Search in the whole or any part of the register				
First parcel of land – paper search	Fee per occurrence	32.00	34.00	6.3
First parcel of land – electronic search	Fee per occurrence	32.00	34.00	6.3
Each additional parcel	Fee per occurrence	10.50	11.00	4.8
Other Local Land Charges Fees (not subject to VAT)				
Registration of a light obstruction notice	Fee per occurrence	70.00	74.00	5.7
Filing Lands Tribunal certificate	Fee per occurrence	2.50	2.60	4.0
Filing light obstruction judgement etc.	Fee per occurrence	7.00	7.50	7.1
Inspection of rule 10 documents	Fee per occurrence	2.50	2.60	4.0
Office copy register entry	Fee per occurrence	1.50	1.60	6.7
Office copy plan or document	Discretionary			
CON29R Official Enquiries – Part I				
First parcel of land	Fee per occurrence Inclusive of VAT	158.40	165.60	4.5
Each additional parcel	Fee per occurrence Inclusive of VAT	36.60	38.40	4.9
CON29O Official Enquiries – Part II				
First parcel of land	Fee per occurrence Inclusive of VAT	27.60	28.80	4.4
Each additional parcel	Fee per occurrence CON29O element inclusive of VAT £36.60 LLC1 element not subject to VAT £10.50	47.10	49.40	4.9
Common Registration Searches	Fee per occurrence	27.60	28.80	4.4



LICENSING AND FEES

The charges shown are currently not subject to VAT, except where indicated.

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Lotteries				
Registration	Statutory Charge	40.00	40.00	NIL
Renewal	Statutory Charge	20.00	20.00	NIL

Gambling Act 2005

Charges available on application to Head of Environmental Health.

Licensing Act 2003

The service is provided to ensure public safety through the licensing of regulated activities and to ensure that they are undertaken in accordance with the relevant licence conditions.

In addition the Council are the Licensing Authority under the Licensing Act 2003. The Act replaced existing licensing regimes concerning the sale of alcohol, public entertainment, theatres, cinemas and late night refreshment with a unified system of regulation. From February 2005 the Council has dealt with applications for premises and personal licences which took effect in November 2005. From this date the Council took over all the licensing functions some of which such as liquor licensing were previously undertaken by the Magistrates Court.

The Act requires that the Council carries out its various licensing functions so as to promote the following four licensing objectives:-

- The prevention of crime and disorder
- Public Safety
- The prevention of public nuisance
- The protection of children from harm

The Fees have been set by the Government and are detailed below:

Premises/Club Applications/Conversions

The Fees are based on rateable values of properties:

Rateable Value	Band	Initial License Fee £	Annual Fee £
£0 - £4,300	A	100.00	70.00
£4,301 - £33,000	B	190.00	180.00
£33,001 - £87,000	C	315.00	295.00
£87,001 - £125,000	D	450.00	320.00
£125,001 and over	E	635.00	350.00

A multiplier applied to premises in Bands D and E where they are exclusively or primarily in the business of selling alcohol (mainly large town and city centre pubs) as follows:

Rateable Value	Band	City/Town Centre Pub Application Fee £	City/Town Centre Pub Annual Charge £
£87,001 - £125,000	D	900.00	640.00
£125,001 and over	E	1,905.00	1,050.00

If in addition to the conversion application the conditions in respect of alcohol are to be varied then an additional fee to those set out above becomes payable as follows:

Rateable Value	Band	Variation Fee £
£0 - £4,300	A	20.00
£4,301 - £33,000	B	60.00
£33,001 - £87,000	C	80.00
£87,001 - £125,000	D	100.00
£125,001 and over	E	120.00

Exceptionally Large Events

A fee structure also exists for exceptionally large events starting at a capacity of 5,000 people. Please contact the Licensing Authority for details of these.

Personal Licences, Temporary Events and Other Fees

	Fee 2020/21 £
Statutory – Additional Fees are as follows :	
Occasion on which Fee payable	
Personal Licence	37.00
Minor Variations	89.00
Temporary Event Notice	21.00
Application for copy of Licence or summary on theft, loss etc. of Premises Licence or summary	10.50
Notification of change of name or address	10.50
Applications to vary – to specify Individuals as premises supervisor	23.00
Application to transfer Premises Licence	23.00
The removal of conditions for community premises	23.00
Interim Authority Notice	23.00
Application for making a Provisional Statement	195.00
Application for copy of certificate or summary on theft, loss etc. of certificate or summary	10.50
Notification of change of name or alteration of club rules	10.50
Change of relevant registered address of club	10.50
Application for copy of licence on theft, loss etc. of temporary event notices	10.50
Application for copy of licence on theft, loss etc. of personal licence	10.50
Right of freeholder etc. to be notified of licensing matters	21.00

Exemptions

Applications for premises licences or club certificates which relate to the provision of regulated entertainment only and the application is from the following then NO FEES are payable, but applications must still be made:

An educational institution which is a school or college and the entertainment is carried on by the educational institution for and on behalf of the purposes of the educational institution.

OR

That the application is in respect of premises that are or form part of a church hall, chapel hall, or similar building or village hall, parish hall or community hall or other similar building.

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Discretionary – Other Licences and Fees				
Skin Piercers	Premises	90.00	95.00	5.6
Skin Piercers	Persons	75.00	80.00	6.6
Street Trading Consent	12 months	1,850.00	1,900.00	2.7
Street Trading Consent	6 months	1,020.00	1,050.00	2.9
Street Trading Consent	3 months	560.00		
Street Trading - Tables and Chairs	New	300.00	300.00	NIL
Street Trading - Tables and Chairs	Renewal	185.00	185.00	NIL
Dangerous Wild Animal Licences	All initial applications and subsequent renewals where appropriate will also include vets' fees in addition to the charges listed	140.00	150.00	7.1
Riding Establishment Licences Initial registration/ renewal/variation –per horse	All initial applications and subsequent renewals where appropriate will also include vets' fees in addition to the charges listed	42.00	44.00	4.8
Animal Boarding Establishment Licences	All initial applications and subsequent renewals where appropriate will also include vets' fees in addition to the charges listed	170.00	170.00	NIL
Home (Domestic) Animal Boarding Establishment Licences		125.00	130.00	4.0
Home Boarding Fee Franchise (including Day Care for Dogs)	Dog Boarding Franchise	150.00	160.00	6.7
	Additional Dog Boarding Franchise property applied for	50.00	53.00	6.0
Pet Shop Licences	All initial applications and subsequent renewals where appropriate will also include vets' fees in addition to the charges listed	125.00	130.00	4.0
Dog Breeders Licence	All initial applications and subsequent renewals where appropriate will also include vets' fees in addition to the charges listed	180.00	190.00	5.6
Zoo: Initial Application (valid for 4 years)	All initial applications and subsequent renewals where appropriate will also include vets' fees in addition to the charges listed	1,900.00	2,000.00	5.3
Zoo: Renewal (valid for 6 years)	All initial applications and subsequent renewals where appropriate will also include vets' fees in addition to the charges listed	1,900.00	2,000.00	5.3
Sex Shops/Establishments	Initial Fee	1,900.00	2,000.00	5.3
Sex Shop/Establishment	Renewal Fee	1,900.00	2,000.00	5.3
Scrap Metal Dealer	New Application	260.00	260.00	NIL
Scrap Metal Dealer	Application Renewal	145.00	145.00	NIL
Mobile Collector	New Application	145.00	145.00	NIL
Mobile Collector	Application Renewal	105.00	105.00	NIL

Variation of Licence		138.00	138.00	NIL
Replacement Licence		23.00	23.00	NIL
Advice to commercial premises	Charge per hour or part thereof	47.00	47.00	NIL

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Discretionary – Hackney Carriage and Private Hire Licences				
Vehicle Licence				
Hackney Carriage		185.00	185.00	NIL
Private Hire		185.00	185.00	NIL
Transfer of Licence	(Note 1)	185.00	185.00	NIL
Temporary Transfer	(Note 2,3)	185.00	185.00	NIL
Operator's Licence				
Private Hire Operators Licence	1 year	185.00	185.00	NIL
Private Hire Operators Licence	3 years	455.00	455.00	NIL
Private Hire Operators Licence	5 years	825.00	825.00	NIL
Driver's Licence				
Hackney Carriage Drivers Licence	1 Year	60.00	60.00	NIL
Hackney Carriage Drivers Licence	3 Years	155.00	155.00	NIL
Private Hire Drivers Licence	1 Year	60.00	60.00	NIL
Private Hire Drivers Licence	3 Years	155.00	155.00	NIL
Dual Drivers Licence	1 Year	85.00	85.00	NIL
Dual Drivers Licence	3 Years	200.00	200.00	NIL
DVLA Drivers' Licence check	Free on-line			
Failure to attend appointment		34.00	34.00	NIL
Replacement Licence		10.50	10.50	NIL
Transfer of Ownership	(Note 1)	25.00	25.00	NIL
Knowledge Test				
Per Test		50.00		
Driver's Badge				
Issue and Replacement	Inclusive of VAT	18.00	18.00	NIL
Vehicles				
Replacement plates and fixings	Inclusive of VAT	22.00	22.00	NIL
Replacement brackets		15.00	15.00	NIL
Interior windscreen plate		23.00	23.00	NIL

Other	
Disclosure and Barring Service Fee	Actual Cost
Medical Consultation	Actual Cost
<p>Notes</p> <ol style="list-style-type: none"> 1. This charge has been set at a level to cover the cost of administering transfers. Transfers will only be permitted in March and April in exceptional circumstances. Transfers, in months other than March and April, will be charged at 50%. 2. This charge covers the cost of temporary transfers due to the use of loan cars for insurance purposes. 3. This charge has been set at a level to cover the cost of administering transfers. 	



MARKETS AND TOWN CENTRE

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Fareham Market Inclusive of VAT				
Signed on pitch fee	Per foot, minimum of 15ft, maximum of 50ft	2.00	2.00	NIL
Casual pitch fee	Per foot, minimum of 15ft, maximum of 50ft	2.50	2.50	NIL
Additional Markets	Per foot, minimum of 15ft, maximum of 50ft	1.00	1.00	NIL
Portchester Market Not currently subject to VAT				
Signed on pitch fee	Per foot, minimum of 15ft, maximum of 50ft	1.00	1.00	NIL
Casual pitch fee	Per foot, minimum of 15ft, maximum of 50ft	1.50	1.50	NIL
Fareham Town Centre Charges Inclusive of VAT				
Flower Basket	Per Basket, supply, install and maintenance	36.00	36.00	NIL
Pitch Hire Standard Pitch	up to 10ft or 3.05 m	35.00	35.00	NIL
Pitch Hire Larger Pitch & Podium	up to 20ft or 6.1m	70.00	70.00	NIL
Pitch Hire	Direct booking non-profit organisation	0.00	0.00	NIL
Commercial Exhibitions Saturdays	Up to 40ft or 12.19m	210.00	210.00	NIL
Commercial Exhibitions All other dates	Up to 40ft or 12.19m	150.00	150.00	NIL



PARKING CHARGES

The charges shown are inclusive of VAT

Shopping Centre Multi-Storey Car Parks	Current Fee
Fareham Shopping Centre and Osborn Road	
Monday – Saturday Standard hourly rates apply between 8am and 6pm	£1.00 per hour to a maximum of 10 hours
Sunday & Bank Holiday Standard hourly rates apply between 10.30am and 4pm	£1.00 per hour to a maximum of 6 hours

