

AGENDA FOR THE EXECUTIVE

Date: Monday, 4 November 2019

Time: 6.00 pm

Venue: Collingwood Room - Civic Offices

Executive Members:

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

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

Councillor F Birkett, Housing

Councillor Miss S M Bell, Leisure and Community

Councillor K D Evans, Planning and Development

Councillor S D Martin, Streetscene

1. Apologies for Absence

2. Minutes (Pages 5 - 8)

To confirm as a correct record the minutes of the meeting of the Executive held on 07 October 2019.

3. Executive Leader's Announcements

4. Declarations of Interest

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

5. Petitions

6. Deputations

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

7. References from Other Committees

To receive any references from the committees or panels held.

Matters for Decision in Public

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

8. Leisure and Community

Non-Key Decision

(1) Community Funding Application - Portchester Bowling Club (Pages 9 - 14)

A report by the Director of Leisure and Community.

9. Policy and Resources

Non-Key Decision

(1) Annual Review of the Corporate Strategy 2017-2023 and Local Service Agreements 2018-2019 (Pages 15 - 64)

A report by the Director of Leisure and Community.

(2) Council Tax Discounts and Exemptions (Pages 65 - 96)

A report by the Deputy Chief Executive Officer.

(3) Finance Monitoring Report 2019-20 (Pages 97 - 104)

A report by the Deputy Chief Executive Officer.

(4) Treasury Management and Capital Monitoring Report 2019-20 (Pages 105 - 122)

A report by Deputy Chief Executive Officer.

10. Exclusion of Public and Press

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

Exempt Matters for Decision

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

Key Decision

(1) Award of Contract - Leisure Centre Operator (Pages 123 - 134)

A report by the Director of Leisure and Community.



P GRIMWOOD
Chief Executive Officer

www.fareham.gov.uk

24 October 2019

**For further information please contact:
Democratic Services, Civic Offices, Fareham, PO16 7AZ
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FAREHAM

BOROUGH COUNCIL

Minutes of the Executive

(to be confirmed at the next meeting)

Date: Monday, 7 October 2019

Venue: Collingwood Room - Civic Offices

Present:

S D T Woodward, Policy and Resources (Executive Leader)
T M Cartwright, MBE, Health and Public Protection (Deputy
Executive Leader)
F Birkett, Housing
K D Evans, Planning and Development
S D Martin, Streetscene

Also in attendance:



1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Miss S M Bell.

2. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 26 September 2019 be confirmed and signed as a correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

There were no Executive Leader announcements made at this meeting.

4. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

5. PETITIONS

There were no petitions submitted at this meeting.

6. DEPUTATIONS

There were no deputations made at this meeting.

7. REFERENCES FROM OTHER COMMITTEES

There were no references from other committees received at this meeting.

8. HOUSING**(1) Affordable Housing Strategy**

RESOLVED that the Executive:

(a) notes the feedback received from the public consultation exercise (as outlined in Appendix A to the report) together with the proposed changes to the strategy, as outlined in the report; and

(b) adopts the Affordable Housing Strategy (as included in Appendix B to the report) to formally replace/supersede the current Housing Strategy (2010) and Affordable Housing Strategy (2005).

(2) Fareham Housing Development Site at Station Road, Portchester (former Merjen Engineering site)

RESOLVED that the Executive agrees:

(a) the funding mechanisms, as outlined in the confidential Appendix A attached to the report, for the delivery of the Station Road sheltered housing scheme; and

- (b) that the award of contract and the appointment of building contractor(s) for the Station Road sheltered housing scheme be delegated to the Deputy Chief Executive Officer, following consultation with the Executive Member for Housing.

9. HEALTH AND PUBLIC PROTECTION

- (1) Improving Fareham Town Centre Security

RESOLVED that the Executive:

- (a) approves a 12-month pilot of measures to improve Town Centre Security using a private security company to carry out this task; and
- (b) endorses a programme of public awareness raising.

10. POLICY AND RESOURCES

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

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.

(The meeting started at 6.00 pm
and ended at 6.21 pm).

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 November 2019

Portfolio:	Leisure and Community
Subject:	Community Funding Application – Portchester Bowling Club
Report of:	Director of Leisure and Community
Corporate Priorities:	Leisure Opportunities for Health and Fun

Purpose:

To provide details of the matched funding request received by the Council during the second quarter of the 2019/20 financial year.

Executive summary:

A matched funding bid has been received from Portchester Bowling Club towards the cost of extending their Clubhouse in Westlands Grove, Portchester.

It is anticipated that the proposed changes will increase capacity and improve disability access for Club Members and visitors.

The total cost of the project is £135,000, of which Portchester Bowling Club has allocated £20,000 from their reserves and an additional £50,000 from the financial contributions to the project by Club Members. The Club is in the process of applying to Bowls England for an interest-free loan and have also applied to Hampshire County Council's Community Building Fund for a contribution. Hampshire County Council has indicated that they will be prepared to award an allocation of £20,000 towards the project.

As of July 2019, the Club's accounts listed £44,930 in financial assets.

Portchester Bowling Club has requested £20,000 from Fareham Borough Council towards the project to extend their Clubhouse.

This grant award is critical to the delivery of the project and is also needed to secure the other source of grant funding.

Recommendation/Recommended Option:

It is recommended that the Executive:

- (a) considers offering a matched funding grant of up to £20,000 to Portchester Bowling Club, to extend their Clubhouse at Westlands Grove, Portchester;
- (b) agrees the award of the funding subject to Portchester Bowling Club receiving the appropriate planning permission;
- (c) agrees the award specifically for the plans and costs provided as part of this funding application; and
- (d) agrees the award of the funding subject to Portchester Bowling Club providing written acknowledgement of both a successful application to the Hampshire County Council Community Building Fund for £20,000 to match Fareham Borough Council's contribution and Bowls England's approval of an interest-free loan to the Club.

Reason:

To act as an enabler, assisting the local community to introduce improved facilities within the community.

Cost of proposals:

The grant requested is £20,000 and the Community Funding Budget currently has funds of £139,251

Appendices: None

Background papers: Community Fund application from Portchester Bowling Club

Reference papers:

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

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

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	04 November 2019
Subject:	Matched Funding: Portchester Bowling Club
Briefing by:	Director of Leisure and Community
Portfolio:	Leisure and Community

INTRODUCTION

1. The purpose of this report is to provide the details of the matched funding requests received by the Council during the second quarter of the 2019/20 financial year.
2. On 8 March 2010, the Executive considered a report on the various discretionary grants provided by the Council. The report included details regarding each category of grant and the level of funding available. Members agreed to combine a number of grants into a single pot for the 2010/11 financial year onwards.
3. It was agreed that any matched funding bids would be considered by the Executive on a quarterly basis. These Matched Funding reports would also identify matched funding requests "in the pipeline", to enable a more strategic approach to prioritising these requests.

CRITERIA

4. The criteria for matched funding awards are deliberately inexplicit. The Council will consider any project which benefits the local community and / or improves the local environment. Awards will usually only be made for capital projects.
5. Any matched funding application must demonstrate that the applicant will contribute an equal sum to the project as is being requested from the Council. This fosters a sense of commitment and ownership to the project from the local community, and as a result increases the likelihood that the benefits will continue to be valued and the project maintained in the future.
6. All successful applicants are required to sign a Community Use Agreement with the Council, to ensure that the project provides benefit to the local community. This enables an extension of this benefit to reach much further than the organisation making the application.

FINANCIAL IMPLICATIONS

7. The current balance of the community funding budget is £139,251.

MATCHED FUNDING BIDS RECEIVED

8. Portchester Bowling Club is a thriving sports club, with 155 current members. In addition to providing opportunities to improve bowling skills and enable competition in leagues, the Club holds regular social events for its members and their guests, many of whom are widowers. The organisation is also developing a Junior section through links with local primary schools.
9. In 2014 the Club improved their offer to members by installing WC facilities. Since this time there has been a large increase in membership and the organisation is struggling to provide appropriate facilities. The Club has had to restrict attendance numbers for several events, to meet health and safety requirements, and individuals with mobility aids and wheelchairs have difficulty navigating the space within the Club Room.
10. A matched funding bid has been received from Portchester Bowling Club towards the cost of extending their facilities. They propose to double the space that is available in the Club Room and increase their WC facilities further.
11. The total cost of the project is £135,000. The Club has approached Hampshire County Council for a contribution from the Community Buildings Fund. The County Council has indicated an award of £20,000, further to this application. The Club currently has £70,000 allocated within their budget from Club reserves and its Members' donations towards the project. The Club is also in the process of approaching Bowls England for an interest-free loan towards the project.
12. The accounts for the Club for the period ending July 2019 lists £44,930 in financial assets.
13. The Club owns its existing facilities and has made an application to the Planning Department for the extension.

COUNCILLOR CONSULTATION

14. All three Ward Councillors, Councillor Price, Councillor Cunningham and Councillor Kelly, have confirmed their support of this application.

MATCHED FUNDING BIDS "IN THE PIPELINE"

15. AFC Portchester has demonstrated some interest in making an application for up to £50,000 for flood lighting at their site at Wicor Recreation Ground. However, these plans are currently in the early stages and formal planning consent is required before further consideration can be given to this application.

RISK ASSESSMENT

16. Hampshire County Council's award of £20,000 from the Community Buildings Fund for Portchester Bowling Club's project to extend their Clubhouse is dependent on Fareham Borough Council's equal support of the project.

CONCLUSION

17. This report sets out details for the matched funding bid received from Portchester Bowling Club. The bid is for £20,000 towards the cost of extending their Clubhouse in Westlands Grove, Portchester.

Enquiries:

For further information on this report please contact Claire Benfield (Ext 4495).

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 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 Priorities:	All Corporate Objectives Apply

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.

Executive summary:

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.

Recommendation/Recommended Option:

It is recommended that the Executive:

- (a) recommends to the Council the amendments to the strategy document, as set out in paragraph 8 of this report, along with any other amendments arising from the review, 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.

Cost of proposals:

The financial implications of amending any of the Council's priorities would need to be calculated and reflected in the Council's medium-term financial strategy.

Appendices:

A: Corporate Strategy 2017-2023

B: Local Services Agreements April 2018-March 2019

Background papers: None

Reference papers: None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	04 November 2019
Subject:	Annual Review of the Corporate Strategy 2017-2023 and Local Service Agreements 2018-2019
Briefing by:	Director of Leisure and Community
Portfolio:	Policy and Resources

INTRODUCTION

1. 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 update the wording where necessary. The outcome of the review will influence the budgets and local service agreements for the next financial year.
2. This is the second review of the Corporate Strategy 2017-23, which was adopted by the Council on 14 December 2017. A copy is attached as Appendix A.
3. Any proposed changes to the wording will need to be approved by the Council, because the Corporate Strategy comes within the Council's policy framework under the Constitution.
4. The Council's strategic framework includes Local Service Agreements to provide details of the actions delivered by individual services. The Local Service Agreements provide an overview of how the Council is performing alongside the Corporate Strategy. This report is the seventh update since the Local Service Agreements were implemented in 2012.
5. A copy of the Local Service Agreements document updated with the details for the 2018/19 financial year is attached as Appendix B.

ANNUAL REVIEW OF THE CORPORATE STRATEGY 2017-2023

6. The Corporate Strategy sets out the Council's priorities for the next few years, from 2017 to 2023, and shows how we have planned to ensure Fareham remains a prosperous, safe and attractive place to live and work.
7. The Strategy contains a number of Corporate Priorities for improvement. Progress on each priority is listed below:

Providing Housing Choices

- Progress is being made in the delivery of Welborne Garden Village, following Buckland Development Limited's submission of a revised outline planning application, which was consulted upon during early 2019. The Planning Committee granted outline planning permission for Welborne on 16 October 2019 and a detailed planning agreement will be finalised over the coming months.
- The Council was awarded £300,000 in capacity funding to help bring forward Welborne Garden Village.
- A special Fareham Today was published in June 2019, outlining issues and options for the Council's emerging Local Plan. These issues and options were consulted on during June and July 2019, with over 480 responses received.
- In summer 2019 the Council consulted on its Draft Affordable Housing Strategy. Once adopted the strategy will place the Council in a good position to maximise the delivery of new affordable homes.
- Fareham Street Aid agencies continue to work together to help vulnerable people off the streets, rather than helping them to live on the streets. The public are being encouraged to donate money and provisions to local charities who work with rough sleepers, rather than giving to them direct.

Protect and Enhance the Environment

- During June 2019 the Council consulted on plans for both a landmark sculpture, called a Gate Guardian, and a new aviation-themed play area at Daedalus Common, with residents asked to vote for their various designs. The Gate Guardian is being paid for using developer contributions from National Grid and both will be in place by summer 2020.
- There have been some delays to the works at Abbey Meadows, with the open space now due to formally open in 2020.
- Fareham celebrated another year of success at the South and South East in Bloom awards, with its 15th consecutive winning entry in the Small City category, receiving a Gold Award, and was declared Category Winner. Fareham in Bloom also received the County Award for Hampshire for the highest marked entry in the county.
- Holly Hill Woodland Park and the Sensory Garden in Fareham Town Centre retained their prestigious Green Flag Awards.
- Changes to glass recycling in the borough means that there is now no need to separate different coloured glass jars and bottles when using the Borough's bottle banks. Metal lids can also be left on, as the metal can now be recovered during the recycling process.

The Council launched its Give Plastic the Push campaign, to reduce the use of single use plastic (SUP) in the Borough. A SUP policy was created, which includes a commitment by the Council to stop its use of plastic straws, stirrers, and cups and to phase out the sale of drinks from SUP bottles at Fareham and

Holly Hill Leisure Centres, Westbury Manor Museum and Ferneham Hall by 2020.