Inner Shopping Centre Car Parks	Current Fee
Ferneham Hall; Civic Way North & South; Palmerston Avenue; Civic Offices (Sat/Sun Only)	
Monday – Saturday Standard hourly rates apply between 8am and 6pm	£1.00 per hour to a maximum of 10 hours
Sunday & Bank Holiday Standard hourly rates apply between 10.30am and 4pm	£1.00 per hour to a maximum of 6 hours

Market Quay	Current Fee
Monday – Saturday Standard hourly rates apply between 8am and 6pm	£1.50 per hour to a maximum of 10 hours
Sunday & Bank Holiday Standard hourly rates apply between 10.30am and 4pm	£1.50 per hour to a maximum of 6 hours

Outer Shopping Centre Car Parks	Current Fee
Bath Lane; Holy Trinity Church; Lysses; Malthouse Lane; Osborn Road West; Trinity Street; Youth Centre	
Monday – Saturday Standard hourly rates apply between 8am and 6pm	£0.70 per hour with a maximum charge of £3.50 per day
Sunday & Bank Holiday	No Charge

Flexible Season Tickets for use in any outer shopping centre car park	1 Day £	2 Days £	3 Days £	4 Days £	Weekly £
Full Day					
One Month	13.00	30.00	50.00	60.00	70.00
Quarterly	35.00	80.00	110.00	150.00	170.00
Half Yearly	65.00	140.00	200.00	270.00	300.00
Annual	110.00	230.00	340.00	470.00	520.00

Half Day (up to 5 hours)					
One Month	10.00	20.00	30.00	40.00	45.00
Quarterly	20.00	50.00	70.00	90.00	100.00

Half Yearly	40.00	80.00	120.00	160.00	180.00
Annual	70.00	140.00	200.00	280.00	310.00

Penalty Charge Notices(not subject to VAT)	Current Fee
Higher Level Charge – (Note 1 and 3)	£70.00
Lower Level Charge – (Note 2 and 3)	£50.00

Notes

1. Higher level charge relates to those contraventions which prohibit e.g. parking on double yellow lines or single lines during a prohibited period, or parked in a marked disabled bay without displaying a blue badge.
2. Lower level charges relate to those contraventions which occur, for example, short overstay of the prescribed period on street or parking in an off street location without displaying a valid pay and display ticket/permit.
3. The charges are reduced by 50% provided payment is made within 14 days of issue. A surcharge of 50% will be added if paid more than 28 days from issue of Notice to Owner.



PLANNING FEES

The majority of Planning Fees are set by central government and are updated from time to time. The current fees apply from 17 January 2018 and can be found on planningportal.co.uk or the fee will calculate when you fill in your application online.

Alternatively the current fees are available on application to the Head of Development Management.

The following fees are discretionary

Planning Advice	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Inclusive of VAT				
Detailing evidence of conditions and legal agreements – admin charge			60.00	NEW
Pre planning advice per hour			TBC	NEW
Performance agreements premium			TBC	NEW



PUBLIC PROTECTION

	Notes	Fee 2019/20£	Fee 2020/21 £	% Increase
Dog Control				
Collection of Strays (An additional £25 will be added to this fee where the same dog is found straying, leading to seizure, more than once in any 3 month period)	Statutory Charge Not subject to VAT	25.00	25.00	NIL
Dog Kennelling fees	Per dog up to 7 days Not subject to VAT	110.00	115.00	4.6
Private home check visit	Inclusive of VAT	32.00	34.00	6.3
Housing Act Enforcement charges are not currently subject to VAT				
Private Sector Housing - Housing Act 2004 Enforcement Notices	Charge to be actual cost to the Council up to and including service of Notice			
Inspection and/or sampling of private water supplies/distribution networks	Charge to be actual cost to the Council			
Out of Hours Service	Charge to be actual cost to the Council			
Immigration Service Assessment of Premises Condition	Inclusive of VAT	115.00	115.00	NIL
Licensing of Houses in Multiple Occupancy				
5 people	Not subject to VAT	840.00	840.00	NIL
6 – 10 people	Not subject to VAT	1,050.00	1,050.00	NIL
11 – 15 people	Not subject to VAT	1,260.00	1,260.00	NIL
16 – 20 people	Not subject to VAT	1,470.00	1,470.00	NIL
More than 20 people	Not subject to VAT	1,680.00	1,680.00	NIL

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Food Safety				
Export Health Certificates		86.00	90.00	4.7
Issue of Certificate for Unsound Food	Certificate required in support of insurance claims even though the food, due to its condition, would not be marketable or usable.	210.00	220.00	4.8
Transportation of Unsound Food (Charges are inclusive of VAT)				
First hour (min 1 hour)	Plus disposal of unsound food.	150.00	155.00	3.3
Subsequent whole hours	Plus disposal of unsound food.	75.00	80.00	6.7
Transport and disposal	Charged at cost to the Council			
Charges for training courses available on application to the Head of Environmental Health				
Pest Control				
Domestic and Commercial Premises charges include materials and are also inclusive of VAT				
For Persons in Receipt of one or more of the following benefits the treatment is offered at a concession charge:-				
<ul style="list-style-type: none"> • Income-based Jobseeker's Allowance • Income-related Employment and Support Allowance • Income Support • Pension Credit (Guarantee) • Universal Credit (maximum award) 				
Pest Control - Domestic Concession Charges				
Fleas, Bed Bugs and unknown infestations	Visit and Quotation	0.00	12.00	NEW
All other insects (including wasps)		0.00	20.00	NEW
Rodents		0.00	25.00	NEW
Pest Control – Domestic Full Charges				
Fleas, Bed Bugs and unknown infestations	Visit and Quotation	32.00	36.00	12.5
All other insects (including wasps)		73.00	60.00	-17.8
Rodents		63.00	70.00	11.1
Pest Control - Commercial Premises Charges				
Rodents and insects	first 15 minutes	80.00	85.00	6.3
Rodents and insects	each additional 15 minutes or part thereof	18.00	20.00	11.1
CCTV				

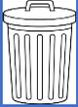
Access to CCTV footage	Inclusive of VAT	80.00	84.00	5.0
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Pollution Reduction – Environmental Protection Act 1990				
Charges available on application to the Head of Environmental Health				
Out of hours service charges based on actual cost to the Council				
Local Authority Environmental Permit – Part B				
LAPPC Charges not subject to VAT				
Type of charge	Type of process	2020/21 Fee		
Application Fee	Standard process (includes solvent emission activities)	£1,579		
	Additional fee for operating without a permit	£1,137		
	PVRI, SWOBs and Dry Cleaners	£148		
	PVR I & II combined	£246		
	VRs and other Reduced Fee Activities	£346		
	Reduced fee activities: Additional fee for operating without a permit	£68		
	Mobile plant**	£1,579		
	for the third to seventh applications	£943		
	for the eighth and subsequent applications	£477		
	Where an application for any of the above is for a combined Part B and waste application, add an extra £297 to the above amounts			
Annual Subsistence Charge	Standard process Low	£739 (+£99)*		
	Standard process Medium	£1,111(+£149)*		
	Standard process High	£1672 (+£198)*		
	PVRI, SWOBs and Dry Cleaners L/M/H	£76	£151	£227
	PVR I & II combined L/M/H	£108	£216	£326
	VRs and other Reduced Fees L/M/H	£218	£349	£524
	Mobile plant, for first and second permits L/M/H**	£618	£989	£1,484
	for the third to seventh permits L/M/H	£368	£590	£884
	eighth and subsequent permits L/M/H	£189	£302	£453
	Late payment Fee	£50		
	* The additional amounts in brackets must be charges where a permit is for a combined Part B and waste installation			
Where a Part B installation is subject to reporting under the E-PRTR Regulation add an extra £99 to the above amounts.				

Pollution Reduction – Environmental Protection Act 1990		
Charges available on application to the Head of Environmental Health		
Out of hours service charges based on actual cost to the Council		
Local Authority Environmental Permit – Part B		
LAPPC Charges for 2014/15 onwards not subject to VAT		
Type of charge	Type of process	2014/15 Fee
Transfer and Surrender	Standard process transfer	£162
	Standard process partial transfer	£476
	New operator at low risk reduced fee activity (extra one-off subsistence charge - see Art 15(2) of charging scheme)	£75
	Surrender: all Part B activities	£0
	Reduced fee activities: transfer	£0
	Reduced fee activities: partial transfer	£45
Temporary transfer for mobiles	First transfer	£51
	Repeat following enforcement or warning	£51
Substantial change	Standard process	£1,005
	Standard process where the substantial change results in a new PPC activity	£1,579
	Reduced fee activities	£98

** Not using simplified permits

Local Authority Environmental Permit – Part B				
LAPPC mobile plant charges for 2014/15 onwards (not using simplified permits) not subject to VAT				
Number of permits	Application fee 2014/15	Subsistence fee 2014/15		
		Low	Med	High
1	£1579	£618	£989	£1,484
2	£1579	£618	£989	£1,484
3	£943	£368	£590	£884
4	£943	£368	£590	£884
5	£943	£368	£590	£884
6	£943	£368	£590	£884
7	£943	£368	£590	£884
8 and over	£477	£189	£302	£453



WASTE COLLECTION AND DISPOSAL

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Abandoned Vehicles Refuse Disposal (Amenity) Act 1978				
The charges shown are currently not subject to VAT				
Removal of vehicle from motorway	Statutory Charge	150.00	150.00	Nil
Removal of vehicle from elsewhere	Statutory Charge	150.00	150.00	Nil
Storage (per 24 hours or part)		27.00	28.00	3.70
Disposal		68.00	72.00	5.88
Domestic Bulky Waste				
The charges shown are currently not subject to VAT				
Single Item		39.00	40.00	2.56
Two Small Items		0.00	60.00	New Charge
Half Load		86.00	90.00	4.65
Full Load		152.00	160.00	5.26
Trade Waste				
Trade waste charges for both residual and recycling are available on application to the Trade Waste team. Charges made for waste collected outside the borough of Fareham will be subject to standard rated VAT.				
Domestic Garden Waste Collection				
The charges shown are currently not subject to VAT				
First Sack	Free of charge - £5.00 Delivery Fee			
Roll of 25 single use sacks	Subsequent sacks	28.00	40.00	42.9
Roll of 5 single use sacks	Subsequent sacks	6.50	10.00	53.8
Domestic Waste and Recycling - Developers (inclusive of VAT)				
The charges shown are for new and replacement bins				
240 litre (standard bin for individual houses) Refuse / Recycling		38.40	45.00	17.2
340 litre (communal bin only permitted for flats) Refuse / Recycling		64.00	70.00	9.4
1100 litre (large communal bin, only permitted for flats) Refuse		404.60	430.00	6.3
Domestic Waste and Recycling - Residents (not subject to VAT)				
The charges shown are for new and replacement bins				
240 litre (standard bin for individual houses) Refuse / Recycling		32.00	34.00	6.3



SPORTS AND LEISURE

Outdoor Sport and Recreation

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Sports Pitches, Facilities, Recreation Grounds and Open Spaces				
Football, Rugby and Hockey, casual games per match - (Notes 1 and 2)				
Senior	Per match	83.00	88.00	6.02
Junior	Under 18	33.00	34.50	4.55
Mini Soccer	Per match	22.00	23.00	4.55
Mini Soccer	Per half day pitch	45.00	47.00	4.44
Training Sessions – 2 hours	Juniors half charge	48.00	50.00	4.17
Football Tournament (Note 1)				
Football Tournament	Per tournament	330.00	346.00	4.85
Cricket, casual games per match - (Notes 1 and 2)				
Senior	Per match	88.00	92.00	4.55
Junior	Under 18	32.00	34.00	6.25
Evening games	Senior	71.00	75.00	5.63
Evening games	Junior	29.00	30.00	3.45
Tennis Courts – per court, per hour – (Notes 1 and 3)				
Senior		10.30	10.80	4.85
Junior	Under 18	4.60	4.80	4.35
Notes				
1. Fees inclusive of VAT unless exemption conditions as set out in the General Notes on page 1 are met.				
2. Clubs not resident in Borough pay double casual rate.				
3. Tennis Clubs are required to make suitable arrangements for public use of courts outside the times required by clubs				