Strong, Safe and Inclusive and Healthy Communities

- The Council has received almost £1.4million to deliver four sustainable measures aimed at ensuring air quality across Fareham remains compliant and nitrogen dioxide levels are not exceeded. The four measures include: providing better infrastructure for walking and cycling; providing real time information on bus stops; improving traffic signals at Market Quay; and; introducing a scheme to encourage Fareham taxi drivers to upgrade their older old diesel vehicles.
- In response to concerns raised by residents and local businesses, the Council held a special CAT meeting in June 2019 to talk about drug misuse and other anti-social behaviour in Fareham town centre. A successful follow up meeting took place in October 2019 to update residents on measures taken to address the issues raised and brought together the Council, Police and support agencies, as well as community groups and residents. A new Street Aid donation card was also launched, make it easier for people to donate money to the Two Saints charity, rather than giving cash directly to individuals.
- The multi-storey car parks in Fareham Town Centre are now secured overnight, following complaints from shoppers who feel intimidated by rough sleepers and drug users.

Maintain and Extend Prosperity

- Traders in Fareham Town Centre were invited to a business breakfast meeting with Council staff to discuss how the Council and traders can work together and for any issues or concerns to be raised.
- A new vision for Daedalus was drawn up, with the vision's plans for the next three to five years including: provision of new commercial buildings; provision of more community facilities; improved airport infrastructure; and; consideration of expansion opportunities.
- In June 2019 a consultation was undertaken asking for comments on Fareham's town centre car parks. The views received will help decide on the best parking equipment for the car parks and whether we should offer a greater choice of ways to pay.

Leisure Opportunities for Health and Fun

- Following consultation, the Council's vision to remodel Ferneham Hall into a new arts and entertainment venue with a community focus was updated to include a larger main auditorium and the provision of a flexible studio space. Ferneham Hall will be closing in January 2020 for a period of up to two years whilst the works are carried out.
- Thousands of people attended a special weekend event at Solent Airport at Daedalus to commemorate 75 years since D-Day. As well as static aircraft, a classic car display, and arena and stage events, visitors were treated to a number of aerial displays.

- In 2018 a review was undertaken of all play areas in the borough and a five-year plan of improvements was put in place. Four play areas were improved during 2018/19 with another four due for completion early October 2019. An additional four are currently being consulted on, with improvements due to take place during autumn 2020.

A Dynamic, Prudent and Progressive Council

- A new Corporate Project Team was established to bring forward some of the projects on the Opportunities Plan, which could bring in savings and income generation to help bridge the predicted funding gap of £1 million by 2021/22.
- Systems thinking interventions continue to be carried out in customer facing services. As well as helping us provide a better service to our customers, the changes to how we provide our services have realised savings of £1.1 million, with additional future savings anticipated.
- The average score for the quarterly 10/10 customer satisfaction surveys conducted by customers facing services that have gone through a systems thinking intervention was 9.3 out of 10, highlighting the benefits of embedding a systems thinking approach to service design.
- An intervention review of Committee Services resulted in the dissolution of the Policy Development and Review Panels and Scrutiny Board Meetings, with a new Scrutiny Panel created for each of the six portfolios, each scheduled to meet 4 times per municipal year. As these Scrutiny Panels are linked to Executive portfolios, it has enabled a shift in focus to encourage involvement in the Council's Corporate Priorities and the improvement actions identified in the Corporate Strategy 2017-2023.
- The Council's PR and Communications department was recognised for its outstanding work when the team was named Public Sector Team of the Year at the Chartered Institute of Public Relations Pride Awards in November 2018.
- The Southampton and Fareham Legal Services Partnership team were named National Legal Team of the Year in the Lawyers in Local Government Awards in November 2018.

PROPOSED CHANGES

8. Overall, the Corporate Strategy remains on track and it is proposed that the Executive recommends that the Council approves the following minor changes to the current Corporate Strategy document, attached as Appendix A:

- Add 'the award winning' in front of Solent Airport at Daedalus in the opening paragraph (High Flying Plans, page 5).
- Delete paragraph three regarding the Solent Enterprise Zone and replace with the Daedalus Vision:

'The Daedalus Vision plan was reviewed in 2019, with plans for the next three to five years including: the provision of new commercial buildings for employment opportunities; additional community facilities; improved airport infrastructure; and expansion opportunities' (High Flying Plans, page 5).

- Amend the number of Community Centres in the borough from 18 to 17, to reflect the sale of the former Locks Heath Memorial Hall site (Safe and Healthy, page 6).
- Update the number of football pitches in the borough from 24 to 27 (Safe and Healthy, page 6).
- Amend the end of the third paragraph, to reflect Ferneham Hall's closure 'with the building set to close for refurbishment at the beginning of 2020' (Safe and Healthy, page 6).
- Update the jigsaw graphic with current data, '1160 football pitch bookings between September 2018 and April 2019' (Safe and Healthy, page 6).
- Update paragraph one with the latest figures for owner occupied homes in the borough to read '86%' (Home is where the Heart is..., page 7).
- Amend the opening date of Abbey Meadows open space to '2020' (The Great Outdoors, page 8).
- Update the number of consecutive years that Fareham in Bloom has received a Gold Award from 14 to 15 on paragraph 4 (The Great Outdoors, page 8).
- Change the colour of the Conservation Areas jigsaw, to make it easier to read (The Great Outdoors, page 8).
- Amend the number of Community Centres in the borough from 18 to 17, to reflect the sale of the former Locks Heath Memorial Hall site (It's the Little Things that Matter, page 13).
- Amend the first bullet point to reflect the name given to the public open space at Daedalus:

'Transform the fields and verges on the boundary of Daedalus into Daedalus Common, an exciting new area of public open space for the local community' (Priority Two, page 15).
- Add 'Complete July 2017' to bullet point three to reflect the new public open space at Coldeast (Priority Two, page 15).
- Add a new bullet point to reflect the Council's 'Give Plastic the Push' campaign:

'Continue with our 'Give Plastic the Push' campaign, aiming to reduce the use of single use plastic in the Borough' (Priority Two, page 15).
- Add a new bullet point to reflect the Council's commitment to tackling climate change:

'Develop an action plan to mitigate and adapt to impacts of climate change in Fareham and reduce our carbon footprint' (Priority Two, page 15).
- Amend bullet point four to include the air quality measures supported:

'Deliver four sustainable measures supported as part of the Council's 'Let's

Clear the Air' campaign, aimed at ensuring nitrogen dioxide levels do not exceed national guidelines' (Priority Three, page 16).

- Amend the email address given for comments to `consultation@fareham.gov.uk' (Strategic Framework, page 20).

LOCAL SERVICE AGREEMENTS 2018-2019

9. The Council's strategic framework includes Local Service Agreements to provide details of the actions delivered by individual services. The Local Service Agreements provide an overview of how the Council is performing alongside the Corporate Strategy.
10. Overall, performance across the indicators is comparable to previous years. There have been some significant changes in several areas as outlined below:
 - Expenditure on community funding in 2018/19 decreased by approximately £60,000 compared to the previous year. There were also 10 less grants awarded in 2018/19 than in 2017/18. The decrease in expenditure can be attributed to a further £90,000 committed but not paid in the 2018/19 financial year. This included £40,000 for Locks Heath Free Church and £16,000 for Sarisbury Athletic Cricket Club, which have since been paid.
 - 91% of abandoned vehicles were removed within 5 working days, which is an 8% increase on the previous year.
 - Over 19,000 people visited Westbury Manor Museum, which represents an increase of 19% on the previous year.
11. Appendix B shows a copy of the Local Service Agreements document updated with the details for the 2018/19 financial year. As in the previous year, the document contains simplified text and infographics to feel more engaging.
12. This year, a separate section has been added to each priority, highlighting any challenges that we are currently faced with.

10/10 SURVEYS

13. It was agreed at a meeting of the Executive on 7 December 2015, that the 10/10 surveys would replace the then biennial Resident's Survey as the main way for measuring resident satisfaction.
14. The quarterly 10/10 customer service surveys enable individual service areas to collect high quality feedback in a timely and less resource intensive way. The 10/10 surveys have so far focused on customer facing service areas that have worked through a systems thinking intervention.
15. The 10/10 survey approach involves Head of Services/Intervention Leads telephoning a random selection of customers and asking three questions:
 - a. **Question 1:** What does good service look like to you?
 - b. **Question 2:** Please rate the service you received from 1 to 10, with 1 being very bad and 10 very good.

c. **Question 3:** If we didn't get 10, what can we do next time to make sure we do?

16. These open-ended questions allow us to track satisfaction levels and analyse comments on specific areas that could be improved further. Service leads can then action these where necessary.
17. The following services conduct quarterly 10/10 surveys, with Streetscene due to conduct these from October 2019:
 - a. Housing
 - b. Building Services – Responsive Repairs
 - c. Benefits
 - d. Development Management
 - e. Environmental Health
 - f. Council Tax and Business Rates
18. Some areas that have undertaken an intervention, such as Parking Enforcement, are less likely to provide useful customer satisfaction data. This is because people are not likely to be satisfied about anything to do with being issued with a Penalty Charge Notice. More customer facing service areas will undertake 10/10 surveys as they process through their own interventions.

Housing

19. During 2018/19, the average overall score given by customers was 9.7. The lowest score received was 8 out of 10. Many customers focused on the quality of service provided by officers, with examples such as 'really helpful', 'wonderful' and 'very, very good'.
20. When those that did not give a maximum score were asked what we could do to get a 10, the following comments were given:
 - Shorten the length of time waiting for property to be ready
 - Provide better information

Building Services – Responsive Repairs

21. Housing tenants told us that, when requesting a repair, the most important thing for them is for us to repair the problem, quickly and at the first visit.
22. During 2018/19, the average overall score given by customers was 9.5. The lowest score received was a 7 out of 10. Some of the comments from those that did not give a maximum score included:
 - Not sorting the problem, the first time
 - The Council could have come out quicker

Benefits

23. When asked what matters to them, Benefits customers wanted the Council to help them claim and to understand their entitlement. The majority were very happy with the service provided, with comments such as 'thorough', 'patient' and 'supportive' mentioned several times.
24. During 2018/19, the average overall score given by Benefits customers was 9.9. The lowest score received was 8 out of 10, however this customer did not know what we could do to make it a 10.

Development Management

25. The intervention within Development Management focused on the planning application decision process. Response to the 10/10 surveys indicated that the following issues were important to customers, with one customer advising that they use Fareham as the benchmark:
 - Getting planning permission and being dealt with fairly
 - Contact with Officer and consistent advice
26. The average score given by customers was 8.9 out of 10 during 2018/19. The lowest score given was 7 out of 10, with the customer feeling that the officer's judgement was too 'by the book' with local factors not considered.

Environmental Health

27. The Environmental Health 10/10 surveys cover a wide area including pest control, noise/smoke complaints and licensing. Response to the 10/10 surveys indicated that the following are important to our customers:
 - Getting the noise or smoke stopped
 - Eradicating rodent problems
28. During 2018/19, the average score given by Environmental Health customers was 8.3 out of 10. The lowest score given was a 1, where the customer felt that they weren't taken seriously, and the case was closed. The case has subsequently been reopened for investigation. Of the other scores below 10, the following comments were received:
 - Didn't hear back after making complaint
 - Attending to problem earlier – same day response
29. There were however several positive comments including 'very good' and 'brilliant service', particularly about the pest control service the Council provides.

Council Tax and Business Rates

30. Following interventions within the Council Tax and Business Rates team, 10/10 surveys are now being conducted within this area.
31. The average score given was 9.9 for 2018/19, although this only reflects one month of data. Customers advised that the service they had received was efficient and helpful

with all questions answered and relevant information provided.

FINANCIAL IMPLICATIONS

32. Whilst there are no anticipated financial implications associated with the Local Service Agreements, any cost implications of amending any of the Council's priorities would need to be calculated and reflected in the Council's medium-term financial strategy.

CONCLUSION

33. This report is a key stage in the Council's performance management framework. The Executive is invited to report the Corporate Strategy 2017-2023 so that the Council's priorities can be reflected in the budgets and local service agreements for the next financial year.
34. The Council's performance across most Local Service Agreements is broadly comparable or better than in previous years.
35. The 10/10 surveys indicate a high level of customer satisfaction with the customer facing services that have undertaken a systems thinking intervention. Officers have taken on board any possible areas for improvement identified in the feedback.

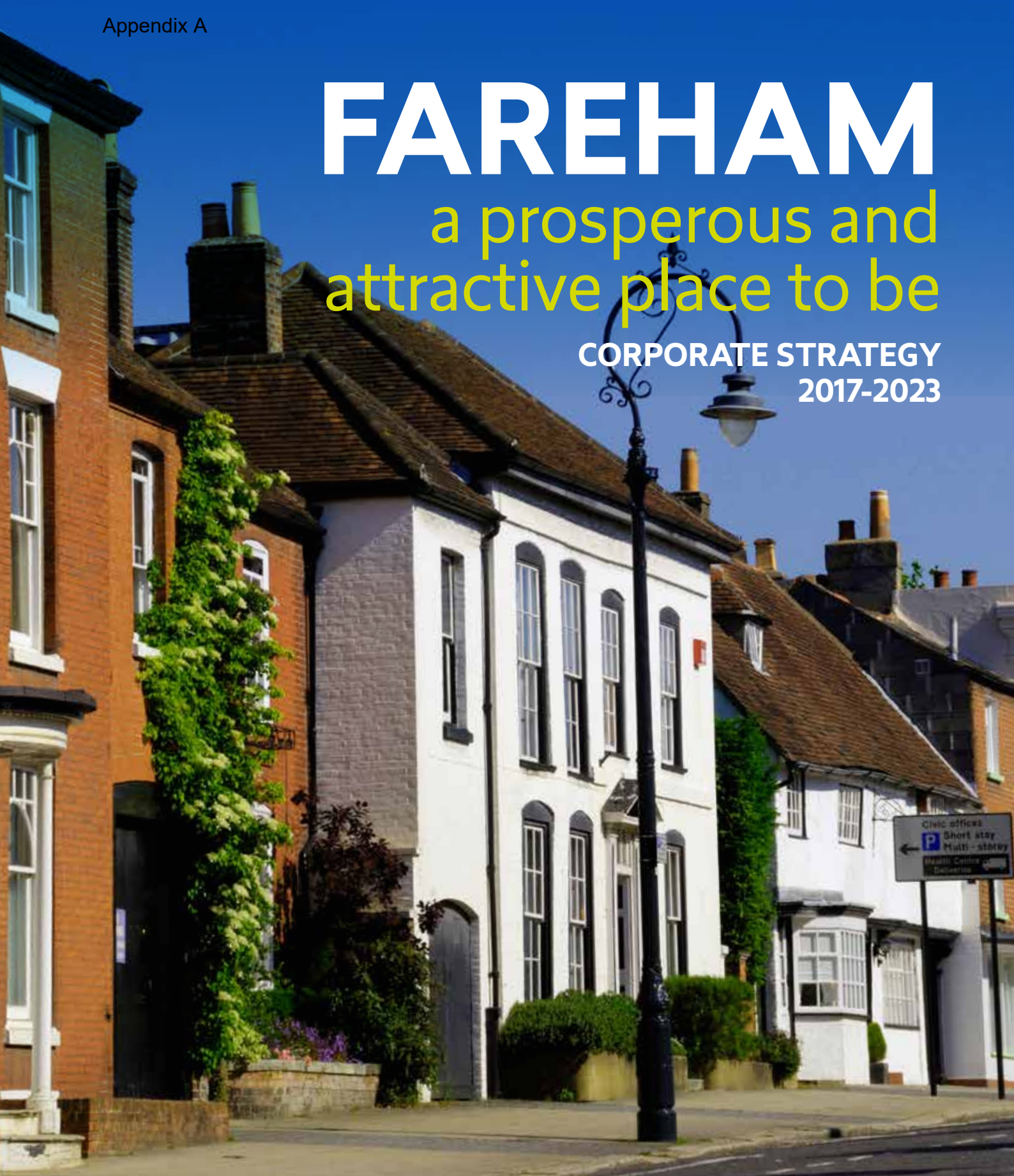
Enquiries:

For further information on this report please contact Annette Rickman, Customer Service Manager (Ext 4418).