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Sports Pitches, Facilities, Recreation Grounds and Open Spaces				
Bowls – Seasonal Charges - (Note 1)				
Fareham Bowling Club	6 rinks & clubhouse	6,700.00	7,035.00	5.00
Crofton Community Association	6 rinks & clubhouse	6,700.00	7,035.00	5.00
Bowls – Fees - (Note 2)				
Green Fees		5.25	5.50	4.76
Hire of Woods		2.00	2.10	5.00
Hire of shoes	Not applicable at Portchester or Priory Park	2.00	2.10	5.00
Notes				
1. Public to have use of at least one rink at each green				
2. Retained by clubs. Max charge per player per hour				
Sports Pitches, Facilities, Recreation Grounds and Open Spaces				
Miscellaneous Charges				
Hire of council land for events	Note 2			
Charitable hiring	Note 3	92.00	97.00	5.43
Use of changing facilities	Note 1	47.00	49.00	4.26
Rounders	Note 1	81.00	85.00	4.94
Notes				
1. Fees inclusive of VAT unless exemption conditions as set out in the General Notes on page 1 are met.				
2. At a rate to be determined by the Head of Streetscene on an individual basis proportionate to the estimated income derived from the event. This could include damage deposit.				
3. Charge can be waived at the discretion of the Head of Streetscene.				

MISCELLANEOUS CHARGES

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Letting of Council Chamber and Committee Rooms				
Collingwood Room	Per hour	70.00	75.00	7.1
Pulheim Room	Per hour	27.00	30.00	11.1
Vannes Room	Per hour	27.00	30.00	11.1
Council Chamber	Per Hour	115.00	120.00	4.3
Conference Room A and B (Floor 8)	Per Hour	22.00	23.00	4.5
Notes				
<ol style="list-style-type: none"> Commercial Organisations only. The hourly charges for room hire below apply when the building is already in use for Council business and are currently exempt from VAT. Additional charges may be levied to recover the cost of preparing rooms, moving furniture, the use of equipment, etc. These charges would be subject to VAT. The following additional charges, to be added when the building is not being used for Council business, after 6.30 pm - per hour £70.00 plus VAT. 				
Printing and Copying				
Charges are available on application to the Director of Support Services.				
General Charges				
Responding to solicitors/consultants enquiries	Inclusive of VAT - Per Question	80.00	85.00	6.25
Responding to other detailed enquiries	At the discretion of the Direction of Planning and Regeneration			
Copies of Statutory Register		80.00	85.00	6.25
Attendance at court as a witness	Charge based on the cost to the Council			
Sponsorship of Roundabouts – subject to VAT				
Agreeing form of works and supervision as agreed with the sponsor, subject to no additional cost to the Council.				

FAREHAM

BOROUGH COUNCIL

Report to Policy and Resources Scrutiny Panel

Date 14 January 2020
Report of: Deputy Chief Executive Officer
Subject: CAPITAL PROGRAMME AND CAPITAL STRATEGY 2020-21

SUMMARY

The Policy and Resources Scrutiny Panel is asked to consider and review the Executive's proposals for the Capital Strategy and overall capital programme for 2020/21. The Deputy Chief Executive Officer will refer any proposals or comments of the Panel to the Executive meeting on 3 February 2020.

RECOMMENDATION

That any proposals or comments of the Panel be referred to the Executive at its meeting on 3 February 2020.

Enquiries:

For further information on this report please contact Caroline Hancock. (Ext 4589)

APPENDICES:

Appendix A: Report to Executive meeting on 6 January 2020 – Capital Programme and Capital Strategy 2020/21

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 06 January 2020

Portfolio:	Policy and Resources
Subject:	Capital Programme and Capital Strategy 2020/21
Report of:	Deputy Chief Executive and Section 151 Officer
Corporate Priorities:	A dynamic, prudent and progressive Council

Purpose:

This report considers the Capital Strategy for 2020/21, prior to its submission to the Council for approval.

Executive summary:

Regulations require the Council to prepare and formally approve a Capital Strategy. The document for 2020/21 is attached as Appendix A to this report for consideration by the Executive before being submitted to Council for approval.

The Capital Strategy gives a high-level overview of how capital expenditure, capital financing, asset management and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The main highlights in the Capital Strategy are:

- i) The level of capital expenditure estimated for 2020/21 is £31.8 million. The current estimate is that £11.9 million of this will be met by new borrowing.
- ii) A high-level review of future funding requirements has identified a capital funding requirement of £196 million.
- iii) The Council's commercial property portfolio has an estimated value of £69.9 million.

A separate report proposing the Treasury Management Strategy and Investment Strategy for 2020/21 will be presented at the February meeting of the Executive.

Recommendation:

It is recommended that the Executive:

- (a) endorses the draft Capital Strategy for 2020/21, attached as Appendix A to this report;
- (b) approves the capital programme for the period 2019/20 to 2023/24, amounting to £92.5 million as set out in Annex 1 of the Capital Strategy; and
- (c) agrees to submit the Capital Strategy for 2020/21 to Council for approval.

Reason:

To allow the Council to approve the Capital Strategy in accordance with the Prudential Code.

Cost of proposals:

As detailed in the report.

Appendices: **A:** Capital Strategy 2020/21 (including 5-year capital programme as Annex 1)

Background papers: None

Reference papers:

CIPFA Prudential Code 2017

Arlingclose Capital Strategy 2020-21 Template

Report to the Executive 4 February 2019, Treasury Management Strategy & Capital Strategy 2019/20

FAREHAM

BOROUGH COUNCIL

CAPITAL STRATEGY 2020/21



CONTENTS

INTRODUCTION	3
CAPITAL EXPENDITURE	4
CAPITAL FINANCING	7
ASSET MANAGEMENT	10
TREASURY MANAGEMENT	11

INTRODUCTION

WHAT IS THE CAPITAL STRATEGY?

1. The Capital Strategy has been developed to meet the requirements of the CIPFA Prudential Code.
2. It gives a high-level overview of how **capital expenditure, capital financing, asset management and treasury management** activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
3. Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future.
4. The Capital Strategy covers:



5. The capital strategy compliments other Council strategies, including those in the diagram below:



PRUDENTIAL INDICATORS

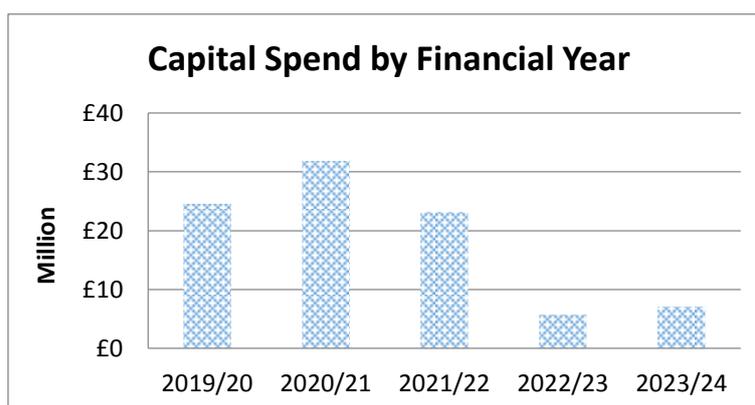
6. The objectives of the CIPFA Prudential Code aim to ensure that capital investment plans are **affordable, prudent and sustainable**, and that treasury decisions are taken in accordance with good professional practice.
7. To achieve these objectives, five prudential indicators are included in the capital strategy:
 - Prudential Indicator 1 - Estimates of capital expenditure and financing
 - Prudential Indicator 2 - The Council's borrowing need
 - Prudential Indicator 3 - Gross debt and the capital financing requirement
 - Prudential Indicator 4 - Limits to borrowing activity
 - Prudential Indicator 5 - Proportion of financing costs to net revenue stream

CAPITAL EXPENDITURE

8. Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this also includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
9. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to the revenue account in year.

ESTIMATES OF CAPITAL EXPENDITURE

10. The Council agrees a rolling five-year capital programme each year consistent with the Medium-Term Finance Strategy and the resources available, along with any impact on the revenue budgets.
11. The capital programme for the period 2019/20 to 2023/24 has been updated to take account of re-phased schemes and newly approved schemes such as the new Community Arts and Entertainment Venue and investment property opportunities which has led to an overall increase in the capital programme.
12. The programme also includes a £190,000 investment into the Council's ageing technological infrastructure in its car parks supporting an improved user experience. In addition, two new play areas have been added at Abbey Meadows and Daedalus Common. Both schemes will cost £100,000 each and will be fully funded by developer contributions.
13. Total capital expenditure is one of the risk indicators required by the Prudential Code. The Council is planning capital expenditure of £92.5 million in the 5-year capital programme as summarised below (detailed schemes are in **Annex 1**):



Prudential Indicator 1 - Estimates of Capital Expenditure

Capital Expenditure	2019/20 Revised £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	Total £'000
Streetscene	276	0	0	0	453	729
Leisure and Community	767	12,289	6,106	429	480	20,071
Housing	757	750	500	500	541	3,048
Planning and Development	0	295	70	215	0	580
Policy and Resources	15,449	11,663	11,040	416	400	38,968
Total General Fund	17,249	24,997	17,716	1,560	1,874	63,396
HRA	7,362	6,846	5,450	4,239	5,251	29,148
Total Expenditure	24,611	31,843	23,166	5,799	7,125	92,544

MAJOR CAPITAL SCHEMES

14. The major General Fund capital schemes include commercial property acquisitions, the new Fareham Community Arts and Entertainment Venue and schemes at Solent Airport at Daedalus.
15. The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of 23 new homes at Highlands Road and Bridge Road, totalling £4.6 million over the forecast period and a £2.8 million sheltered housing scheme at Station Road.
16. Major schemes over £3 million are summarised in the table below:

Major Schemes	£'000
Commercial Property Acquisitions	14,025
New Fareham Arts Venue	12,350
Solent Airport at Daedalus	9,428
HRA Improvements	9,271
Town Centre Hotel	8,035
HRA New Builds	7,566
HRA Stock Acquisitions	6,900
Leisure Centres Capital Investment	6,810
Asset Replacement Programme (ICT, Vehicles etc.)	3,895
Civic Offices Improvements	3,765
Disabled Facilities Grants	3,007

GOVERNANCE AND PRIORITIES

17. Capital programme expenditure is monitored through monthly officer monitoring reports and half-yearly and annual outturn reports to the Executive.
18. All new potential capital schemes will only be considered if they make a clear contribution to the Council's objectives and priority actions or support the Council's Asset Management Plan.
19. The following factors need to be considered before a decision is made to include a new scheme in the capital programme:
 - On-going operational costs associated with the scheme;
 - Whole life costing implications of the scheme;
 - Cost of servicing the debt if the scheme is financed by borrowing;
 - Loss of investment interest if internal resources are used.