FAREHAM

a prosperous and
attractive place to be

CORPORATE STRATEGY
2017-2023



PLANNING FOR FAREHAM'S FUTURE



Prosperous, safe, attractive...

Our corporate strategy for Fareham Borough Council sets out our priorities for the next few years, from 2017 to 2023, and shows how we have planned to ensure that Fareham remains a prosperous, safe and attractive place to live and work.

Our approach has been led by a number of factors. First and foremost, our residents, customers, partners and others have told us what is important to them. Our research has also highlighted a range of external influences we need to consider such as economic and social factors and indeed changes to the way our residents live and work.

One factor that cannot be ignored is the continuing reduction in government funding awarded to Fareham Borough Council.

Yet despite this reduction, as you will read, we have exciting plans for the next few years that will provide benefits to many people working and living within the Borough of Fareham.

By focusing on these we believe we can help make sure that Fareham continues to be a great place to live and work.

**“...FAREHAM
CONTINUES
TO BE A GREAT
PLACE TO LIVE
AND WORK.”**

A GREAT PLACE

TO LIVE...

FAREHAM'S POPULATION

2001: 107,977

2015: 114,799

2017: 117,000

2022: 120,000

2037: 130,000

Located in an area of some 30 square miles along the south coast of Hampshire between Portsmouth and Southampton, Fareham is a popular and attractive place to live. It is well connected to the M27 motorway and has good rail links to London and the wider rail network. There is also easy access to ferry ports and Southampton airport.

Fareham is growing. Our population has steadily increased over the last 30 years and that trend is expected to continue. People are living longer and we have an increasingly ageing population.

For example, Fareham has experienced the largest rise in the number of residents aged

85+ in Hampshire during the last 20 years. By contrast the number of people of working age living in the Borough has reduced; particularly those aged between 25 and 39.

Consistent with the rest of the country the make-up of Fareham's households is changing. Around a quarter of people now choose to live alone so that adds to the number of smaller homes that we need. Additionally an increase in divorce and break ups also means that there are now more 'blended families' living together than ever before. Minority ethnic groups make up a small, but slowly growing, proportion of the population.

Fareham has five distinct communities: **Fareham town; Portchester; Titchfield; Western Wards** and **Hill Head and Stubbington**. The development of **Welborne**, made up of of around 6,000 homes, will create a new distinct community whilst, at the same time, help to meet our future housing needs.

“...THE MAKE-UP OF FAREHAM'S HOUSEHOLDS IS CHANGING.”

OPEN FOR BUSINESS

With a well-educated workforce and low levels of unemployment, Fareham is a thriving place for business.



A well-educated workforce makes Fareham an attractive proposition for local businesses. The local talent pool is rich with potential employees equipped with all the skills they need to meet their needs and, whilst Fareham salaries tend to be higher than the national average, they remain well below London-weighted salaries.

The proportion of Fareham residents educated to college level and above is higher than both the south east region and the country as a whole. This is a boost to businesses both in Fareham and its neighbouring cities.

Fareham is a hard-working Borough with the percentage of local people in work higher than both regional and national averages. By contrast the number of residents claiming out of work benefits is low.



“...FAREHAM IS A THRIVING PLACE FOR BUSINESS.”

HIGH FLYING PLANS...

Solent Airport at Daedalus is owned by Fareham Borough Council. Forming part of the Solent Enterprise Zone, the site features two new business parks: Faraday and Swordfish.

“...AN UNFLINCHING COMMITMENT TO SUPPORTING AND ENCOURAGING BUSINESS GROWTH...”

Underpinned by an unflinching commitment to supporting and encouraging business growth, Fareham Borough Council’s vision for Solent Airport at Daedalus has already begun to take shape.

The Council’s Fareham Innovation Centre opened in 2015 as an incubation hub to provide support and guidance to small and start-up businesses. It reached 100% occupancy within a year of opening. A £7m extension was opened in 2018.

With much of the site benefiting from being part of the Solent Enterprise Zone, businesses

that meet the criteria can enjoy access to a range of benefits. This has included a

number of businesses receiving five years of business rate relief.

Over the coming years, the new development at Welborne, which lies to the north of Fareham, will also play a significant role in creating jobs for the Borough.



SAFE AND HEALTHY

Fareham is a safe and healthy place to live and work. Overall crime levels are low when compared to similar Boroughs in the area.

Life expectancy is higher than the national average for both men and women and our residents are generally healthier than most other areas in the country. Deprivation levels across the Borough are generally very low, but there are some small pockets of deprivation within Fareham town.

Fareham is a great place to be healthy and has a variety of sports and leisure facilities for residents to enjoy. We have invested significantly in facilities such as the multi-million pound Holly Hill Leisure Centre which opened in 2016. Within the Borough, residents benefit from two leisure centres, 18 community

centres, 24 football pitches, nine cricket squares and two rugby pitches. There are also 17 outdoor recreation sites and 43 children's play areas. The Council also continues to support a wide range of cultural and entertainment activities including Westbury Manor Museum. We have also produced a vision to remodel Ferneham Hall into a new arts and entertainment venue.

694

PITCH BOOKINGS
BETWEEN
SEPTEMBER 2015
AND APRIL 2016



HOME is where the HEART is...

Fareham residents are, on the whole, well housed. Around 80% of homes are now owner occupied, which is much higher than the national average. By contrast the proportion of social and private rented housing is very low.

Despite an increase of 38% in property prices between 2013 and 2018 for an average home in Fareham, house prices remain slightly lower than the Hampshire average although they are higher than some neighbouring authorities. First-time buyers in Fareham struggle to get onto the property market as the ratio between average house prices and earnings is higher than the level for most other areas in south Hampshire.

**“FIRST-TIME
BUYERS IN
FAREHAM
STRUGGLE TO
GET ONTO THE
PROPERTY
MARKET...”**



THE GREAT OUTDOORS...


With many acres of space safeguarded for wildlife and miles of natural coastline there are ample opportunities for getting out and about with or without the family.

The Council manages 331 acres of land for nature conservation across 25 different sites that include two nature reserves (Holly Hill Woodland Park and Warsash Common), and a Site of Special Scientific Interest (Portchester Common).

Cultivated spaces are important too and add quality to our everyday lives. Two open spaces, the Sensory Garden in Fareham Town Centre and Holly Hill Woodland Park, have consistently been awarded the prestigious Green Flag Award. A new open space, Abbey Meadows is set to open in 2019.

Additionally, for 14 consecutive years 'Fareham In Bloom' work has been recognised with a Gold Award in the South and South East in Bloom awards, brightening up our communities.

The great outdoors includes our streets and buildings too and important historic buildings are protected for future generations.



In fact there are 13 conservation areas and nearly 600 listed buildings within the Borough, each offering a little piece of history and helping to weave a picture of Fareham across the ages.

THERE ARE 13 CONSERVATION AREAS:

**CAMS HALL
CATISFIELD
FAREHAM HIGH STREET
HOOK
OSBORN ROAD
PORTCHESTER, CASTLE STREET
SARISBURY GREEN
SWANWICK SHORE
TITCHFIELD
TITCHFIELD ABBEY
TOWN QUAY
WALLINGTON
WARSASH**



Tell us what **WORKS** and what **DOESN'T**


Listening to residents' views is essential to the way the Council works and helps us deliver better services.

Community Action Team (CAT) meetings take place where there is a local 'hot topic' of interest to residents. There are also regular YCAT meetings where young people can ask questions and have their say.

Residents can have their say using an online Customer Engagement Panel (the E-Panel) to help customers better understand how we work, have their say and increase openness and transparency. They can also take part in various consultations that take place throughout the year.

Social media is important too. Residents can contact the Council directly on Facebook and Twitter, both of which are used to keep customers up-to-date with useful information including details of any new consultations taking place, public meetings or local events.

Our website contains all the Council's latest news and copies of the Council's Online magazine 'Fareham Today' whilst Council



Connect, in Fareham shopping centre, is also a good place to check for information.

Sign up for the Council's e-panel at:
www.fareham.gov.uk/epanel

Check out any current consultations at:
www.fareham.gov.uk/consultations

**SIGN UP TO OUR
ONLINE CUSTOMER
ENGAGEMENT PANEL
(THE E-PANEL) AND JOIN
IN THE CONVERSATION**



OUR VISION

Fareham is a prosperous, safe and attractive place to live and work. This has occurred through careful management and development, as well as constant attention to our environment and the needs of our communities. Our vision for Fareham's future is based upon the assumption that residents want to preserve all that is good about Fareham, whilst increasing prosperity, providing new homes for our growing communities and making it an even more inclusive and attractive place to live and work.

**“FAREHAM IS
A PROSPEROUS,
SAFE AND
ATTRACTIVE
PLACE TO LIVE
AND WORK.”**

OUR VALUES

Everything we do is guided by a set of values which are shared by all elected members and employees.

OUR CORPORATE VALUES

Listening and being responsive to our customers

Recognising and protecting the identity of existing communities

Enhancing prosperity and conserving all that is good

Being efficient, effective and providing value for money

Leading our communities and achieving change for the better

“LEISURE OPPORTUNITIES AVAILABLE FOR RESIDENTS AND VISITORS ALIKE...”

OUR PRIORITIES

We will achieve our vision by focusing our efforts and resources on six corporate priorities:



1 PROVIDING HOUSING CHOICES

by working with our key partners to enable and support a diverse housing market so that residents have access to good quality housing that is affordable and offers a choice of tenures. We will take positive steps to prevent homelessness and assist individuals and families in finding good quality accommodation.



2 PROTECT AND ENHANCE THE ENVIRONMENT

by ensuring that Fareham remains a clean and attractive place to live and work. We will make sure that our heritage and natural environment are conserved and enhanced for future generations. We will also minimise the impact on the environment by reducing our use of natural resources; minimising the generation of waste and maximising the collection of recyclable materials.



3 STRONG, SAFE, INCLUSIVE AND HEALTHY COMMUNITIES

by working with others to provide an environment where people of all ages feel safe. We will give people greater influence over the decisions that affect their lives and build more inclusive communities by providing easy access to information and services provided by the Council. We will also ensure that measures are in place to protect the health and safety of people who live, work or visit the Borough.



4 MAINTAIN AND EXTEND PROSPERITY

by working with others to continue to support and promote the economic vitality of the Borough. Developing and improving vibrant town and district centres offering a range of shopping, leisure and employment opportunities, together with the delivery of an employment-led vision for Daedalus will be vital to achieving this.



5 LEISURE OPPORTUNITIES FOR HEALTH AND FUN

so that residents and visitors of all ages can socialise with other members of our communities; participate in arts and entertainment activities; and improve their fitness and health.