20. Where new capital schemes are included in the capital programme there will be a need to ensure that the necessary resources are in place to meet the full capital costs and the on-going revenue costs.
21. Efforts will be made to secure external (non-borrowing) sources of funding capital schemes. Internal capital resources will only be released to fund schemes once external sources of funding (such as developers' contributions, lottery grants, etc.) have been explored and rejected.
22. Capital schemes will normally be financed by use of capital reserves or external contributions. Borrowing will only be considered where there is a sound economic business case (e.g. for spend to save schemes) whereby borrowing costs are wholly offset by long term net revenue income or savings.
23. Resources allocated to particular capital projects but subsequently not required are returned to meet future corporate priorities rather than be retained for use by that service.
24. To ensure the Council is able to meet the financial challenges ahead, priority is given to the following:
 - Corporate priorities;
 - Providing for future liabilities;
 - Maintaining and protecting public assets;
 - Investing in the future by ensuring assets are sustainable, encourage economic growth and regeneration, and meet the needs of the community.
25. This is achieved by:
 - Building up finances for the future, such as the allocation of windfall income to the Capital Fund Account;
 - Maximising external funding opportunities to reduce the reliance on internal resources;
 - Effective project planning and management to ensure schemes are completed on time and within budget.

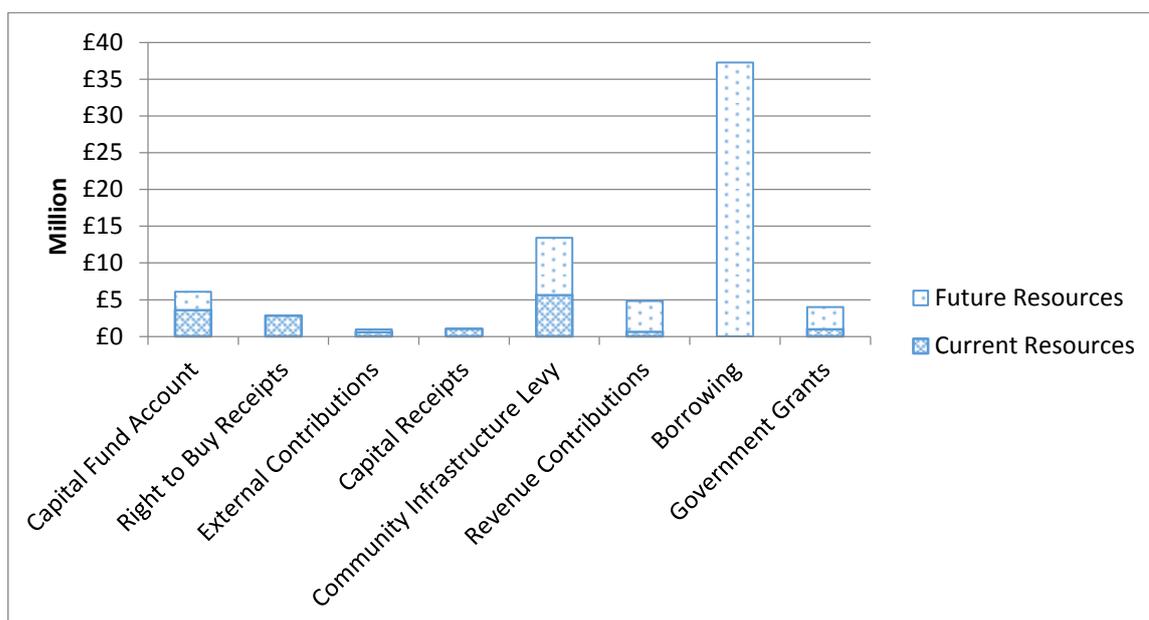
CAPITAL FINANCING

26. All capital expenditure must be financed, either from **external sources** (government grants and other contributions), the Council's **own resources** (revenue, reserves and capital receipts) or **debt** (borrowing and leases).
27. The planned financing of the above expenditure is as follows:

Prudential Indicator 1 - Estimates of Financing

Capital Financing	2019/20 Revised £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	Total £'000
Capital Receipts	450	1,383	1,323	371	600	4,127
Grants & Contributions	2,950	8,209	6,806	929	953	19,847
Capital Reserves	5,229	8,190	3,550	3,139	3,252	23,360
Revenue	1,693	2,157	907	1,401	1,800	7,958
Borrowing	14,289	11,903	10,580	0	480	37,252
Total Financing	24,611	31,842	23,166	5,840	7,085	92,544

28. For the General Fund, total resources of **£70.3 million** are estimated to be available over the life of the capital programme and therefore there should be a surplus of approximately £6.9 million in 2023/24.
29. The chart below shows the different funding types split between current and future resources. Borrowing is the largest funding source financing 53% of the programme.



30. The forecast surplus of resources is limited and relies partly on resources that have not yet been secured (such as future capital receipts and grants as well as continued revenue contributions towards capital investment), totalling £18 million.
31. In the event that these resources do not materialise, other funding options will need to be investigated including borrowing, reliance on external funding or the programme scaled back.

- 32. It must also be borne in mind that the implications of some of the Council’s priority actions and emerging capital spending pressures have not yet been quantified. Costs associated with approved schemes also remain provisional until tenders have been received.
- 33. Spending pressures in this respect include repair and refurbishment or replacement works to Council assets (for example, community and leisure facilities, public conveniences, car parks etc.) that have yet to be added to the capital programme.

DEBT AND MRP

- 34. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually by putting aside revenue resources to repay debt which is known as **Minimum Revenue Provision (MRP)**. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

	2019/20 Revised £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Minimum Revenue Provision	807	1,327	1,365	1,404	1,444
Future Capital Receipts	916	1,639	916	916	916

- 35. Borrowing costs (MRP and interest charges) for schemes funded by debt will be covered by revenue generating assets.
- 36. The MRP budget provision reflects the capital costs relating to commercial property purchases, and construction works at Solent Airport at Daedalus including the Innovation Centre extension and new general aviation and business hangars.
- 37. The Council’s full MRP statement is available in the Council’s Treasury Management Strategy.
- 38. The Council’s cumulative outstanding amount of debt finance is referred to as the **Capital Financing Requirement (CFR)** and is another prudential indicator. The CFR increases with new debt-financed capital expenditure and reduces when MRP and capital receipts are used to replace debt.

- 39. The CFR indicator is a measure of the Council's underlying need to borrow for a capital purpose taken from the balance sheet. This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits.
- 40. The CFR is expected to increase by £10.6 million during 2020/21 mainly due to capital expenditure at Solent Airport at Daedalus and improvement works at the Council's leisure centres funded by debt. The Council's estimated CFR is as follows:

Prudential Indicator 2 - The Council's borrowing need

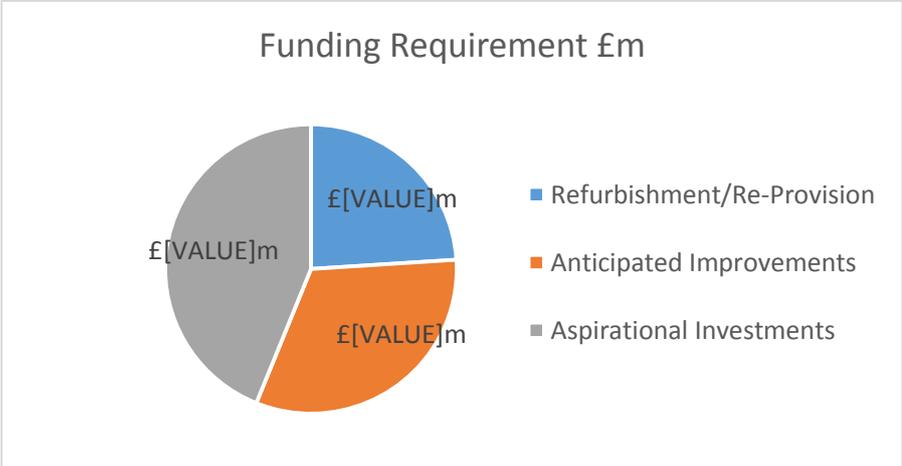
£'000	2019/20 Revised £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
General Fund	52,864	63,440	72,655	71,251	70,287
HRA	51,141	51,141	51,141	51,141	51,141
Total CFR	104,005	114,581	123,796	122,392	121,428

ASSET MANAGEMENT

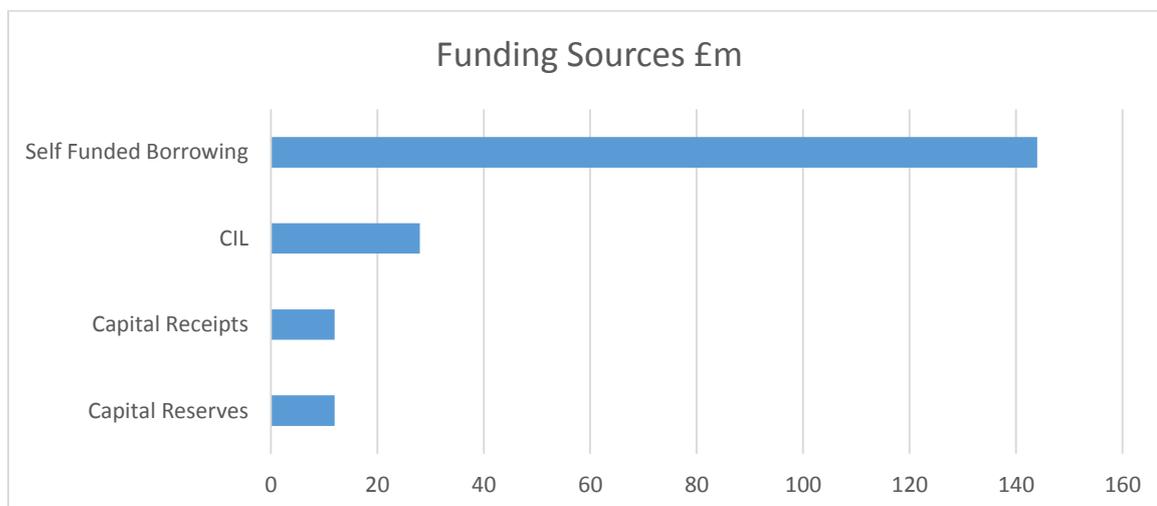
- 41. One of the Council's corporate priorities is 'a dynamic, prudent and progressive Council' and aims to 'undertake a major review of all Council owned land and buildings to ensure that we are making the best use of our assets'.

FUTURE FUNDING REQUIREMENTS

- 42. To ensure that capital assets continue to be of long-term use, the Council has recently undertaken a high-level review of the future funding requirements for its land and buildings, excluding Council dwellings. This review covers a 30-year time frame and has identified a capital funding requirement **of £196 million** for refurbishing/re-provisioning existing assets, improving existing assets and aspirational investments as shown in the chart below:



43. The main funding source is self-funded borrowing supported by capital receipts, capital reserves and the community infrastructure levy, as illustrated in the following graph:



44. The high-level review has identified a substantial capital funding requirement. The Council will put in place a Council-wide plan which will set out the overall direction and framework for the management of its assets to help deliver the Council's priority actions and service delivery needs, now and in the future.

ASSET DISPOSALS

45. When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt.
46. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive capital receipts as follows:

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Right to Buy Houses	900	900	900	900	900
Other Housing Property	16	16	16	16	16
General Fund Property	0	723	0	0	0
Total	916	1,639	916	916	916

TREASURY MANAGEMENT

47. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will

be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

48. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
49. At 31 March 2019, the Council had £45.5 million borrowing at an average interest rate of 2.87% and £13.1 million treasury investments at an average rate of 1.7%.
50. The Treasury Management Strategy and Investment Strategy for 2020/21 will be presented separately at the February meeting of the Executive.

BORROWING STRATEGY

51. The Council's main objective when borrowing is to achieve a low but sufficiently certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 3.5 to 4.5%).
52. Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement.

Prudential Indicator 3 - Gross debt and the capital financing requirement

	2019/20 Revised £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Debt at 1 April	62,710	74,710	85,710	85,710	86,710
Capital Financing Requirement (CFR)	104,005	114,581	123,796	122,392	121,428

53. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from the table above, the Council expects to comply with this in the medium term.

AFFORDABLE BORROWING LIMIT

54. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and a lower "operational boundary" set as a warning level should debt approach the limit.

- 55. The operational boundary is based on the Council's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. This is the limit beyond which external borrowing is not normally expected to exceed.
- 56. The authorised limit represents the maximum amount of debt that the Council can legally owe. The limit provides headroom over and above the operational boundary for unusual cash movements.

Prudential Indicator 4 - Limits to Borrowing Activity

£'000	2019/20 Revised	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Operational Boundary	75,000	114,000	143,000	155,000	168,000
Authorised Limit	83,000	122,000	151,000	163,000	176,000

- 57. Further details on borrowing are in the Council’s Treasury Management Strategy.

TREASURY INVESTMENT STRATEGY

- 58. The Council invests its money for three broad purposes:
 - because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and
 - to earn investment income (known as **commercial investments** where this is the main purpose).
- 59. The Council does not currently have service investments.

Treasury Investment Policy

- 60. The Council’s policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss.
- 61. Money that will be held for longer terms is invested more widely, currently in property but could also include bonds and shares, to balance the risk of loss against the risk of receiving returns below inflation.

- 62. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which investments to buy, and the Council may request its money back at short notice.
- 63. Further details on treasury investments are set out in the Council’s Treasury Management Strategy.

Treasury Investment Risk Management

- 64. The effective management and control of risk are prime objectives of the Council’s treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses.

Treasury Investment Governance

- 65. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Deputy Chief Executive Officer and staff, who must act in line with the treasury management strategy approved by Full Council.
- 66. Half-yearly reports on treasury management activity are presented to the Executive. The Audit and Governance Committee is responsible for scrutinising treasury management decisions and therefore is presented with the annual Treasury Management Policy for comment, and a half yearly-report on adherence to this Policy.

COMMERCIAL ACTIVITIES

Commercial Investments Policy

- 67. With central government financial support for local public services declining, the Council invests in commercial property to secure a financial gain. Total commercial investments that have been purchased in accordance with the Council’s Commercial Property Investment Acquisition Strategy are summarised below and are currently valued at **£39.6 million** providing a net return of **6.9%**.

Property Type	Purchase Cost £'000	Current Value £'000
Retail	28,515	26,850
Commercial	10,121	10,650
Other	1,890	2,050
Total	40,526	39,550

68. The Council’s total investment portfolio, shown below, is valued at **£69.9 million** and includes Fareham Shopping Centre, Faretec and industrial sites at Palmerston Business Park and Newgate Lane.

Property Type	Current Value £'000
Retail	42,162
Commercial	18,411
Other	4,373
Office	3,759
Leisure	1,167
Total	69,872

69. With financial return being a key objective, the Council accepts higher risk on commercial investment than with treasury investments. Investing in property is not risk-free, so it is important that any acquisitions reflect the Council’s risk appetite in terms of maintaining the capital value of the asset in the long term, and extent to which rental income is guaranteed.

70. The principal risk exposures include vacancies and the resultant loss of income, added costs of holding a vacant property and cost of marketing and re-letting the property.

71. These risks are managed by ensuring:
- funds available for new purchases are disaggregated to limit the overall impact that any single investment would have on the Council’s finances;
 - there is a mix of property types in the portfolio e.g. retail, industrial, etc.;
 - new purchases are only considered with existing tenants of “high quality” and sufficiently long lease terms;
 - appropriate checks are carried out to ascertain the tenant’s reliability before the investment is made and periodically afterwards;
 - other “due diligence” is undertaken to protect the Councils investment as far as possible such as checks on planning conditions, land contamination issues and planning policy issues.

72. The majority of investments will be held for a medium to long term in order to achieve the required return and to justify the cost of the acquisition. However, as part of the investment decision, consideration is also given to the potential ways in which the Council could “exit” from the investment, such as sale to another investor, sale for redevelopment, etc. An investment only proceeds where there is a clear exit strategy, should it be required.

Commercial Investments Governance

73. The Executive approved a Commercial Property Investment Acquisition Strategy on 7th January 2013.
74. The steps taken before a decision to purchase a property are clearly documented and tested via a challenge process involving the Head of Property Services, Deputy Chief Executive Officer and the Executive portfolio holder for Policy Strategy and Finance.
75. Decisions on commercial investments are made by the Executive in line with the criteria outlined in the Commercial Property Investment Acquisition Strategy.
76. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

LIABILITIES

77. In addition to debt detailed above, the Council is committed to making future payments to cover its **pension fund deficit** (valued at £59.2 million as at 31 March 2019). It has also set aside provisions of £2.7 million mainly to cover **business rate appeals**.
78. Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Deputy Chief Executive Officer. The risk of liabilities crystallising and requiring payment is monitored by Finance and reported as necessary.
79. Further details on liabilities are given in the 2018/19 Statement of Accounts.

REVENUE BUDGET IMPLICATIONS

80. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable.
81. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Prudential Indicator 5 - Proportion of financing costs to net revenue stream

	2019/20 Revised	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
General Fund Financing costs	326,000	573,000	739,000	971,000
General Fund Proportion of net revenue stream	3%	6%	8%	10%
HRA Financing costs	1,681,000	1,681,000	1,681,000	1,681,000
HRA Proportion of net revenue stream	14%	13%	13%	13%

82. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 30 years into the future. The Deputy Chief Executive Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable.

KNOWLEDGE AND SKILLS

83. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council also supports junior staff to study towards relevant professional qualifications including CIPFA.
84. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs **Arlingclose Limited** as treasury management advisers and a number of property consultants. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

CAPITAL PROGRAMME 2019/20 to 2023/24

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000	£'000
STREETSCENE						
Bus Shelters	10.2				309.8	320.0
Holly Hill Cemetery Extension	250.7					250.7
Play Area Safety Equipment and Surface Replacement	14.6				143.6	158.2
STREETSCENE TOTAL	275.5	0.0	0.0	0.0	453.4	728.9
LEISURE AND COMMUNITY						
Buildings						
Community Arts and Entertainment Venue	457.0	5,558.5	6,005.5	329.0		12,350.0
Leisure Centres Capital Investment		6,330.0			480.0	6,810.0
Community Buildings Review	88.4					88.4
Whiteley Community Centre Refurbishment		40.0				40.0
	545.4	11,928.5	6,005.5	329.0	480.0	19,288.4
Play Schemes						
Play Area Improvement Programme	210.0	90.0	100.0	100.0		500.0
Fareham College Play Area		50.0				50.0
Abbey Meadows Play Area		100.0				100.0
Daedalus Common Play Area		100.0				100.0
	210.0	340.0	100.0	100.0	0.0	750.0
Other Community Schemes						
Footpath Improvements	12.1	4.5				16.6
Allotment Improvements		16.3				16.3
	12.1	20.8	0.0	0.0	0.0	32.9
LEISURE AND COMMUNITY TOTAL	767.5	12,289.3	6,105.5	429.0	480.0	20,071.3
HOUSING						
Disabled Facilities Grants	757.0	749.9	500.0	500.0	500.0	3,006.9
Empty Homes Strategy					41.4	41.4
HOUSING TOTAL	757.0	749.9	500.0	500.0	541.4	3,048.3
PLANNING AND DEVELOPMENT						
Car Park Improvements		295.0	70.0	215.0		580.0
PLANNING AND DEVELOPMENT TOTAL	0.0	295.0	70.0	215.0	0.0	580.0
POLICY AND RESOURCES						
Replacement Programmes						
Vehicles and Plant Replacement Programme	280.5	838.0	400.0	400.0	400.0	2,318.5
ICT Development Programme	362.0	748.7	60.0	16.0		1,186.7
	642.5	1,586.7	460.0	416.0	400.0	3,505.2

Operational Buildings						
Civic Offices Improvement Programme	67.0	3,698.0				3,765.0
Depot Refurbishment Works	210.0					210.0
	277.0	3,698.0	0.0	0.0	0.0	3,975.0
Property Developments						
Commercial Property Acquisition	14,025.0					14,025.0
Daedalus Schemes	504.5	6,378.0	2,545.2			9,427.7
Town Centre Hotel			8,035.0			8,035.0
	14,529.5	6,378.0	10,580.2	0.0	0.0	31,487.7
POLICY AND RESOURCES TOTAL	15,449.0	11,662.7	11,040.2	416.0	400.0	38,967.9
GENERAL FUND TOTAL	17,249.0	24,996.9	17,715.7	1,560.0	1,874.8	63,396.4
HOUSING REVENUE ACCOUNT						
Improvements to Existing Stock	2,626.4	2,625.0	3,040.0	3,138.6	3,251.7	14,681.7
Acquisitions	1,500.0	1,200.0	1,100.0	1,100.0	2,000.0	6,900.0
New Builds	3,235.3	3,020.7	1,310.0			7,566.0
HOUSING REVENUE ACCOUNT TOTAL	7,361.7	6,845.7	5,450.0	4,238.6	5,251.7	29,147.7
TOTAL CAPITAL PROGRAMME	24,610.7	31,842.6	23,165.7	5,798.6	7,126.5	92,544.1

FAREHAM

BOROUGH COUNCIL

Report to Policy and Resources Scrutiny Panel

Date 14 January 2020

Report of: Deputy Chief Executive Officer

Subject: HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL PLANS
2020-2021

SUMMARY

The Policy and Resources Scrutiny Panel is asked to consider and review the Executive's proposals for the Housing Revenue Account revenue budget and capital programme for 2020/21. The Deputy Chief Executive Officer will refer any proposals and comments of the Panel to the Executive meeting on 3 February 2020.

RECOMMENDATION

That any proposals or comments of the Panel be referred to the Executive at its meeting on 3 February 2020.

Enquiries:

For further information on this report please contact Caroline Hancock. (Ext 4589)

APPENDICES

Appendix A: Report to Executive meeting on 3 February 2020 – Housing Revenue Account Budget and Capital Plans 2020/2021

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 03 February 2020

Portfolio:	Policy and Resources
Subject:	Housing Revenue Account Budget and Capital Plans 2020/21
Report of:	Deputy Chief Executive
Corporate Priorities:	Providing Housing Choices

Purpose:

This report seeks Executive approval for the revised budget for the Housing Revenue Account for 2019/20, the base budgets and rent increases for 2020/21.

Executive summary:

The Executive recommended, and the Council approved, in February 2019, the base budget and rent increase for 2019/20, for Housing Revenue Account (HRA) services.

This report sets out the Housing Revenue Account revised budget for 2019/20 and base budget for 2020/21 along with the capital programme and financing for the years 2019/20 to 2023/24. The report examines the issues affecting the Housing Revenue Account including rent changes with effect from 1 April 2020.

The Council has adopted a new Affordable Housing Strategy during 2019 and the Stock Condition Survey has been completed. Together, these have informed revisions to the 2020/21 revenue and capital budgets and those for future financial years as part of Business Planning for the Housing Revenue Account.