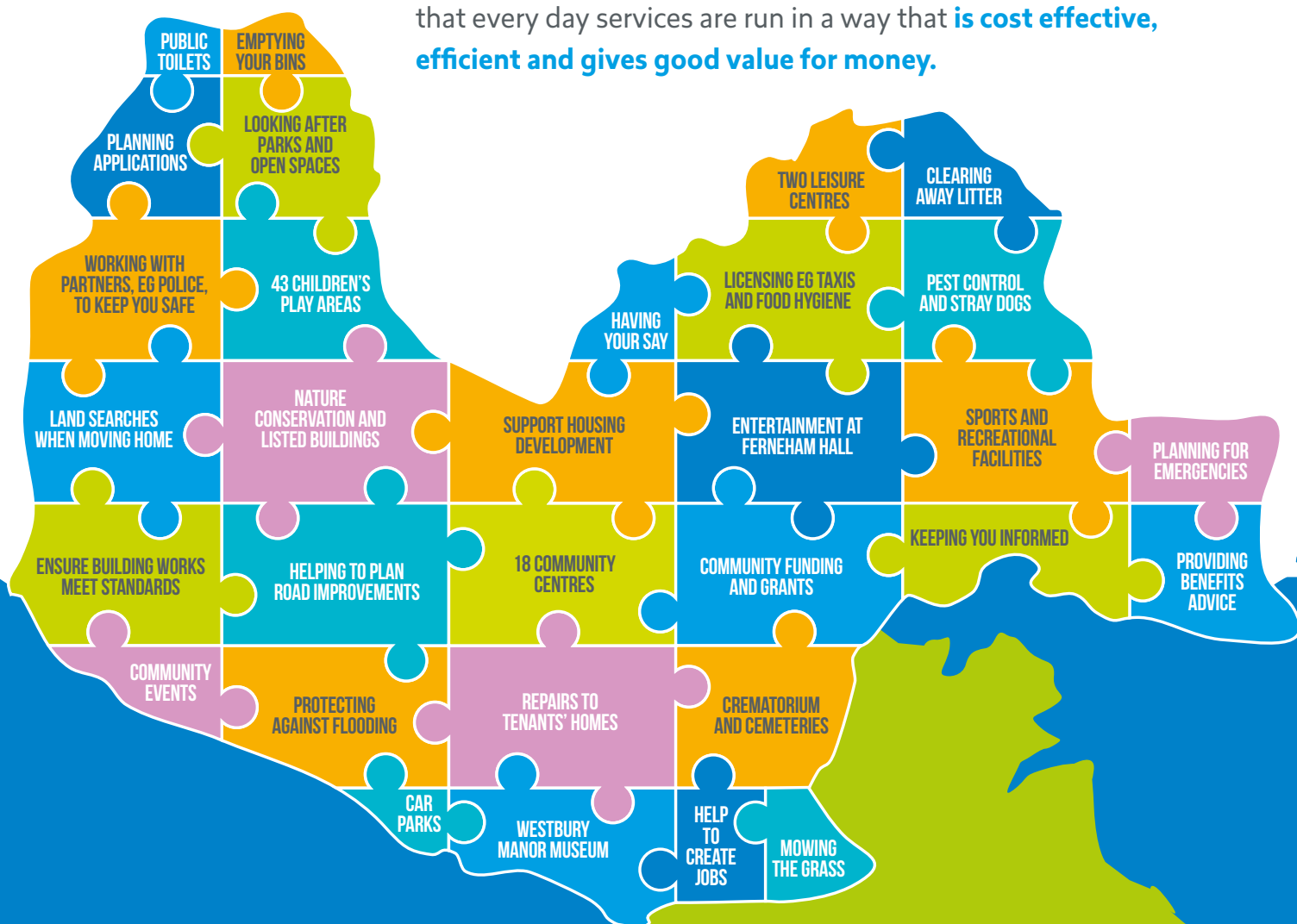
6 DYNAMIC, PRUDENT AND PROGRESSIVE COUNCIL

by making sure that the decisions we make are transparent and that arrangements are in place to secure on-going improvement. Our overall priority is to ensure that we offer good value for money by providing high quality services and maintaining high levels of customer satisfaction, whilst keeping council tax levels low when compared to other district councils.

“WE WILL GIVE PEOPLE GREATER INFLUENCE OVER THE DECISIONS THAT AFFECT THEIR LIVES...”

It's the **LITTLE THINGS** **THAT MATTER**

Although it is the big projects that get the headlines, it is the day to day work we carry out that takes up most of our time and energy. It is also what the Fareham element of your council tax pays for. We know how important it is to you that we get the basics right and we work really hard to ensure that every day services are run in a way that **is cost effective, efficient and gives good value for money.**



PRIORITY one

Between now and 2023 we have big plans for improvements all of which are driven by our corporate priorities. You will be able to keep an eye on how we are doing as key milestones will be included in our annual review.

PROVIDING HOUSING CHOICES

Ensuring everyone has somewhere to live is a vital role for Council.

Working against the backdrop of a national shortfall in housing and accommodation, we have worked hard to develop key strategies that will enable us to ensure there are housing choices for people in Fareham. We will...

- Enable the delivery of a new Garden Village at Welborne, providing thousands of new homes, new jobs, new schools and new leisure facilities.
- Prepare a new Local Plan, which will plan for the provision of new homes, and employment space, across the Borough up to 2036.
- Prepare and implement a new Affordable Housing Strategy, which will determine the Council's future role in the provision of housing.



“ENSURING EVERYONE HAS SOMEWHERE TO LIVE IS A VITAL ROLE FOR COUNCIL.”

PRIORITY TWO

PROTECT AND ENHANCE THE ENVIRONMENT

The environment in which we live helps to shape our experiences and the way we live our lives. We want to make sure that the things we enjoy today will still be around for future generations.

As well as protecting our assets, the next few years will see some exciting developments across the Borough. We will...

- Transform the fields and verges on the boundary of Daedalus into an exciting new area of public open space for the local community.
- Create Abbey Meadows, a new park in Titchfield, providing easy access to the countryside for local people.
- Transform woodland areas at Coldeast to create new public open spaces.
- Deliver major coastal defence schemes at Portchester and Hill Head.
- Increase our recycling rates and reduce the amount of household waste.

“WE WANT TO MAKE SURE THAT THE THINGS WE ENJOY TODAY WILL STILL BE AROUND FOR FUTURE GENERATIONS.”



PRIORITY three

STRONG, SAFE INCLUSIVE AND HEALTHY COMMUNITIES



“PROMOTE AND
SUPPORT THE
DELIVERY OF
WELBORNE...”

Feeling safe and secure in our homes and everyday activities is vital for our wellbeing and peace of mind.

We also know it is important to local people that we recognise and protect the identity of existing and new communities. This includes the provision of local facilities. We will...

- Promote and support the delivery of a Garden Village at Welborne, as part of a planned sustainable new community to come forward over the next 20 years.
- Build 400 new graves as an extension to Holly Hill cemetery to increase the number of burial plots available to those living in the west of the Borough.
- Review our approach to Community Safety, including analysis of CCTV, street lighting and landscaping to ensure that we make the Borough as safe as possible.
- Explore the best approaches to improving air quality in areas where the levels of NO² exceed, or are likely to exceed national guidelines.

PRIORITY four

MAINTAIN AND EXTEND PROSPERITY

We recognise that business growth is essential to the local economy, providing good quality jobs for local people and creating attractive, vibrant town and district centres.

As well as supporting and protecting existing businesses we want to attract new employers to our Borough providing opportunities for future generations. We will...

- Commence the regeneration of Fareham Town Centre, which will include the provision of new homes, improvements to retail, leisure and entertainment facilities and changes to parking provision.
- Construct a second phase extension to our highly successful Innovation Centre at Daedalus, offering office and working space to new businesses and creating new jobs within the Borough. (Complete March 2018).
- Enable the redevelopment of Portchester District Centre, which will include improvements to the shopping precinct, the provision of new homes and improvements to car parking facilities.
- Continue to implement our vision for Daedalus. We will build the necessary roads and services to unlock new employment opportunities at Swordfish Business Park, building new hangars and facilities to support the development of the airport and encourage employers to relocate and grow their businesses on the site.
- Support the construction of major highway schemes across the Borough to include the Stubbington Bypass, improvements to the southern section of Newgate Lane and a redesigned “all moves” Junction 10 on the M27. (Newgate Lane complete April 2018).
- Encourage the provision of more A Level courses within the Borough.



“A VIBRANT
SHOPPING
CENTRE IS AN
ASSET TO ANY
COMMUNITY...”

PRIORITY five

LEISURE OPPORTUNITIES FOR HEALTH AND FUN

Fareham is an attractive place to live and well-equipped with a whole host of leisure activities.

As a Council we are constantly seeking to improve leisure facilities for residents and over the coming years we will see some exciting developments. We will...

- Transform Westbury Manor into a vibrant “culture stop” in Fareham Town Centre. (Complete July 2017).
- Transform Ferneham Hall into a new arts and entertainment venue with a community focus.
- Provide new sports pitches and children’s play area at Coldeast. (Complete July 2018).
- Provide a new allotment site in the Stubbington area.
- Improve the facilities at Cams Alders Recreation Ground to meet the needs of the sports clubs and encourage greater participation by the community.



“TRANSFORM WESTBURY MANOR MUSEUM INTO A ‘CULTURE STOP’...”

PRIORITY six

A DYNAMIC, PRUDENT AND PROGRESSIVE COUNCIL

We are constantly seeking ways to reduce our spending and make your money work harder so that we can continue to deliver good services.



We will...

- Continue to work within a balanced and sustainable budget, recognising the reduction in Government funding.
- Continue to implement systems thinking* across all Council services to ensure a customer focused approach and the quick resolution of problems.
- Develop the Civic Offices to be an attractive working environment for existing and prospective tenants.
- Undertake a major review of all Council owned land and buildings to ensure that we are making the best use of our assets.
- Be alive to new opportunities for further investment in commercial properties to boost income and help meet corporate priorities.
- Continue to explore opportunities for shared services, partnerships and joint working with neighbouring Councils.

*Systems thinking helps to design Council services so that the needs of the customer are met in the simplest and most efficient way.



Strategic FRAMEWORK

Our strategic framework is made up of key financial and planning documents that help shape the work of the Council.

CORPORATE STRATEGY sets out our vision and priorities for the medium-term (i.e. five years). It also includes a set of improvement actions that describe the key projects and initiatives that we will focus on over this period.

LOCAL PLAN sets out the policies that will determine future land use to meet the needs of the corporate strategy.

MEDIUM TERM FINANCIAL STRATEGY AND ANNUAL BUDGET addresses the financial implications of all the Council's strategies and plans.

The corporate strategy and other strategies and plans are supported by local service agreements, which include a range of measures that demonstrate the general performance and degree of success of the Council.

Email your comments to corporatepolicy@fareham.gov.uk



Local Service Agreements How are we doing?

Performance from April 2018 to March 2019



Introduction

This document gives an overview of how the Council is performing and provides more detail about the Council's Vision and Priorities as set out in the Corporate Strategy 2017-23.

What are the priorities?

- To Provide Housing Choices 
- To Protect and Enhance the Environment 
- To build Strong, Safe, Inclusive and Healthy Communities 
- To Maintain and Extend Prosperity 
- To provide a range of Leisure Opportunities for Health and Fun 
- To be a Dynamic, Prudent and Progressive Council 

What are Local Service Agreements?

Each priority has a number of measurements that allow the Council to monitor how well it is performing from year-to-year. These are known as Local Service Agreements and they allow the Council to be open and transparent, by making its performance available to the residents of the Borough.

The Council also carries out 10/10 surveys in a number of service areas. Every quarter, randomly selected customers are asked to score the service they received out of ten. They are also asked how we could improve the service. The overall scores for the year are included in this document.



Providing Housing Choices



What is this priority about?

We will work with our partners to enable and support a diverse housing market so that residents have access to good quality housing that is affordable and offers a choice of tenures. We will take positive steps to prevent homelessness and assist individuals and families in finding good quality accommodation.

What do we aim to achieve?

The improvement actions that we aim to achieve by 2023 are to:

- Enable the delivery of Welborne Garden village, providing thousands of new homes, new jobs, new schools and new leisure facilities;
- Prepare a new Local Plan, which will plan for the provision of new homes, and employment space across the Borough up to 2036;
- Prepare and implement a new Housing Strategy to include affordable options



What else are we doing?

Supporting and enabling an affordable housing market

- Enabling access to rented homes for people on low incomes and people who are homeless or vulnerable.
- Ensuring that there is enough land for housing development across the Borough.
- Ensuring that all sectors of the community are able to be housed appropriately.
- Working with landlords to maintain housing standards.
- Offering advice and grants to help reduce energy costs.
- Providing home safety and security checks.
- Providing grants to adapt homes to enable people with disabilities to live independently.

Preventing homelessness

- Providing advice and assistance to prevent homelessness.
- Ensuring that good temporary accommodation is available for homeless people in priority need.
- Working with Fareham Street Aid partners to help those sleeping rough in the Borough and to help vulnerable people off the streets.

Providing access to affordable housing

- Providing affordable homes for people in housing need.
- Providing a support and advice service to the Council's tenants.
- Repairing and improving the Council's housing.
- Consulting and involving the Council's tenants in the way the service is delivered.



Maintaining the Borough's rented housing stock

- Assessing local housing conditions.
- Providing advice on the legal standards for rented housing.
- Improving standards of Houses in Multiple Occupation (HMOs).
- Reducing the level of hazards under the Housing Health and Safety Rating System.
- Improving home energy ratings under the Standard Assessment Procedure (SAP).
- Bringing empty properties back into use.
- Reducing the number of vulnerable households living in sub-standard homes.
- Working closely with private sector landlords to improve housing conditions and standards of management and maintenance.

Challenges

- Changes to future national planning policy.
- Sufficient funding to enable the delivery of more Council owned homes.
- Securing appropriate affordable housing through the planning system.



How did we do in 2018/19?



Providing Housing Choices

9.9



Based on our *10/10 surveys the **Housing allocations service** received a score of 9.9 out of 10

8.9



Based on our 10/10 surveys the **planning service** received a score of 8.9 out of 10



The Council hosted its first ever conference to tackle rough sleeping in the town and Fareham StreetAid was launched

7.5 Days



on average to complete a **housing repair**. This is a decrease of 0.5 days from 2017/18. The council also attended **81% of appointments on time.**



£1.5million grant from Homes England secured to deliver more Council homes

9.7



Based on our 10/10 surveys the **housing repair service** received a score of 9.7 out of 10

£300,000



awarded in capacity funding to help bring forward Welborne

*10/10 surveys are one of the main ways that the Council gages the level of resident satisfaction with our services.

Protect and Enhance the Environment



What is this priority about?

We will make sure that our heritage and natural environment are conserved and enhanced for future generations. We will also minimise the impact on the environment by reducing our use of natural resources; maximising the collection of recyclable materials.

What do we aim to achieve?

The improvement actions that we aim to achieve by 2023 are to:

- Transform fields and woodland across the borough to create exciting new areas of public open space;
- Deliver major coastal defence schemes at Portchester and Hill Head;
- Reduce the quantity of household waste and maximise the amount that is reused or recycled.



What else are we doing?

Planning the future shape of the Borough

- Preparing plans that guide the future use and development of land within the Borough.

Ensuring high quality development

- Providing planning advice to applicants seeking to undertake development in the Borough.
- Ensuring planning applications meet the Council's policies.

Conserving and improving public spaces

- Protecting historic buildings and areas, trees and wildlife areas.
- Undertaking environmental improvements in public spaces.

Managing the coast and responding to climate change

- Keeping the beaches clean.
- Looking after coastal and flood defences.
- Developing an action plan to mitigate impacts of climate change.
- Continuing with our Give Plastic the Push campaign, to reduce the use of Single Use Plastic in the Borough.
- Helping residents to improve home energy efficiency.

Enabling easy access to well managed public and open spaces

- Providing and maintaining parks, open spaces, woodlands and allotments for your enjoyment.
- Mowing the grass.

Improving local air quality and ensuring land is free from contamination

- Improving air quality through the local air quality action plan.
- Continuously monitoring air quality.
- Investigating land for contamination.
- Ensuring local businesses do not pollute the environment.

Keeping streets and open spaces clean and tidy

- Cleaning the streets.
- Providing litter bins.
- Removing abandoned vehicles.
- Using a new Public Spaces Protection Order (PSPO) to tackle irresponsible dog ownership.
- Fining people for littering, dog fouling and fly tipping.
- Providing clean toilets for public use.
- Removing graffiti.

Providing a sympathetic and caring burial service

- Maintaining cemeteries.
- Arranging burials and working in partnership to run Portchester Crematorium.

Collecting waste

- Collecting household waste for incineration, as well as garden waste, health care waste and recyclable materials.
- Providing assisted collections for households in need.
- Providing chargeable collections for bulky household waste, trade waste and commercial recycling.

Challenges

- Securing sufficient funding to ensure we can continue to look after coastal and flood defences and to implement policies to manage the potential impacts of climate change to coastal areas, including rising sea levels.
- Ensuring there is sufficient uptake from drivers to upgrade their older taxis, having secured £300,000 as an incentive.
- Cleaning up of identified contaminated land, as there is always a significant cost involved.
- Hampshire County Council's proposal to charge for contamination in recycling collections and to withdraw payments for the sale of recyclates will impact on our capacity to reduce the quantity of household waste and maximise the amount that is reused or recycled.
- Finalising a nitrate mitigation strategy.



How did we do in 2018/19?



Protect and Enhance the Environment

100%



of offensive graffiti was removed within 5 working days. The same as the previous year

91%



of abandoned vehicles were removed within 5 working days. An increase of 8% on the previous year

£750,000



Government funding secured to help improve air quality

93%



of fly-tipped waste was removed within 5 working days

33%



of household waste was sent for reuse, recycling and composting. The same as the previous year

£150,000



in Government funding for new 'Clean Cabs' scheme

Strong, Safe, Inclusive and Healthy Communities



What is this priority about?

We will work with others to continue to provide an environment where people of all ages feel safe. We will give people greater influence and power over the decisions that affect their lives and build more inclusive communities by providing easy access to information and services provided by the Council. We will also ensure that measures are in place to protect the health and safety of people who live, work or visit the Borough.

What do we aim to achieve?

The improvement actions that we aim to achieve by 2023 are to:

- Promote and support the delivery of a Garden Village at Welborne, as part of a planned sustainable new community to come forward over the next 20 years;
- Build 400 new graves as an extension to Holly Hill cemetery to increase the number of burial plots available to those living in the west of the Borough;
- Review our approach to Community Safety, including analysis of CCTV, street lighting and landscaping to ensure that we make the Borough as safe as possible;
- Explore the best approaches to improving air quality in areas where the levels of NO2 exceed national guidelines.

What else are we doing?

Reducing crime and disorder

- Providing CCTV coverage across the Borough in partnership with Gosport Borough Council.
- Providing community lighting for the safety of pedestrians on the public highway, parks and open spaces.

Protecting the health and safety of people

- Controlling pests and preventing the spread of infectious diseases.
- Collecting stray dogs and encouraging responsible dog ownership.
- Controlling the pollution of air, land and water.
- Ensuring businesses comply with food safety and health and safety legislation.
- Licensing and checking of premises, vehicles and people to ensure activities are undertaken and provided safely.
- Using powers to ensure residents live in satisfactory housing conditions.
- Ensuring public safety and protecting the community against the consequences of major incidents.
- Providing an emergency out-of-hours service.
- Protecting public health and preventing nuisance.

Managing highways, traffic and parking

- Assisting Hampshire County Council to manage traffic and keep the highways safe.
- Managing car parks and residents' parking schemes, applying traffic regulations, and taking action against parking offences.

Promoting good health

- Working with Fareham and Gosport Clinical Commissioning Group to improve access to health facilities.

Ensuring new and existing buildings are safe

- Ensuring building works comply with building regulations and safety standards.
- Providing residents with pre-application advice on construction related projects.
- Providing a 24 hour emergency response service for unsafe buildings.
- Ensuring the safe demolition of buildings.
- **Building stronger communities**
- Providing opportunities for local people to get involved in their neighbourhoods.
- Ensuring customers can make their views known to the Council.



Building inclusive communities

- Making sure all customers can access the Council's services.

Enabling people to play an active part in society

- Helping vulnerable or disadvantaged people to become involved in community activities and use community facilities.
- Planning and providing community and leisure facilities.
- Providing grants to voluntary organisations.
- Ensuring that people who are eligible to vote are registered to vote.

Paying housing and Council Tax Support

- Providing a housing benefit and council tax benefits service.
- Investigating all allegations of benefit fraud.

Challenges

- The ongoing roll out of Universal Credit will affect the delivery of Housing Benefit Service and the way in which Council Tax Support is administered.
- The Local Council Tax Support scheme requires a radical redesign as the Universal Credit roll out accelerates, moving towards a less means-tested scheme.
- Potential changes to the guidance for food safety inspections may impact resource levels.



How did we do in 2018/19?



Strong, Safe, Inclusive and Healthy Communities

10



Based on our 10/10 surveys, the average score of **benefits service** was 10. Every customer gave a score of 10

10



grants worth **£40,582** were paid out in community funding

8 Days



it took on average to deal with **new benefit claims**

288



Vehicles were licensed

2 Days



it took on average to deal with **changes of circumstance claims**

392



Environmental Health Inspections

Maintain and Extend Prosperity



What is this priority about?

We will work with others to continue to support and promote the economic vitality of the Borough. Developing and improving vibrant town and district centres offering a range of shopping, leisure and employment opportunities, together with the delivery of an employment-led vision for Daedalus will be vital to achieving this.

What do we aim to achieve?

The improvement actions that we aim to achieve by 2023 are to:

- Create attractive, vibrant town and district centres, providing new homes, and improvements to retail, leisure, entertainment and parking facilities;
- Continue to implement our vision for Daedalus by supporting the development of the airport and encouraging employers to relocate and grow their businesses on the site;
- Support the construction of major new highway schemes across the Borough.



What else are we doing?

Enabling employment opportunities

- Securing an adequate supply of land for business development in easy to get to locations.
- Encouraging new businesses and attracting well-paid jobs to the borough.
- Working with partners to enable residents to improve their workplace skills.
- Managing the Council's commercial land and properties.

Meeting transport and mobility needs

- Providing travel choices that are accessible and environment friendly.
- Supporting the provision of public and community transport.

Improving town and district centres

- Planning a district centre for Welborne and for maintaining the prosperity of Fareham town centre.
- Identifying new sites for business development.
- Carrying out environmental improvements.
- Supporting the town centre.
- Supporting the provision of markets.
- Providing a range of off-street parking choices.

Challenges

- Maintaining the current level of market stalls, as markets are in a state of decline nationally.
- Attracting future funding for continuation of prosperity.
- Enabling the future prosperity of town and district centres for changing needs.

How did we do in 2018/19?



Maintain and Extend Prosperity

0.3%



of working age residents in Fareham were claiming **Jobseeker's Allowance**. The average for the South East for this period was 0.4%

£7m



Extension to Fareham Innovation Centre officially launched

600 new jobs



created at Daedalus since Council took control in 2015

89.6%



of shops were occupied, which represents an increase of 0.7% from the previous year

Leisure Opportunities for Health and Fun



What is this priority about?

We will provide opportunities for residents and visitors of all ages to socialise with other members of our communities; participate in arts and entertainment activities; and improve their fitness and health.

What do we aim to achieve?

The improvement actions that we aim to achieve by 2023 are to:

- Transform Westbury Manor Museum into a vibrant “culture stop” in Fareham Town Centre;
- Provide a new allotment site in the Stubbington area;
- Improve the facilities at Cams Alders Recreation Ground to meet the needs of the sports clubs and encourage greater participation by the community.



What else are we doing?

Providing leisure and cultural opportunities

- Remodelling Ferneham Hall into a new arts and entertainment venue, providing a balanced programme of arts and entertainments activities.
- Providing play equipment to meet the needs of the local community.
- Providing swimming, indoor sport and fitness facilities at Fareham Leisure Centre and Holly Hill Leisure Centre
- Providing opportunities for residents and visitors to the Borough to explore the local history

Challenges

- Remodelling Ferneham Hall.
- Providing accessible play equipment in our play areas.



How did we do in 2018/19?



Leisure Opportunities for Health and Fun



68,076

people watched performances at **Ferneham Hall**. This is a decrease of around 3,126 people on the previous year



19,514

visited **Westbury Manor Museum**, an increase of 3,126 visitors on the previous year

65%



of adults aged 16+ in Fareham, were considered to be active.

Active is defined as doing at least 150 minutes of physical activity each week. This is higher than the national average of 62%

1,111,733



visited either **Fareham or Holly Hill Leisure Centre**, a decrease of 34,427 people on the previous year.

£500,000



being spent to improve play areas across the borough

A Dynamic, Prudent and Progressive Council



What is this priority about?

We will make clear decisions that can be understood by all. Action will be taken to improve our openness in decision-making. Above all our priority is to offer good value for money by providing high quality services and maintaining high levels of customer satisfaction, whilst keeping council tax levels low when compared to other district councils.

What do we aim to achieve?

The improvement actions that we aim to achieve by 2023 are to:

- Continue to work within a balanced and sustainable budget, recognising the reduction in Government funding;
- Continue to implement the Vanguard Methodology across all Council services to ensure a customer focussed approach and the quick resolution of problems;
- Develop the Civic Offices to be an attractive working environment for existing and prospective tenants;
- Undertake a major review of all Council owned land and buildings to ensure that we are making the best use of our assets;
- Be alive to new opportunities for further investment in commercial properties to boost income and help meet corporate priorities;
- Continue to explore opportunities for shared services, partnerships and joint working with neighbouring Councils.

What else are we doing?

Managing the Council's resources

- Publishing a statement of the Council's accounts.
- Maintaining effective financial control and internal audit.
- Maximising the rate of Council Tax collection.
- Preventing, detecting and investigating fraud and corruption.
- Putting plans in place to keep our services going in an emergency.

Ensuring transparent decision making

- Supporting elected members to carry out their role.
- Providing timely access to meeting papers and maximising decisions made in public.
- Setting rules and procedures to be followed by the Council and Committees when carrying out their business.

Encouraging local democracy

- Registering residents who are eligible to vote in elections.
- Organising elections.
- Reviewing boundaries and election arrangements.

Ensuring suitable measures are in place to bring about steadily improving services

- Demonstrating continuous improvement and achievement of value for money.
- Maximising partnership arrangements with other organisations to benefit the Borough.
- Reviewing services and achieving better value for money.

Challenges

- Achieving further savings across the Council.
- Works to Civic Offices to ensure an attractive, customer focussed environment for customers, tenants and Council employees.

How did we do in 2018/19?



A Dynamic, Prudent and Progressive Council

£1,666.26



is the **Council Tax for a band D property in Fareham for a year.**

From this Fareham Borough Council only takes a sum of £160.22 to help fund your services. The majority is passed on to the County Council, the Police and the Fire Authority

99.06%



of business rates due were collected. This is a decrease of 0.24% on the previous year

37%



of the registered electors turned out to vote at the last Fareham Borough Council election (May 2018). This was 0.4% higher than the average turnout for the previous year

3.5



of the floors in the Civic Offices are taken up by tenants, generating income



97.2%

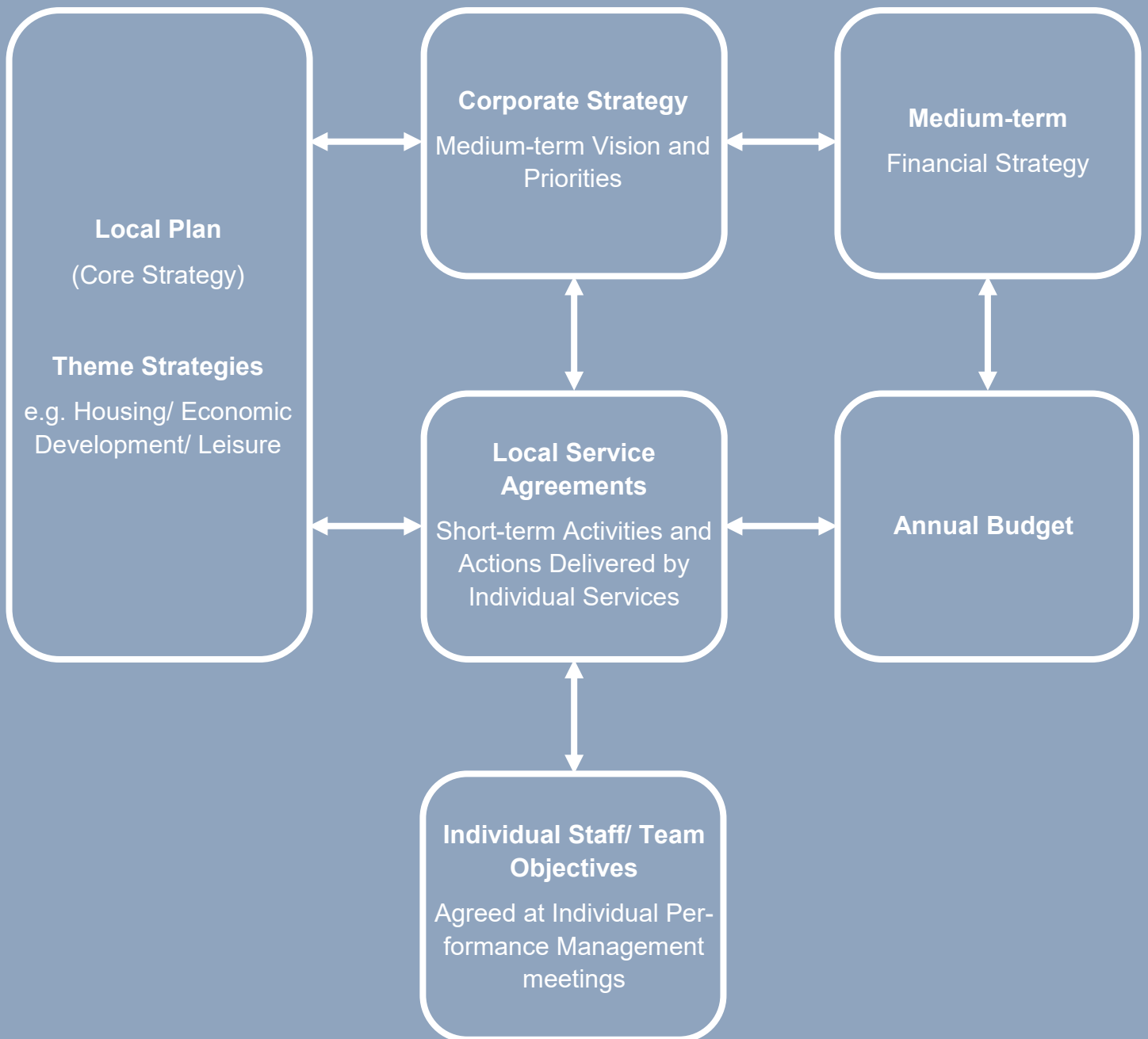
of households with eligible electoral registrations returned



98.75%

of Council Tax due was collected. This is a decrease of 0.35% on the previous year

Strategic Framework



FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 November 2019

Portfolio:	Policy and Resources
Subject:	Council Tax Discounts and Exemptions
Report of:	Deputy Chief Executive Officer
Corporate Priorities:	A dynamic, prudent and progressive council

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

Executive summary:

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.