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

Recommendation/Recommended Option:

It is recommended that the Executive approves and recommends to the meeting of the Council to be held on 28 February 2020 that:

Appendix A

- (a) rents be approved for Council Dwellings as set out in paragraph 18 with effect from 1 April 2020;
- (b) rents for Council garages be increased by 4.0% with effect from 1 April 2020;
- (c) the revised budget for 2019/20 be approved; and
- (d) the base budget for 2020/21 be approved.

Reason:

To allow the Council to approve the Housing Revenue Account budgets for 2020/21.

Cost of proposals:

As detailed in the report.

Appendices:

- A: Capital Programme and Financing**
- B: Examples of Rent**
- C: Fees and Charges**
- D: Detailed Revenue Budgets**

Background papers: None

Reference papers:

- (a) Executive 4 February 2019 – Housing Revenue Account Spending Plans including Capital Programme 2018/19
- (b) Executive 10 July 2019 – General Fund and Housing Revenue Account Outturn 2017/18
- (c) Executive 6 January 2020 – Finance Strategy, Capital Programme, Revenue Budget and Council Tax – Appendix A Medium Term Finance Strategy
- (d) Executive 3 December 2018 – Fareham Housing Development Sites
- (e) Executive 7 October 2019 – Fareham’s Affordable Housing Strategy
- (f) MHCLG - Guidance on Rents for Social Housing February 2019

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	03 February 2020
Subject:	Housing Revenue Account Budget and Capital Plans 2020/21
Briefing by:	Deputy Chief Executive Officer
Portfolio:	Policy and Resources

INTRODUCTION

1. This report brings together the revenue and capital spending plans for the Housing Revenue Account for 2019/20 and 2020/21 for the Executive to consider. On 6 January 2020, the Executive approved the Council's Finance Strategy for 2020/21 and later years. The budget guidelines contained within the Strategy have been used as a basis for the Housing Revenue Account (HRA) spending plans.
2. In October 2019 the Council adopted a new Affordable Housing Strategy. The purpose of the strategy is 'to provide more affordable homes, ensuring they are the right homes in the right places for those in need of affordable housing.' The strategy includes three key objectives :
 - To deliver more affordable homes through the planning system
 - To ensure those homes are the right homes in the right places and that they are truly affordable for those that need them
 - To directly deliver more affordable homes by Registered Providers and Fareham Housing, especially targeting those in greater need
3. A Stock Condition Survey has been completed in 2019 and a new Asset Management System has been commissioned to enable an informed programme of works to be formulated and implemented over the coming years.
4. Together these have informed revisions to the 2020/21 revenue and capital budgets and those for future financial years as part of Business Planning for the HRA.

CAPITAL PROGRAMME

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

Year	£'000
2019/20	7,362
2020/21	6,746
2021/22	5,450
2022/23	4,239
2023/24	5,252
Total	29,049

6. The capital programme was included in the Capital Strategy that was approved at the 6th January Executive.
7. The capital budget for 2019/20 has been reduced by £1,213,000 to reflect a reduction in planned capital works and the correct phasing of construction works at Bridge Road and Highlands Road.
8. The major schemes in 2019/20 and 2020/21 are 5 new houses at 123 Bridge Road, 18 new flats at Highlands Road, 16 new sheltered housing flats at Station Road along with acquisitions of existing houses and improvements to existing stock.
9. The financing of the capital programme is from the Major Repairs Reserve, Revenue Contributions to Capital Outlay, the Capital Housing Development Fund and 1-4-1 Capital Receipts from Right to Buy sales.
10. In addition to these internal resources a grant bid of £1,278,000 has been approved by Homes England in respect of the Highlands Road development (£71,000 per social rented property) and £270,000 in respect of the Bridge Road development (£41,000 per affordable rented property and £75,000 per social rented property).
11. There are currently four further potential development sites as set out in the table below. These have been reported to the Executive and approved in principle for further feasibility and preliminary actions to be undertaken before final schemes are presented for approval.

Site
Assheton Court redevelopment (Portchester) Sheltered housing scheme to provide 60 – 70 sheltered flats
Stubbington Lane (Hill Head) 11 No. one, two and three bed houses for Shared Ownership and Affordable Rent
Coldeast Scout Hut Site (Park Gate) 7 No. one and two bed apartments for Shared Ownership/Starter Homes.
Wynton Way (Fareham North West)

12. Future developed design reports will detail estimated cost and funding arrangements

along with the process toward to appointment of an appropriate contractor. New build Fareham Housing homes could be funded from a combination of the following: -

- a) Capital Development Fund
 - b) Right to Buy initial receipts and Right to Buy 1-4-1 receipts;
 - c) Section 106 monies for the purpose of affordable housing provision; (not combined with Right to Buy 1-4-1 receipts
 - d) Homes England Grant funding (not combined with Right to Buy 1-4-1 receipts); and/or
 - e) Additional borrowing on the Housing Revenue Account.
13. Although the increased opportunity for borrowing to enable future development is positive there needs to be caution highlighted. The additional available funds are borrowing, and any additional debt will need to be serviced without undermining the financial stability of the Council's HRA. Careful consideration of the borrowing implications along with flexibility in how the various funding sources are used will be required.

REVENUE BUDGETS

14. The following table summarises the Housing Revenue Account base and revised budgets for 2019/20, and the base budget for 2020/21. A more detailed breakdown is provided in Appendix D.

	Base Budget 2019/20	Revised Budget 2019/20	Base Budget 2020/21
	£'000	£'000	£'000
HOUSING REVENUE ACCOUNT			
Income	-12,321	-12,388	-12,668
Tenancy Management & Running Costs	2,892	3,155	3,352
Net Interest	1,669	1,681	1,681
Transfer to Debt Repayment Fund	1,140	1,140	1,140
	-6,620	-6,412	-6,495
Revenue Repairs Expenditure	2,705	2,736	2,764
Depreciation set aside into the Major Repairs Reserve	2,538	2,626	2,626
Revenue Contribution to Capital Programme	1,377	1,050	839
Transfer to(-)/from HRA Reserve	0	0	-266

15. The income budget has been revised to include the leaseholder revenue repair service charge. Previously this income was included in revenue repairs and so in presentational terms there is an increase in this area for this financial year. A considered reduction in actual rent income that we will recognise has also been applied as tenant arrears continue to rise that will impact on debt provision adjustments required.
16. Within Tenancy Management and Running Costs along with employment cost increases, budget increases have been made for rising utility costs and an increase in our property insurance premium and increased software costs for the new Housing Systems.
17. The proposed budgets also include a clear set aside of reserves to repay the £49 million housing debt taken on in 2012 when the government changed the national subsidy

scheme to a self-financing scheme. This debt becomes repayable in 35 to 45 years.

18. A summary of all the reserves projected to the end of 2019/20 is set out below:

Reserve	Purpose of Reserve	2018/19 Closing Balance £'000	2019/20 Transfers In £'000	2019/20 Transfers Out £'000	2019/20 Closing Balance £'000
HRA Revenue Reserve	To fund unexpected operating costs	1,302	0	0	1,302
Exceptional Expenditure Reserve	To fund any exceptional demands upon expenditure	1,500	0	0	1,500
Debt Repayment Fund	To repay debt	2,280	1,140	0	3,420
Leaseholder Reserve	To fund major repairs on blocks containing leasehold properties	280	0	0	280
Total Revenue Reserves		5,362	1,140	0	6,502
Major Repairs Reserve	To fund capital expenditure on HRA assets	1,838	2,626	2,626	1,838
Housing Capital Development Fund	To fund new developments	3,391	0	2,225	1,166
1:4:1 Receipts	To fund 30% of costs of new acquisitions	1,613	737	450	1,900
Total Reserves		12,204	4,503	5,301	11,406

RENTS

19. In February 2019, after a consultation exercise, the Government issued a Direction to the Rent Standard 2019 along with a Policy Statement on Rents for Social Housing from 1 April 2020 onwards. This permits annual rent increases on both general needs and sheltered housing properties at social and affordable rent of up to CPI (at September of the previous year) + 1 percentage point from April 2020 for a period of at least five years. This rent charge increase will also continue to apply to shared-ownership properties.
20. Following the annual reductions of 1% that have been applied since April 2016 the Council is now able to increase rents, with CPI being at 1.7% in September 2019 and an increase of 2.7% to be achieved from April 2020.
21. Rents for Council garages are not covered by the Government's direction applying to dwellings. It is therefore proposed that garage rents for 2020/21 increase by 50p per week (4.0%).
22. Examples of proposed rents can be seen in Appendix B and the effect on the total rents collected can be seen in Appendix D.

FEES AND CHARGES

23. The current fees and charges for the HRA and the charges for 2020/21, approved at the 7 January 2019 Executive, are set out in Appendix C.

24. The statutory charge is subject to the control and advice of Government. The current level of charge has been set at the maximum allowed.

RISK ASSESSMENT

25. The following list of potential risks indicates that it is essential to preserve the account balance held for the Housing Revenue Account. Reserves are held so the Council can:
- Continue to manage and maintain homes
 - Improve and redevelop estates
 - Cover any unexpected expenditure
 - Take advantage of new opportunities to meet housing needs
 - Repay the debt
 - Meet the challenges of any change in Government policy
26. Key risks include changes to the rent policy, an increase in arrears, and other increases in void properties and in the cost of repairs. In particular, if the Government amend their current rent policy so that rents will continue to reduce post 2020, this will put further pressure on the HRA finances.

Examples of Potential and Actual Changes	Effect on Expenditure in Year £'000	Effect on Income in Year £'000
Change in rent policy to decrease rents by 1% beyond 2020		120
Loss of income if void rate rises to 2.5% from 1.26%		140
Increase of 10% on supplies and service costs	41	
Increase of 10% in the depreciation charge	262	
Increase on rent arrears by 10%	60	
Increase of 10% in cost of responsive repairs	276	

Enquiries:

For further information on this report please contact Caroline Hancock (Ext 4589)

CAPITAL PROGRAMME AND FINANCING

Housing Capital Programme Improvements to Existing Stock	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£
Improvements	1,404,400	1,546,000	2,035,000	2,103,400	2,182,400
Voids	600,000	600,000	724,000	748,600	777,000
Modifications	500,000	275,000	281,000	286,600	292,300
Housing Management System	45,000	134,000			
Stock Condition Survey	17,000				
Asset Management System	10,000	30,000			
Vehicles	50,000	40,000			
Acquisitions and New Builds					
Acquisitions	1,500,000	1,200,000	1,100,000	1,100,000	2,000,000
New Build – Bridge Road	1,043,100	115,900			
New Build – Highlands Road	2,092,200	1,394,800			
New Build – Station Road	100,000	1,410,000	1,310,000		
New Build – Assheton Court		100,000			
TOTAL CAPITAL EXPENDITURE	7,361,700	6,845,700	5,450,000	4,238,600	5,251,700
Funded by:					
Improvements to Existing Stock					
RCCO					
Major Repairs Reserve	-2,626,400	-2,625,000	-3,040,000	-3,138,600	-3,251,700
Acquisitions and New Builds					
RCCO	-1,050,300	-938,700	-800,000	-770,000	-1,400,000
1-4-1 Capital Receipts	-450,000	-783,000	-723,000	-330,000	-600,000
Capital Receipts		-600,000	-600,000		
Capital Development Fund	-2,225,000	-1,160,000	-87,000		
Homes England Grants	-1,010,000	-539,000			
Other Grants and Contributions		-200,000	-200,000		
TOTAL FUNDING	-7,361,700	-6,845,700	-5,450,000	-4,238,600	-5,251,700