Recommendation/Recommended Option:

It is recommended 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.

Cost of proposals:

Estimates suggest an initial cost of the Care Leavers policy will be £1,055.30 in 2019/2020.

Appendices: A: Council Tax Discounts, Reliefs, Exemptions and Premiums Policy

Background papers: None

Reference papers:

Report to the Executive 7 January 2019 - Update on Financial forecasts and funding gap recommendations

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	04 November 2019
Subject:	Council Tax Discounts and Exemptions
Briefing by:	Deputy Chief Executive Officer
Portfolio:	Policy and Resources

INTRODUCTION

1. Council Tax is collected as a local contribution to the many services provided in the borough by Fareham Borough Council, Hampshire County Council, Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Service. Fareham Borough Council is the designated Billing Authority and therefore responsible for the collection of the tax and distributing it to the precepting bodies.
2. Some properties or households are eligible for discounts, reliefs or exemption from Council Tax reducing their Council Tax bill. Most of these are mandatory reductions and contained in Legislation, other adjustments are discretionary and can be set locally by the Council. A full summary of all Council Tax reductions is attached as Appendix A.
3. Although a full summary of reductions is provided at Appendix A, this report seeks approval for some proposed changes to the discretionary reductions and premiums that can be applied to Council Tax bills, in relation to empty properties and care leavers.

EMPTY PROPERTIES

4. In 2012 and 2018 the Government made changes to the provisions for Council Tax Discounts, Exemptions and Premiums as part of an overall strategy to bring empty properties into productive use. The Government abolished some mandatory exemptions and gave Billing Authorities the power to provide local discounts (lower discount or no discount at all). In addition to this, Councils could charge a premium on properties that had been empty over 2 years.
5. Fareham has a continual shortage of affordable residential accommodation and there are currently over 1,132 people on the housing waiting list. Fareham has taken the opportunity to encourage homeowners to bring back empty properties into use, as follows:

Unoccupied and Unfurnished Property (Class C)

In 2012 the changes abolished the exemption for unoccupied and unfurnished properties for the first 6-months from when the property became empty. Fareham maintained the 6-month exemption as a 100% discount from 2013 but in January 2019, the Executive agreed to reduce this discount from 6-months to 1-month from 1 April 2019.

The proposal is to further reduce this discount from 1 April 2020 to nil, meaning that there would be no discount on unoccupied and unfurnished properties which have been vacant for a period of less than 2 years.

There are 145 properties receiving the 1-month discount (or a proportion of the 1 month) at 30 September and the annual discount is estimated to cost £195,000 per year. If this discount was removed, Fareham's share of the saving is estimated at £19,500.

Properties undergoing major repairs or structural alterations to render them habitable (Class D Previously Class A)

The 2012 changes also abolished the exemption for unoccupied and unfurnished properties undergoing major repairs or structural alterations to render them habitable.

Fareham maintained the 100% exemption for a period of up to 12 months, as a discount from 2013, but in January 2019 the Executive agreed to reduce this discount to 50% for up to 12 months, from 1 April 2019.

The proposal is to further reduce this discount from 1 April 2020 to nil, meaning that there would be no discount on unoccupied and unfurnished properties undergoing major repairs or structural alterations to render them habitable.

There are 62 properties receiving this up to 12-month discount (or a proportion of the 12 months) at 30 September and the annual discount is estimated to cost £48,000 per year. If this discount was removed, Fareham's share of the saving is estimated at £4,800.

For properties in a derelict state, the Valuation and Listing Officer, the Agency responsible for Banding properties for Council Tax purposes, may decide to remove the property from the Banding List.

Premiums for Unoccupied & Unfurnished Properties empty in excess of 2 years

The Government's changes in 2012 also gave Billing Authorities the ability to levy a 50% premium on properties which had been unoccupied and unfurnished for a period of more than two years. Fareham agreed to levy a premium and have charged a 50% premium on this type of property since 1 April 2013.

In 2018, the Government made additional changes, giving Billing Authorities the power to raise increased premiums on properties which have been unoccupied and unfurnished for more than two years, as follows:

- (i) From 1 April 2019 to 31st March 2020 where the property has been empty over two years, a 100% premium.

(ii) 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.

(iii) 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.

6. The Executive 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.

7. In September 2018 there were 54 properties which had been unoccupied and unfurnished more than 2 years. This number reduced to 46 properties by September 2019. 7 of these long-term empty properties have been unoccupied and unfurnished for over 10 years.

8. The tables below show the premiums that would be collected under the proposed policy compared to the current policy. The net effect would be additional income to Fareham of £5,202.44.

Band	No of Properties	100% Premium Additional income	FBC Share
A	8	£8,886.72	£888.67
B	6	£7,775.88	£777.59
C	12	£17,773.56	£1,777.36
D	7	£11,663.82	£1,166.38
E	5	£10,182.70	£1,018.27
F	6	£14,440.92	£1,444.09
G	2	£5,554.20	£555.42
H	0	£0.00	£0.00
Total	46	£76,277.80	£7,627.78

Band	Empty 2 to 5 Years	Empty 5 to 10 Years	Empty over 10 years	100% Premium Additional Income	200% Premium Additional Income	300% Premium Additional Income	FBC Share
A	3	4	1	£3,332.52	£8,886.72	£3,332.52	£1,555.18
B	4	1	1	£5,183.92	£2,591.96	£3,887.94	£1,166.38
C	5	5	2	£7,405.65	£14,811.30	£8,886.78	£3,110.37
D	5	2	0	£8,331.30	£6,665.04	£0.00	£1,499.63
E	1	1	3	£2,036.54	£4,073.08	£18,328.86	£2,443.85
F	3	3	0	£7,220.46	£12,219.24	£0.00	£1,943.97
G	0	2	0	£0.00	£11,108.40	£0.00	£1,110.84
H	0	0	0	£0.00	£0.00	£0.00	£0.00
TOTAL	21	18	7	£33,510.39	£60,355.74	£34,436.10	£12,830.22

CARE LEAVERS

9. Care leavers are amongst the most vulnerable groups in our society. Hampshire County Council have been undertaking a number of initiatives to help care leavers which have included a recommendation that district councils offer reductions in Council Tax to this category of residential occupier. It is proposed that Fareham Borough Council does offer a reduction in Council Tax 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.
10. The attached policy included as section 10 in Appendix A, is seeking to offer up to 100% reduction to Care Leavers aged between 18 and 25 and where any English based local authority has been acting as the corporate parent. The reduction (by considering the Council Tax as irrecoverable) can be applied if they pay Council Tax or live with someone who pays Council Tax in Fareham, retrospectively from 1 April 2019 forward.
11. To qualify for their Council Tax to be considered irrecoverable the Care Leaver must:
 - Be aged 25 years and under
 - Have their main residence in the borough of Fareham
 - Be liable for Council Tax (Solely or jointly) or
 - Move into a household and cause an increase in Council Tax liability (e.g. the loss of single resident discount)
 - Be able to provide evidence of their care leaver status
12. The reduction in Council Tax will be granted after any entitlement to other appropriate Legislative discounts or exemptions have been awarded (this may include Council Tax Support, single resident Discount or relevant disregards).
13. It is difficult to estimate how many care leavers would choose to locate to Fareham and how many of these would be liable to Council Tax on their own or jointly with another person or cause an increase the Council Tax payable by moving into a property.
14. Research suggest that we may only have only 4 care leavers aged between 18 and 25 years and only three of those are liable for Council Tax. Of the three liable to Council Tax, two pay an amount and one receives 100% Council Tax Support. The fourth Care Leaver resided in a property with other adults and had no impact on the Council Tax liability. If we were to consider 100% of the Council Tax liability as irrecoverable in these cases, the total cost in 2019/2020 would be **£1,055.30**.

RISK ASSESSMENT

15. An Equality Impact Assessment is not necessary and there are no significant risk considerations in relation to this report

Enquiries: For further information on this report please contact Adrian Collier (Ext 4632)

Council Tax

Discounts, Reliefs, Exemptions and Premiums



Version 1 – December 2019

Contents

Introduction	4
MANDATORY DISCOUNTS, RELIEFS & EXEMPTIONS	
1: Annexes	6
2: Job Related Dwellings	6
3: Single Resident Discount	7
4: Disregarded Occupiers.....	7
4.1 Young People.....	7
4.2 Students	7
4.3 Apprentices and Trainees	8
4.4 Health Related.....	8
4.5 Resident Elsewhere	9
4.6 Special Occupations or Status	9
5: Empty Property (mandatory exemptions).....	10
5.1 Property Owned by a Charity (Class B).....	10
5.2 Owner in Detention (Class D).....	10
5.3 Owner Living in Care (Class E).....	11
5.4 Owner Deceased (Class F).....	11
5.5 Occupation Prohibited by Law (Class G)	11
5.6 Dwelling Held for a Minister of Religion (Class H).....	12
5.7 Person Living Elsewhere to Receive Personal Care (Class I).....	12
5.8 Person Living Elsewhere to Provide Personal Care (Class J).....	12
5.9 Dwelling Left Empty by a Student (Class K)	13
5.10 Mortgagee in possession (Class L)	13
5.11 Property left empty by Bankrupt Person (Class Q)	13
5.12 Unoccupied Caravan Pitch or Boat Mooring (Class R)	13
5.13 Unoccupied Annexe (Class T).....	14
6: Occupied Property (mandatory exemptions)	14
6.1 Students Hall of Residence (Class M)	14
6.2 Property Wholly Occupied by Students (Class N).....	14
6.3 UK Armed Forces Accommodation (Class O)	14
6.4 Visiting Forces Accommodation (Class P)	15
6.5 Property Wholly Occupied by Persons Under 18 Years of Age (Class S).....	15
6.6 Property Occupied by Severely Mentally Impaired persons (Class U)	15
6.7 Property Occupied by a Person with Diplomatic Immunity (Class V)	15
6.8 Occupied Annexe (Class W).....	16

7. Disabled Persons Relief 17

DISCRETIONARY DISCOUNTS, EXEMPTIONS & PREMIUMS

8. Council Tax Support 19

9. Empty Properties and Second Homes (discretionary discounts)..... 20

 9.1 Unoccupied and Unfurnished Dwellings (Class C) 20

 9.2 Unoccupied and Unfurnished properties undergoing alterations (Class D) .. 20

 9.3 Long-Term Empty Premium 20

 9.4 Second Homes..... 21

10. Care Leavers Under 25 21

 10.1 Definition 21

 10.2 Entitlement 22

 10.3 Exclusions..... 22

 10.4 Changes to Bills..... 22

 10.5 Administration 23

Introduction

Council Tax is collected as a local contribution to the many services provided in the borough by Fareham Borough Council, Hampshire County Council, Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Service.

Council Tax is charged on domestic properties, which are grouped into valuation bands (A to G), based on domestic property valuations as at 1 April 1991; these bands determine the level of tax charged.

The Fareham Borough Council element of the tax rate for band D properties is set by the Council each February, considering spending needs, local Council Tax priorities and central government thresholds on the level of Council Tax increases that can be made before a local referendum is held. These are then added to the band D rates set by the other 3 precepting authorities. There is a standard formula for the calculation of the other bands relative to Band D.

Some properties or households are eligible for discounts, reliefs or exemption from Council Tax reducing their Council Tax bill. Most of these are MANDATORY and contained in Legislation, other adjustments are DISCRETIONARY and can be set locally by the Council.

In addition, we can also levy a DISCRETIONARY Premium for Long Term Empty Properties, increasing the Council Tax bill.

This document summarises the different Mandatory and Discretionary discounts, reliefs, exemptions and premiums that are available or automatically applied in this borough.

MANDATORY DISCOUNTS, RELIEFS AND EXEMPTIONS

1: Annexes

Value: 50% discount

Where an annexe is lived in by a family member, providing that they are related to the person liable to pay Council Tax for the main dwelling.

A discount also applies for people living in dwellings with annexes which are unoccupied, provided they are using those annexes as part of their main dwelling.

See also 5.13 Unoccupied Annexe and 6.8 Occupied Annexe Exemption

2: Job Related Dwellings

Value: 50% discount

Properties which are classed as second homes and are occupied as job-related dwellings or retained because the Council Tax Payer lives in a property classed as a job-related dwelling.

The discount may be awarded if at least one of the following criteria is met:

The employee needs to live at the property to carry out the duties of their employment and,

- The employment is of the type where it is customary for employers to provide accommodation and the accommodation is required for better performance of the duties of that person's employment.
- The employee is required under the contract to live at that property and they live there for the proper performance of the duties of their employment

3: Single Resident Discount

Value: 25% discount

Where there is only one adult resident and the property is that person's main home.

4: Disregarded Occupiers

When looking at the number of adult residents in a property, we may be able to disregard occupiers in the following categories, which could allow a discount of 25%, 50% or 100%:

4.1 Young People

Under 18s and young people who are still in receipt of Child Benefit.