HRA EXAMPLES OF RENT

	Property Type	2019/20 Actual Rent £	2020/21 Proposed Rent £	Change per week £	Change per week %
Foster Close	1 Bed Flat	79.44	81.58	2.14	2.70
Grebe Close	2 Bed Bungalow	105.73	108.58	2.85	2.70
Collingwood Court	1 Bed Flat	99.36	102.04	2.68	2.70
Foxbury Grove	2 Bed Flat	88.67	91.06	2.39	2.70
Garden Court	1 Bed Maisonette	79.44	81.58	2.14	2.70
Sicily House	2 Bed Maisonette	86.02	88.34	2.32	2.70
Fairfield Avenue	3 Bed House	103.04	105.82	2.78	2.70
Churchill Close	3 Bed House (shared owner)	89.83	92.25	2.42	2.70
Jubilee Court	4 Bed House	117.75	120.93	3.18	2.70
Average for total stock		89.53	91.95	2.42	2.70
Garages		12.50	13.00	0.50	4.0

FEES AND CHARGES

	Notes	Fee 2019/20 £	Fee 2020/21 £	% Increase
Sales of Council Houses				
Maximum legal and administration fees in connection with granting a service charge loan	Statutory Charge	100.00	100.00	NIL
Recharge of Officer time in agreeing any consent to freeholders	Fee per occurrence	100.00	100.00	NIL
Repairs to Council Houses				
Abortive visit by Officer, Surveyor or Tradesman	Charge per visit	50.00	50.00	NIL
Rechargeable works	These will be assessed individually at the time the work is carried out.			
Sheltered Accommodation for the Elderly – Guest Room Charges				
Single occupancy per night	Inclusive of VAT	9.25	9.50	2.7
Per couple per night	Inclusive of VAT	13.25	13.50	1.9
Collingwood Court per room	Inclusive of VAT	23.50	24.00	2.1
Sylvan Court per room	Inclusive of VAT	23.50	24.00	2.1
Baths	Inclusive of VAT	2.00	2.05	2.5
Sheltered Accommodation for the Elderly – Other Charges				
Keys – Key	Inclusive of VAT	5.00	5.10	2.0
Keys – Fob		8.00	8.20	2.5
Wash Cards (where applicable)	Inclusive of VAT			
Wash		0.60	0.60	NIL
Dry		0.50	0.50	

DETAILED REVENUE BUDGET

	Base 2019/20 £'000	Revised 2019/20 £'000	Base 2020/21 £'000
Income			
Rents - Dwellings	-10,928	-10,820	-11,067
Rents – Garages	-321	-331	-340
Rents – Other	-18	-20	-20
Service Charges (Wardens, Extra Assistance, Heating)	-637	-660	-675
Cleaning	-197	-192	-190
Grounds Maintenance	-104	-109	-109
Other Fees and Charges	-62	-52	-57
Leaseholder Service Charges and Insurance	-54	-204	-210
	-12,321	-12,388	-12,668
Expenditure			
Tenancy Management & Running Costs			
General Administrative Expenses	1,526	1,611	1,814
Corporate and Democratic Core	44	66	68
Corporate Management	74	104	102
Corporate Management	0	20	20
Communal Heating Services	86	120	120
Communal Lighting	25	30	30
Rents, Rates and Other Taxes	73	100	101
Communal Cleaning	224	224	209
Grounds Maintenance	204	243	235
Sheltered Housing Service	538	539	555
Bad Debts Provision	13	13	13
Bad Debts Written off	50	50	50
Debt Management Expenses	35	35	35
	2,892	3,155	3,352
Long Term Debt Management			
Interest Payable	1,795	1,795	1,795
Interest Earned on Internal Balances	-126	-114	-114
Transfer to Debt Repayment Fund	1,140	1,140	1,140
Property Repairs and Maintenance			
Revenue Repairs Expenditure	2,705	2,435	2,764
Depreciation	2,538	2,626	2,626
Revenue Contribution to Capital Programme	1,377	1,050	939
Surplus(-)/Deficit for Year	0	0	-166

FAREHAM

BOROUGH COUNCIL

Report to Policy and Resources Scrutiny Panel

Date **14 January 2020**

Report of: **Deputy Chief Executive Officer**

Subject: **EXECUTIVE BUSINESS**

SUMMARY

One of the key functions of this Scrutiny Panel is hold the Executive Portfolio Holder and Senior Officers to account in the delivery of the Service and the Improvement Actions identified in the Council's Corporate Priorities and Corporate Vision.

Members are therefore invited to consider the items of business which fall under the remit of the Policy and Resources portfolio and have been dealt with by the Executive since the last meeting of the Panel. This includes any decisions taken by individual Executive Members.

The relevant notices for decisions taken are attached for consideration.

RECOMMENDATION

It is recommended that Members consider the items of Business discharged by the Executive and make any comments or raise any questions for clarification.

FAREHAM

BOROUGH COUNCIL

2019/20
Decision No.
2131

Record of Decision by Executive
Monday, 7 October 2019

Portfolio	Policy & Resources
Subject:	Update to Regulation of Investigatory Powers (RIPA) Policy
Report of:	Deputy Chief Executive Officer
Corporate Priority:	Dynamic, prudent and progressive Council

Purpose:
To seek approval for the adoption of a revised corporate policy for the use of the powers available under the Regulation of Investigatory Powers Act 2000 (RIPA). The revisions take into account changes specified in the Investigatory Powers Act 2016, and address suggestions made by the Investigatory Powers Commissioner’s Office.

Changes proposed in the revised policy include:

- a) the communications data applications no longer need judicial approval; instead they will be approved by a new national body: The Office of Communications Data Authorisations (OCDA);
- b) local authorities can now apply for “events” communication data which includes the times and locations when communications were sent: these can only be lawfully obtained when investigating a serious crime where the offence is punishable by a maximum sentence of 12 months or more;
- c) the new Investigatory Powers Commissioner’s Office (IPCO) now head up oversight of all use of RIPA powers;
- d) some wording has been added to emphasise some aspects of the policy as suggested by the new Investigatory Powers Commissioner’s Office during their inspection in 2018;
- e) the policy has been reformatted in the corporate style.

Options Considered:

As recommendation

Decision:

RESOLVED that the Executive agrees that the revised Regulation of Investigatory Powers Act 2000 (RIPA) – Corporate Policy and Procedures attached at Appendix 1 to the report be approved.

Reason:

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

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Monday, 7 October 2019

FAREHAM

BOROUGH COUNCIL

2019/20
Decision No.
2134

Record of Decision by Executive

Monday, 4 November 2019

Portfolio	Policy & Resources
Subject:	Annual Review of the Corporate Strategy 2017-2023 and Local Service Agreements 2018-2019
Report of:	Director of Leisure and Community
Corporate Priority:	(All Corporate Priorities)

Purpose:

The Council's performance management framework requires the Executive to undertake an annual review of the corporate vision and priorities. The purpose is to confirm future priorities and to update the wording where necessary, and to provide an overview of the Council's performance for the 2018/19 financial year. The outcome of the Corporate Strategy review will influence budgets and local service agreements for the next financial year.

The Corporate Strategy provides a clear focus on the most important issues that need to be addressed for the 2017-2023 period. This annual review is an opportunity to consider progress made in delivering corporate priorities and to assess the impact of any other influences on the Council's services and initiatives.

The Council's strategic framework includes Local Service Agreements to provide details of actions delivered by individual services. The Local Service Agreements provide an overview of how the Council is performing alongside the Corporate Strategy. This annual review is an opportunity to consider how well the Council, as a whole, is performing, as well as in key service areas.

Options Considered:

At the invitation of the Executive Leader, Councillor R H Price, JP addressed the Executive on this item.

Amendments to Pages 53 and 55 of the agenda pack were tabled at the meeting to highlight two minor changes to the wording in the Local Service Agreements 2018-2019 document.

As recommendation.

Decision:

RESOLVED that the Executive:

- (a) recommends to the Council the amendments to the strategy document, as set out in paragraph 8 of the report along with the minor amendments to the wording in the Local Service Agreement 2018-2019 document as highlighted in the tabled items and the inclusion of the date last reviewed on the front page of the strategy; and
- (b) notes the Council's performance for the 2018/19 financial year.

Reason:

To meet the requirements of the Council's performance management framework and to provide details of Fareham Borough Council's performance for the 2018/19 financial year.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)
Monday, 4 November 2019

FAREHAM

BOROUGH COUNCIL

2019/20
Decision No.
2135

Record of Decision by Executive

Monday, 4 November 2019

Portfolio	Policy & Resources
Subject:	Council Tax Discounts and Exemptions
Report of:	Deputy Chief Executive Officer
Corporate Priority:	(All Corporate Priorities)

Purpose:

This report sets out the current mandatory and discretionary Council Tax Discounts, Exemptions, Reliefs and Premiums that apply to Council Tax Payers in Fareham at Appendix A. It also recommends the adoption of a new Council Tax Reduction for young adults leaving the care system and changes to the discounts and premiums on empty properties and properties undergoing/requiring major works.

This report gives the Executive an opportunity to view the current mandatory and discretionary Council discounts, reliefs, exemptions and premiums that apply to Council Tax payers in Fareham.

The report also gives the Executive the opportunity to make some changes to the following discretionary discounts and premiums:

Care Leavers:

To offer a reduction in Council Tax to Care Leavers by considering the Council Tax due as irrecoverable either in full or in part, as a way of providing practical help and financial assistance to care leavers whilst they are developing independent lives and their individual life skills.

This policy will provide a 100% reduction to Care Leavers aged between 18 and 25 where any English based local authority has been acting as the corporate parent. The reduction will be awarded by considering the Council Tax as irrecoverable and will be applied if the Care Leavers pays Council Tax or lives with someone who pays Council Tax in Fareham since 1 April 2019.

Unoccupied and Unfurnished Dwellings (Class C)

To remove the discount currently allowed on empty and unoccupied properties which have been vacant for less than 1 month, so that no discount is given.

Unoccupied and Unfurnished properties undergoing alterations (Class D)

To remove the discount currently allowed on empty and unoccupied properties

undergoing or requiring major works to make them habitable, so that no discount is given.

Council Tax Premiums on Long term Empty Properties:

There are 46 properties in Fareham which have been unoccupied and unfurnished for longer than 2 years. 7 of these properties have been unoccupied and unfurnished for longer than 10 years.

We don't always know why a property has been left unoccupied and there may be many reasons. However, there is a shortage of residential accommodation in Fareham which is affordable for prospective tenants and currently over 1,100 people on the Housing Waiting List.

The Government has given Billing Authorities the power to increase premiums on long term empty properties which will encourage these very long-term empty properties to be brought back into use, as follows:

1. From 1 April 2019 to 31st March 2020 where the property has been empty over two years, a 100% premium.
2. From 1 April 2020 to 31st March 2021 where the property has been empty between two to five years a 100% premium and where the property has been empty over five years, a 200% premium.
3. From 1 April 2021 where the property has been empty between two to five years a 100% premium, where the property has been empty between five and ten years a 200% premium and for property that has been empty over ten years, a 300% premium.

The Executive has agreed to increase this premium to 100% from 1 April 2019. However, it is now proposed that additional premiums proposed by the Government are introduced from 1 April 2020 and 1 April 2021 for properties which have been unoccupied and unfurnished for 2 to 5 years, 5 to 10 years and over 10 years, to continue to support the Council in encouraging empty properties to be brought back into use and releasing much need housing.

Owners of these empty properties will be notified in advance of the proposed changes.

Options Considered:

As recommendation.