School leavers aged 18 or 19 and have left school or college between 30 April and 1 November in the year that the bill is due.

4.2 Students

4.2.1 To be considered as a **full-time student**:

- The student must be studying at an educational establishment providing higher or further education
- They must be required to study, receive tuition or undertake work experience for at least 21 hours per week on average
- They must be registered on a course that lasts for at least a calendar year or an academic year of at least 24 weeks.
- Any period of work experience undertaken must not exceed 50% of the whole time spent on your course (unless they are a trainee teacher).

4.2.2 **Students on qualifying courses** are also disregarded if:

- They are under the age of 20
- Spending at least 12 hours a week on the relevant activities of the course
- Attending a course which must be at least 3 months long
- Where tuition must be undertaken between the hours of 8.00am and 5.30pm
- The course must not be a correspondence course
- The course must have no connection to any job that they do.

- 4.2.3 **Foreign language assistants** are treated as students if they are:
- Registered with the Central Bureau for Educational Visits and Exchanges
 - Appointed as an assistant at a school or other educational institution in Great Britain
- 4.2.4 **Student Nurses, Midwives and Health Visitors:** Student nurses, or nurses studying to become a midwife or health visitor will be treated as a full-time student.
- 4.2.5 **Spouses and dependants of students from abroad:** Spouses or a dependant of a student from another country may be treated as a full-time student. The terms of the visa allowing them to live in this country must state that they are not entitled to work or have access to public funds.

4.3 Apprentices and Trainees

- 4.3.1 A resident is an **apprentice**, regardless of age, if:
- They are employed for the purposes of learning a trade or profession;
 - Are working towards a qualification accredited by the Qualification and Curriculum Development Agency;
 - Earn substantially less than the rate of pay a qualified person would receive; and
 - Earn no more than £195 per week.
- 4.3.2 A **youth training trainee** is:
- Aged under 25; and
 - Undergoing training through arrangements made under the Employment Training Act 1973 which is funded by the Secretary of State under section 14 of the Education Act 2002.

4.4 Health Related

- 4.4.1 **Severely Mentally Impaired:** A person has a severe impairment of intelligence and social functioning (however caused) which appears to be permanent and:
- The person obtains a certificate duly signed to that effect by a registered medical practitioner and
 - The person is entitled to a qualifying benefit

4.4.2 **People Providing or Receiving Care:** Some carers may be entitled to a range of different reductions depending on their circumstances.

In all cases, the care that is being given or received must be for:

- Old age
- Physical or mental disability
- Past or present alcohol dependency
- Past or present drug dependency
- Past or present mental illness.

If a carer lives in someone else's house and provides care, he or she will not be counted when adding up the number of adults who live in the property.

4.5 Resident Elsewhere

4.5.1 **People in Detention:** A person is in detention if they are:

- In prison;
- On remand;
- Awaiting deportation
- Held under the Mental Health Act.

It does not include periods where someone is in police custody and is waiting to be remanded in custody by a Court. Neither does it apply to people who are in custody for non-payment of their Council Tax or a fine.

4.5.2 **Hospital Patients:** A person with their sole or main residence in a National Health Hospital (where the hospital is a dwelling/home)

4.5.3 **Patients in Homes:** A person who is resident in a care home or independent hospital and receiving care or treatment.

4.5.4 **Residents of Hostels for the Homeless or Night Shelters:** Anyone who is resident for the time being in accommodation for the homeless is disregarded.

4.6 Special Occupations or Status

4.6.1 **Members of International Headquarters and Defence Organisations** and their dependants.

4.6.2 **Members of religious communities** where the principle occupation is prayer, contemplation, education and the relief of suffering.

4.6.3 **Members of visiting forces** who lease or own a property in which they live. Dependants living with them may also be disregarded if not a British Citizen or permanently resident in the United Kingdom.

4.6.4 **Persons with Diplomatic Immunity or Privilege** conferred by reference to various prescribed Legislation. The person must not be a British subject or citizen.

5: Empty Property (mandatory exemptions)

5.1 Property Owned by a Charity (Class B)

Value: 100% exemption

Duration: 6 months

An unoccupied property previously used for charitable purposes.

5.2 Owner in Detention (Class D)

Value: 100% exemption

Duration: Period of confirmed detention

An unoccupied property where the Council Tax payer is in detention providing they are:

- In prison;
- On remand;
- Awaiting deportation
- Held under the Mental Health Act.

It does not include periods where someone is in police custody and is waiting to be remanded in custody by a court. Neither does it apply to people who are in custody for non-payment of their Council Tax or a fine.

5.3 Owner Living in Care (Class E)

<p>Value: 100% exemption</p> <p>Duration: No Maximum Period</p>

People receiving care outside of the home for one of the following reasons may be entitled to claim an exemption providing that their previous home remains unoccupied:

- Old age
- Physical or mental disability
- Past or present alcohol dependency
- Past or present drug dependency
- Past or present mental illness.

5.4 Owner Deceased (Class F)

<p>Value: 100% exemption</p> <p>Duration: Until Probate & for 6 Months afterwards</p>

The former home of someone who has died is exempt from Council Tax providing they were either the owner or a tenant (where the trustee or administrator of the estate still pays the rent). The property must be unoccupied.

The exemption ceases if:

- The property is sold;
- The property is handed back to a landlord;
- The property is handed over to a beneficiary;
- The property is reoccupied
- 6 months has expired since either probate or letters of administration have been granted.

5.5 Occupation Prohibited by Law (Class G)

<p>Value: 100% exemption</p> <p>Duration: Period of prohibition</p>

An unoccupied property which is subject to a legally recognised "prohibition from occupation" order.

5.6 Dwelling Held for a Minister of Religion (Class H)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

An unoccupied property waiting to be occupied by a Minister of Religion as a residence from which he/she will perform the duties of their office.

5.7 Person Living Elsewhere to Receive Personal Care (Class I)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

An unoccupied property where the previous resident is receiving care outside of their home for one of the following reasons:

- Old age
- Physical or mental disability
- Past or present alcohol dependency
- Past or present drug dependency
- Past or present mental illness

5.8 Person Living Elsewhere to Provide Personal Care (Class J)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

An unoccupied property where the previous resident is providing care outside of their home for one of the following reasons:

- Old age
- Physical or mental disability
- Past or present alcohol dependency
- Past or present drug dependency
- Past or present mental illness

5.9 Dwelling Left Empty by a Student (Class K)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied/Course Ending</p>

Full time students who have left a property they own unoccupied, in order to study, providing:

- It was their main residence immediately before they became a full-time student
- They vacated it less than six weeks before starting their course
- The property has remained vacant since the student left.

5.10 Mortgagee in possession (Class L)

<p>Value: 100% exemption</p> <p>Duration: Period of Repossession</p>

An unoccupied property repossessed by the mortgagee (usually a mortgage lender, bank or building society).

5.11 Property left empty by Bankrupt Person (Class Q)

<p>Value: 100% exemption</p> <p>Duration: Period held by bankruptcy trustee</p>

An unoccupied property where the previous occupier is bankrupt, the trustee will not have to pay any Council Tax. The property will be exempt even if the person who is bankrupt was jointly liable with someone else who is not bankrupt.

5.12 Unoccupied Caravan Pitch or Boat Mooring (Class R)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

A caravan pitch or boat mooring which is not in use

5.13 Unoccupied Annexe (Class T)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

A property that is a self-contained annexe with its own Council Tax band and owing to planning constraints is unable to be let separately. The exemption applies even if the main property is also unoccupied

See also 1. Occupied Annexe Discount and 6.8 Occupied Annexe Exemption

6: Occupied Property (mandatory exemptions)

6.1 Students Hall of Residence (Class M)

<p>Value: 100% exemption</p> <p>Duration: Period used as such</p>

A hall of residence predominantly occupied by full time students and owned or run by a college, a university or a charitable institution.

6.2 Property Wholly Occupied by Students (Class N)

<p>Value: 100% exemption</p> <p>Duration: Period occupied by students</p>

Properties wholly occupied by a full-time student(s)

6.3 UK Armed Forces Accommodation (Class O)

<p>Value: 100% exemption</p> <p>Duration: Period used as accommodation</p>

Living accommodation for UK armed forces personnel which is owned by the Ministry of Defence, this includes barracks and other accommodation on military bases, together with married quarters (whether on bases or not).

6.4 Visiting Forces Accommodation (Class P)

<p>Value: 100% exemption</p> <p>Duration: Period used as accommodation</p>

Where a member of a visiting force leases or owns a property in which they live. Any dependants living with the member of the visiting force must not be a British Citizen or permanently resident in the United Kingdom.

6.5 Property Wholly Occupied by Persons Under 18 Years of Age (Class S)

<p>Value: 100% exemption</p> <p>Duration: Period used/until occupier becomes 18</p>

A property occupied by one or more people who are all aged under 18.

6.6 Property Occupied by Severely Mentally Impaired persons (Class U)

<p>Value: 100% exemption</p> <p>Duration: Period used as accommodation</p>

Where the occupier has a severe impairment of intelligence and social functioning (however caused) which appears to be permanent and:

- The person obtains a certificate signed to the effect by a registered medical practitioner and
- The person would be entitled to a qualifying benefit

6.7 Property Occupied by a Person with Diplomatic Immunity (Class V)

<p>Value: 100% exemption</p> <p>Duration: Period used as accommodation</p>

A property occupied by a foreign diplomat who leases or owns the property in which they live. The occupier must not be permanently resident in the United Kingdom and the property concerned must not be their second home.

6.8 Occupied Annexe (Class W)

Value: 100% exemption

Duration: Period used as accommodation

Where an elderly or disabled dependant relative lives in an adjoining property (an annexe). The dependant relative must be:

- 65 years old or more; or
- Severely mentally impaired
- A person who is substantially and permanently disabled.

A relative for this purpose is defined as a:

- Spouse
- Parent
- Child
- Grandparent
- Grandchild
- Brother or sister
- Aunt or uncle
- Nephew or niece
- Great (or great-great) grandparent
- Great (or great-great) grandchild
- Great (or great-great) uncle or a great aunt
- Great (or great-great) nephew or a great niece

See also 1. Occupied Annexe Discount and 5.13 Unoccupied Annexe

7. Disabled Persons Relief

If the Council Tax payer is disabled, or if a disabled person lives with them, they may be able to claim a reduction in their Council Tax bill (the disabled person may be a child).

The reduction will be equivalent to having to pay Council Tax at the next Council Tax Band down from the one designated for the property (e.g. if the house is currently valued in Band D, the reduction will mean that the Council Tax payer will pay Council Tax at the Band C level).

If the property is already in the lowest band (Band A), the reduction is 16.5% off the Council Tax bill.

Disabled Relief applies if one of the following features is required for meeting the needs of the disabled person and is of major importance to their well-being:

- A room other than the main bathroom, kitchen or lavatory which is used predominantly by the disabled person
- A second bathroom or kitchen
- Extra space inside the property to allow for the use of a wheelchair and a wheelchair is used.

DISCRETIONARY DISCOUNTS, EXEMPTIONS AND PREMIUMS

8. Council Tax Support

Since 1 April 2013, all billing authorities have been responsible for developing their own means-tested Council Tax Support schemes, to assist working-age people on low incomes pay their Council Tax. The Government has continued to prescribe in Legislation the support to be provided to pensioner-age claimants.

The support can be applied for if a resident of a property is paying Council Tax and lives on a low income (even if they are in full-time work or self-employed).

The amount or type of help they will receive depends on who else lives at the property, the amount of money they have coming in to the household, and any other benefits and savings they have.

Households who receive help with their Council Tax because they are on low income pay at least 20% towards their Council Tax, unless they are in one of the protected groups such as a war pensioner or severely disabled. Anyone living in a Band D property or above also have their Council Tax Support restricted to 80% of the Council Tax liability for a Band C property.

The Council has agreed and implemented a scheme based on the following principles:

- Every working-age claimant should pay something towards their Council Tax
- The amount of Council Tax Support to be capped to a Band C for those claimants living in larger properties
- All non-dependents (such as adult sons or daughters living in the claimant's property) should pay something towards the household's Council Tax bill
- Provide additional financial support to the most vulnerable claimants (such as those receiving a War Pension or who are severely disabled)

The full details of the Council Tax support scheme are set out in a separate policy document which can be found from paragraph 29 in the [2019 Finance Strategy, Capital Programme, Revenue Budget and Council Tax Report](#)

9. Empty Properties and Second Homes (discretionary discounts)

9.1 Unoccupied and Unfurnished Dwellings (Class C)

Value: 0% discount
Duration: For any vacant period less than 2 years

An unoccupied and substantially unfurnished property will be subject to 100% Council Tax from the date it was last occupied/furniture removed for any period of less than 2 years.

9.2 Unoccupied & Unfurnished properties undergoing alterations (Class D)

Value: 0% discount
Duration: Maximum period 12 Months or until next occupied

An unoccupied & unfurnished property that requires or is undergoing major works or structural alteration to render it habitable will be subject to 100% Council Tax for any period that the property requires or is undergoing those works.

9.3 Long-Term Empty Premium

Properties which have been unoccupied and unfurnished in excess of two years, are required to pay a premium increase on their Council Tax as follows:

Date unoccupied	Period of non-occupancy	Premium
1 st April 2019 to 31 st March 2020	the property has been empty over 2 years	100%
1 st April 2020 to 31 st March 2021	the property has been empty between 2 to 5 years	100%
1 st April 2020 to 31 st March 2021	the property has been empty over 5 years	200%
From 1 st April 2021	the property has been empty between 2 to 5 years	100%
From 1 st April 2021	the property has been empty between 5 to 10 years	200%
From 1 st April 2021	the property has been empty over 10 years	300%

(In relation to paragraphs 9:1, 9:2 and 9:3 above, any period of occupation of less than 6 weeks will be ignored for the purposes of resetting the discount or premium)

9.4 Second Homes

Value: 0% discount

Any property which is substantially furnished and is not anyone's sole or main residence, is considered as a second home. The full Council Tax is payable on all second homes.