Decision:

RESOLVED that the Executive:

- (a) agrees the approach for the proposed policy for up to 100% of the Council Tax for properties occupied by Care Leavers under 25 years of age, to be considered as irrecoverable; and
- (b) approves the latest discretionary reductions and premiums set out in Appendix A for:
 - (i) 0% discount for properties which are unoccupied and unfurnished

for less than 2 years (Class C)

- (ii) 0% discount for properties requiring major works to render them habitable (Class D)
- (iii) 100% to 300% Long Term Empty property premiums for properties which have been unoccupied and unfurnished for more than 24 months

Reason:

Fareham has a shortage of affordable residential accommodation and there are currently over 1,132 people on the housing waiting list. The proposed changes to the discounts on empty and unoccupied properties and the increase in the premiums payable on Long Term Empty properties (those empty for more than 24 months) should encourage owners of empty dwellings to bring those properties back into use, supporting the Government's strategy on empty homes.

The new care leavers policy will provide practical help and financial assistance to care leavers whilst they are developing independent lives and their individual life skills in Fareham.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)
Monday, 4 November 2019

FAREHAM

BOROUGH COUNCIL

2019/20
Decision No.
2136

Record of Decision by Executive

Monday, 4 November 2019

Portfolio	Policy & Resources
Subject:	Finance Monitoring Report 2019-20
Report of:	Deputy Chief Executive Officer
Corporate Priority:	Dynamic, prudent and progressive Council

Purpose:

This report provides comparative information on the Council's revenue expenditure for the period ended 30 September 2019. Members are invited to consider the financial performance and any corrective action that may be deemed appropriate.

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

General Fund	Budget 2019/20	Budget to 30 Sep 19	Actual to 30 Sep 19	Variation
	£000s	£000s	£000s	£000s
Service Budgets	11,302	3,108	3,049	-59
Non-Service Budgets	-2,636	-460	-489	-29
Net Budgets	8,666	2,648	2,560	-88

Housing Revenue Account	Budget 2019/20	Budget to 30 Sep 19	Actual to 30 Sep 19	Variation
	£000s	£000s	£000s	£000s
Income Budgets	-12,321	-6,363	-6,353	10
Expenditure Budgets	8,406	3,071	2,726	-345
Other Budgets	3,915	0	0	0
Net Budgets	0	-3,292	-3,627	-335

Revenue spending plans are showing an under spend for the period up to 30 September 2019.

However, there are a number of areas where spend is in excess of the budget so it remains appropriate to continue to monitor financial performance closely over the second half of the financial year to ensure that any slippage does not adversely affect the services provided to residents and customers. Commentary on the most significant variations is set out in the briefing paper accompanying the report.

Options Considered:

As recommendation.

Decision:

RESOLVED that the Executive notes the Finance Monitoring Report 2019-20.

Reason:

To provide members of the Executive with a summary of the Council's budgetary performance to 30 September 2019.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)
Monday, 4 November 2019

FAREHAM

BOROUGH COUNCIL

2019/20
Decision No.
2137

Record of Decision by Executive

Monday, 4 November 2019

Portfolio	Policy & Resources
Subject:	Treasury Management and Capital Monitoring Report 2019-20
Report of:	Deputy Chief Executive Officer
Corporate Priority:	Dynamic, prudent and progressive Council

Purpose:

This report summarises the Council's investment activity and capital expenditure up to 30 September 2019 and provides details of the Council's money market transactions. It also provides information on the performance against the Treasury and Prudential Indicators.

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

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

	31 March 2019 Actual £'000	Movement £'000	31 Sept 2019 Actual £'000
Total borrowing	45,510	2,000	47,510
Total investments	(13,100)	(6,100)	(19,200)
Net borrowing	32,410	(4,100)	28,310

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

Capital Programme	Budget 2019/20 £'000	Budget to 30 Sep 19 £'000	Actual to 30 Sep 19 £'000	Variation £'000
General Fund	27,015	6,076	6,114	38
HRA	9,374	4,307	1,366	-2,941
Total	36,389	10,383	7,480	-2,903

Decision:

RESOLVED that the Executive notes the Treasury Management and Capital Monitoring Report for 2019/20.

Reason:

To inform the Executive of the Council's investment, borrowing and capital programme activity up to 30 September 2019.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)
Monday, 4 November 2019

FAREHAM

BOROUGH COUNCIL

2019/20
Decision No.
2142

Record of Decision by Executive

Thursday, 5 December 2019

Portfolio	Policy & Resources
Subject:	Acquisition of Commercial Property in Havant
Report of:	Director of Planning and Regeneration
Corporate Priority:	Dynamic, prudent and progressive Council

Purpose:

To inform the Executive that a commercial investment opportunity has become available on the terms set out in the confidential Appendix A.

The confidential Appendix A sets out an analysis of the investment, financial information and lease details to enable the Executive to decide if the property should be purchased as part of the Council's Commercial investment Acquisition Strategy.

Options Considered:

As recommendation.

Decision:

RESOLVED that the Executive approves:

- (a) the purchase of the property, as detailed in confidential Appendix A, as a commercial investment; and
- (b) that subject to the approval of (a), to delegate authority to the Director of Planning and Regeneration to carry out all ancillary matters to give effect to the resolution.

Reason:

The purchase, if agreed, will complement the Council's other commercial investments and will support the ongoing diversification of the Council's investment property portfolio across multiple sectors, as part of the Council's Commercial Investment Acquisition Strategy.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Thursday, 5 December 2019

FAREHAM

BOROUGH COUNCIL

2019/20
Decision No.
2150

Record of Decision by Executive

Monday, 16 December 2019

Portfolio	Housing
Subject:	Responsive Repairs for Fareham Borough Council owned properties
Report of:	Deputy Chief Executive Officer
Corporate Priority:	Dynamic, prudent and progressive Council

Purpose:

Following a recent tender exercise, the Council is seeking approval to award contracts to various trade(s) suppliers to support our in-house Direct Services Organisation (DSO) in providing a Responsive Repairs service on behalf of Fareham Borough Council.

In the past, the Council had outsourced Responsive Repairs contracts to one managing Contractor who would carry out works within the various trade disciplines.

When the previous Responsive Repairs contract lapsed the council directly employed its own Direct Services Organisation (DSO) to provide these services. They include, but are not limited to: Multi Trades, Carpenter, Electrician, Plumber, Groundworker, Painter and Decorator, Plasterer and Skilled Labourer. The team are best placed to respond quickly to most routine repair jobs, but there are peaks in demand for day to day repairs and some jobs require a longer period of time on site. To meet demand in these situations, additional resources from external contractors are sometimes required to meet the needs of our Customers.

The Council has recently tendered twenty-one separate trade contracts with a view to including up to six Micro, Small and Medium Enterprises (SME's) against each trade, including businesses from the local area.

An information evening was held at Ferneham Hall on Monday 4 March 2019 to provide the opportunity for businesses, including Micro and SME's to engage face to face with the Council to discuss the Responsive Repairs opportunity. Prior to this information evening, flyers were given to all local material suppliers. There was also a media campaign to try and attract as many local businesses as possible to attend

the evening. Officers and the Senior Management team attended the event in order to support and encourage suppliers to tender for the various services.

Following a two-stage procurement exercise, those bidders who scored 70% and above (up to a maximum of six suppliers) will be included on each of the framework agreements to provide the services. The evaluation of the submission and the preferred bidder information is provided in the confidential Appendix A, attached to the report.

Options Considered:

As recommendations

Decision:

RESOLVED that the Executive agrees that, on the basis of being the most economically advantageous tenders, those bidders scoring 70% and above (based on their tender scores) are included in the framework agreement for each applicable trade contract.

Reason:

To maintain the seamless, effective and quality Responsive Repairs service for Fareham Borough Council customers whilst maintaining value for money.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)
Monday, 16 December 2019

FAREHAM

BOROUGH COUNCIL

2019/20
Decision No.
2151

Record of Decision by Executive

Monday, 16 December 2019

Portfolio	Policy & Resources
Subject:	Arrangements for the 75th Anniversary of VE Day
Report of:	Director of Leisure and Community
Corporate Priority:	Leisure opportunities for health and fun

Purpose:

The purpose of this report is to advise members of the proposals for commemorating the 75th anniversary of Victory in Europe (VE) Day in May 2020.

In May 2020 the early May Day Bank Holiday has been moved from Monday 4 May to Friday 8 May to mark the 75th anniversary of VE Day. There is a planned series of national events over three days from Friday 8 through to Sunday 10 May.

Fareham has a history of recognising significant dates relating to WW1 and WW2. As such officers have been asked to explore an appropriate way for the Council to mark V E Day.

Officers have identified two proposals as stated below:

- (i) For a new, appropriately designed commemorative seat to be installed at a location to be determined within the Borough.
- (ii) For the Council to provide a level of financial support to enable Lee Flying Association and Regional City Airports (RCA), to subsidise pre-1955 aircraft visiting Solent Airport on Saturday 9 and Sunday 10 May.

Options Considered:

As recommendation.

Decision:

RESOLVED that the Executive agrees:

- (a) that a commemorative seat to commemorate the 75th anniversary of VE Day be designed and installed at a location to be determined;
- (b) that once officers have researched options for where the seat can be located, delegated authority is given to the Executive Leader to determine the seat's final location;
- (c) to provide some financial support to enable Lee Flying Association and RCA to welcome aircraft pre-dating 1955 to visit Solent Airport over the VE weekend; and
- (d) that the project will be funded from existing budgets, to the sum of £12,000.

Reason:

To commemorate the 75th anniversary of VE Day.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)
Monday, 16 December 2019

FAREHAM

BOROUGH COUNCIL

2019/20
Decision No.
2152

Record of Decision by Executive

Monday, 16 December 2019

Portfolio	Policy & Resources
Subject:	Review of Citizen of Honour Award Scheme
Report of:	Director of Leisure and Community
Corporate Priority:	Strong, safe, inclusive and healthy communities

Purpose:

This report provides an opportunity to review the process for selecting Citizens of Honour from the nominated lists and considers a motion by Councillor R H Price, JP at Council on 25 July 2019 regarding the selection of nominees for the Council's annual Citizen and Young Citizen of Honour Awards from 2020.

The Citizen of Honour Award was introduced in November 1996. Five years later, the scheme was extended to recognise the efforts of younger residents under the age of 18 through the Young Citizen of Honour Award.

Over the last 23 years, the award has honoured 105 residents of the Borough, with nominations being received from all areas of Fareham.

Options Considered:

At the invitation of the Executive Leader, Councillor R H Price, JP, addressed the Executive on this item.

As recommendation.

Decision:

At the invitation of the Executive Leader, Councillor R H Price, JP, addressed the Executive on this item.

The Executive considered the following motion which was presented to Council at its meeting on 25 July 2019 by Councillor R H Price, JP: "to change the method of selecting the Citizens of Honour and Young Citizens of Honour to ensure that: "all

Members of the Council should have one vote in the adult category and one vote in the under 18 category and that there will be no more than two people selected in each category”.

RESOLVED that the Executive:

- (a) agrees to limit the award to one Citizen of Honour and one Young Citizen of Honour for the years 2020 and 2021; and
- (b) did not support the motion as presented but did agree to ensure that all Members are positively encouraged to be involved in the Citizen of Honour selection process by commenting on the work of the nominees either by making representations at the Executive meeting or by making contact with Executive Members.

Reason:

This provides an opportunity for the Council to review the Citizen of Honour and Young Citizen of Honour Awards.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)
Monday, 16 December 2019