10. Care Leavers Under 25

Care leavers are among the most vulnerable groups in our society and by Fareham Borough Council considering the Council Tax as irrecoverable in full or in part for a Care leaver, we will be providing practical help and financial assistance to this group of residents whilst they are developing independent lives and their individual life skills. The cost of the policy will be borne by the Collection Fund.

10.1 Definition

A 'care leaver' is defined in The Children (Care Leavers) Act 2000 and refers to "eligible", "relevant" and "former relevant" children:

- Eligible children are those young people aged 16-17 who are still in care and have been 'looked after' for a total of 13 weeks from the age of 14, including their 16th birthday;
- Relevant children are those young people aged 16 and 17 who have already left care, and who were 'looked after' for at least 13 weeks from the age of 14 and have been 'looked after' at some time while they were 16 or 17;
- Former relevant children are those young people aged 18, 19 or 20 who have been eligible and/or relevant.

Care leavers can also be classified as a 'qualifying' care leaver. This category applies to young people who:

- Left care after 1st October 2001, after they had turned 16, but who are not 'eligible' or 'relevant' because they did not fulfil the 13-week criteria
- Were accommodated, but in residential education, mental/health provision private fostering or Special Guardianship

10.2 Entitlement

Care leavers aged between 18 and 25 and where a local authority in England has acted previously as a corporate parent, will be entitled to their Council Tax being irrecoverable in full or in part, if they pay Council Tax or live with someone who pays Council Tax in Fareham since 1 April 2019.

To qualify for this reduction the Care Leaver must:

- Be aged 25 years and under
- Have their main residence in the borough of Fareham
- Be liable for Council Tax (Solely or jointly) or
- Move into a household and cause an increase in Council Tax liability (e.g. the loss of single resident discount)
- Be able to provide evidence of their care leaver status

The reduction in Council Tax will be granted after any entitlement to other appropriate Legislative discounts or exemptions have been awarded (this may include Council Tax Support, single resident Discount or relevant disregards).

10.3 Exclusions

Houses in Multiple Occupation (HIMOs) are accommodation set up commercially where the residents do not constitute a single household and the property owner is liable for Council Tax, not the residents. Houses in Multiple Occupation are where occupants:

- Do not constitute a single household
- Have a licence or tenancy to occupy only part of the dwelling
- Share the living space
- Are not the liable party to pay Council Tax.

10.4 Changes to Bills

The following reductions will be applied to the Council Tax bills:

Care leaver circumstances	Irrecoverable Reduction
Care leavers who live alone and are the liable person to pay Council Tax	100%
Where a property is occupied only by care leavers	100%
Care leavers who are jointly liable with one or more residents in the property, who are a not care leavers	50%
Where the care leaver lives in a household and the Council Tax would be subject to either a discount or exemption, if the care leaver did not reside there	The bill will be reduced to the sum payable before the care leaver resided in the property (so there is no Council Tax increase due the care leaver living in the property)

10.5 Administration

Evidence of the care status of the applicant, will need to be confirmed with the relevant Local Council (if the applicant cannot confirm the position)

The care leaver (or his/her appointee or a recognised third party acting on his/her behalf) or the liable person where relevant (i.e. the liable person at the property in which the care leaver resides) must advise of any change of circumstances which may impact the Council Tax charge within 21 days.

Any excess reduction given will be reclaimed through the relevant Council Tax account and collected and recovered under the Council Tax (Administration and Enforcement) Regulations 1992.

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 November 2019

Portfolio:	Policy and Resources
Subject:	Finance Monitoring Report 2019-20
Report of:	Deputy Chief Executive Officer
Corporate Priorities:	A 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.

Executive summary:

This 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.

Recommendation/Recommended Option:

It is recommended 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.

Cost of proposals:

Not applicable.

Appendices: **None**

Background papers: **None**

Reference papers:

- (a) 4 February 2019 Executive Report - Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2019/20.
- (b) 1 July 2019 Executive Report – General Fund and Housing Revenue Account Outturn 2018/19 and Capital and Treasury Management Outturn 2018/19.

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	04 November 2019
Subject:	Finance Monitoring Report 2019-20
Briefing by:	Deputy Chief Executive Officer
Portfolio:	Policy and Resources

INTRODUCTION

1. This report sets out, in detail, the variations between the budgeted and actual income/expenditure to 30 September 2019 for the revenue budgets.
2. To follow in line with the outturn reports that are reported to the Executive in July each year, this report now contains an updated position for the Housing Revenue Account as well as the General Fund.

REVENUE EXPENDITURE SUMMARY

3. The details of the budget and spend for each of the Council's committees and portfolios for the first six months of the 2019/20 financial year are shown below:-

ACTUAL REVENUE EXPENDITURE TO 30 SEPTEMBER 2019

	Budget 2019/20 £	Budget to 30 Sep 19 £	Actual to 30 Sep 19 £	Variation £
Committees				
Planning	485,700	130,700	209,762	79,062
Licensing & Regulatory Affairs	516,800	237,700	146,998	-90,702
Executive - Portfolio Budgets				
- Leisure & Community	1,668,800	353,900	413,965	60,065
- Housing	1,381,300	862,500	748,827	-113,673
- Planning & Development	-307,300	747,000	579,799	-167,201
- Policy & Resources	-589,300	-715,600	-742,562	-26,962
- Health & Public Protection	2,332,200	-24,400	-52,167	-27,767
- Streetscene	5,814,000	1,516,500	1,743,929	227,429
TOTAL SERVICE BUDGETS	11,302,200	3,108,300	3,048,551	-59,749
NON-SERVICE BUDGETS	-2,635,800	-460,000	-488,519	-28,519
NET BUDGET	8,666,400	2,648,300	2,560,032	-88,268

THE KEY COUNCIL SERVICES

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

Service	Budget 2019/20 £	Budget to 30 Sep 19 £	Actual to 30 Sep 19 £	Variation £	
Income Budgets					
Trade Waste	-103,100	-614,700	-702,712	-88,012	😊
Industrial and Commercial Estates	-371,500	-310,100	-378,700	-68,600	😊
Housing Benefit Payments	-114,100	441,100	403,665	-37,435	😊
Investment Properties	-3,339,600	-1,667,800	-1,686,476	-18,676	😊
Local Land Charges	-122,600	-75,200	-36,862	38,338	😞
Parking Services	-698,400	-322,700	-246,637	76,063	😞
Solent Airport at Daedalus	-634,200	-104,800	20,874	125,674	😞
Expenditure Budgets					
Local Plan	1,321,400	565,200	393,220	-171,980	😊
Homelessness	420,700	182,000	147,529	-34,471	😊
Local Tax Collection	881,900	359,500	340,840	-18,660	😊
Street Cleansing	993,300	397,400	396,168	-1,232	😊
Planning Appeals	56,400	24,800	55,866	31,066	😞
Ferneham Hall	444,400	102,400	154,232	51,832	😞
Planning Applications	60,000	-36,300	44,465	80,765	😞
Tree Maintenance	120,600	45,300	140,292	94,992	😞
Waste & Recycling Total	2,027,100	810,800	951,597	140,797	😞
Community Parks and Open Spaces	1,787,900	700,300	851,844	151,544	😞
Cost of Employment	17,919,100	8,313,156	8,450,853	137,697	😞

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

- (a) **Trade Waste** is currently showing an overall increase in income. The service is showing an increase in income due to growth in the number of customers using the service. This increase in income has been offset by increased spend on employee's costs along with additional vehicle costs.
- (b) **Industrial and Commercial estates** are showing a variation of almost £69,000 above the budget for the first 6 months of the year. This is because rental income is slightly above budget. There has been increased spend on employees and business rates but these has been offset by reduced spend on consultants.
- (c) **Housing benefits** payments are currently £37,000 under the budget for the year. The forecast will be reviewed at the mid-point of the financial year and will reflect the updated position on changes in caseload and amounts paid in benefits. The benefits paid out during the year are supported by grant payments. The full year position shows a different position due to year-end transactions that will go through including bad debts, write offs and debtors raised for overpayments.
- (d) **Investment properties** are showing as slightly above budget which is mainly due to the rental income being slightly above budget.
- (e) **Local Land charges** is showing a variation of £38,000 income underachieved compared to the budget which is due to a reduction in the type of applications that are being received. More customers who previously used the chargeable service now go through personal search companies for which there is no charge.
- (f) **Parking Services** is showing a variation of £126,000 reduced income compared to the budget. Income from users of the Council's car parks is £86,000 less than budgeted for and is almost £22,000 lower than the figure of a year ago. There has also been an increase spend on maintenance of the multi-storey car parks during the year along with increased business rates spend.
- (g) **Solent Airport at Daedalus** is showing as over the budget mainly as a result of higher costs to the buildings including maintenance, electricity and rates. The income from service charges is also below budget although these budgets will be reviewed as the site expands operations. It is anticipated that the budget position will move to break even by the end of the financial year.
- (h) The **Local Plan** is showing spend of less than the budget for the first six months. This is mainly due to vacancy savings in employee costs along with lower than anticipated spend on consultants. It is anticipated that spend will increase during the latter part of the year as the plan progresses through to its next stage.
- (i) The **Homelessness** budget is showing a reduction in spend against budget for the year of almost £35,000. There have been additional employee costs which have been offset by grant payments along with additional rental costs but these have been more than offset by more income from properties.

- (j) **Local Tax Collection** is showing an underspend as a result of small vacancies savings and reduced spend on summons costs during the year.
- (k) **Street Cleansing** is showing spend being slightly under the budget in the early part of the year mainly as a result of reduced employee's costs, additional income from sales, all of which have been offset by increased vehicle costs including higher repairs and fuel expenses.
- (l) **Planning Appeals** is showing an over spend after 6 months of over £31,000 which is due to an increase in the use of consultants, for example, in relation to the Land East of Down End Road inquiry.
- (m) **Ferneham Hall** is showing an over spend after 6 months mainly due to higher levels of spend on repairs to the building. There has also been lower than anticipated income from sales and hirings.
- (n) **Planning Applications** is showing as being over budget by almost £81,000. The income for the year is currently lower than the budget by over £58,000. This has been added to by an increase in the use of consultants and legal costs for more complex planning applications including the Welborne application.
- (o) **Tree Maintenance** is showing as being over budget by almost £95,000. The main cost is as a result of planned work which takes up almost 70% of the spend while good neighbour work takes up a further 16% of the work with inspections and urgent work accounting for the remaining 15% of spend.
- (p) **Waste Collection and Recycling** services is showing an over spend at the half year point mainly as a result of higher spend on agency staff in all of the waste services due to cover for vacancies and sickness. Some of this over spend has been offset by vacancy savings. There has also been higher than anticipated spend on vehicles due to higher fuel costs and increased repairs to vehicles.
- (q) **Community Park and Open Spaces** is showing an overspend for the first six months of the year mainly due to increased spend on tree maintenance, additional vehicle costs due to repairs and fuel costs. There have also been additional costs for employees as a result of termination payments due to a restructure.
- (r) Expenditure on **employees** represents approximately 60% of the Council's gross expenditure (excluding benefit payments) and therefore it is important that the total establishment cost is monitored collectively, as well as monitoring at service level. During the first 6 months of the year, savings on salaries and wages have arisen, mainly as a result of employee vacancies. This has been partly offset by the additional expenditure on agency employees used to cover some of those vacancies and also to cover sickness. On top of this there has been additional expenditure due to contract terminations but these will be funded from reserves where salary savings do not meet the full costs.

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

Service	Budget 2019/20 £	Budget to 30 Sep 19 £	Actual to 30 Sep 19 £	Variation £	
Project Integra	15,000	0	0	0	😊
Community Safety Partnership	204,500	81,900	72,541	-9,359	😊
Fareham & Gosport CCTV Partnership	188,200	94,700	68,233	-26,467	😊
Portchester Crematorium JC	-150,000	0	0	0	😊
Environmental Health Partnership	1,558,200	639,200	605,367	-33,833	😊
Building Control Partnership	198,800	88,800	84,360	-4,440	😊

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

HOUSING REVENUE ACCOUNT

8. The Housing Revenue Account shows an underspend to Period 6 2019/20, as set out in the following table. At this point in the year this is shown as a surplus, but this does not take account of year-end transactions relating to corporate recharges and other adjustments between the revenue account and earmarked reserves. An explanation of the variances is given below.

	Base Budget 2019/20 £'000	Budget to 30 Sep 2019 £'000	Actual to 30 Sep 2019 £'000	Variation £'000
HOUSING REVENUE ACCOUNT				
Income	-12,321	-6,363	-6,353	10
Tenancy Management & Running Costs	2,892	946	921	-25
Net Interest	1,669	700	700	0
Transfer to Debt Repayment Fund	1,140	0	0	
	-6,620			
Revenue Repairs Expenditure	2,705	1,425	1,105	-320
Depreciation set aside into the Major Repairs Reserve	2,538	0	0	0
Revenue Contribution to Capital Programme	1,377	0	0	0
Transfer to(-)/from HRA Reserve	0	-3,292	-3,627	-335

9. Income is largely in line with the budget for the year to date. The leaseholder repairs budget figure will be revised once actual billing for the year 2018/19 has been finalised.

10. The main area of underspend is in the revenue responsive and void maintenance area. New working and management arrangements are now well established and are meeting the customer led demand. Vacancies remain in the building services employee establishment as consideration is given to using this resource to enable delivering the planned programme that will include compliance-related work (such as fire safety and other health and safety works).

RISK ASSESSMENT

11. Whilst it would be too early to draw very firm conclusions regarding the final revenue budget position for 2019/20 after six months, it is equally important that the Executive is made aware of the trends in both expenditure and income where they differ from those anticipated when the original budgets were prepared.
12. It is also worth noting that expenditure tends to increase during the latter months of the year as work programmes proceed so any under spends in the first half of the financial year are unlikely to continue throughout the whole of the financial year.
13. The Council's expenditure and income are monitored by officers throughout the year. Known spending pressures will be reflected in the Finance Strategy for 2020/21. The budget that will reflect the revised position will be reported to the Executive in January 2020.

CONCLUSION

14. It is important that there is a timely reporting system in place to focus the Executive on key variances. To reflect this the revenue monitoring reports include detailed information about the more significant areas of the Council's expenditure and income.
15. There are a number of areas where spend is higher than the budget and doesn't show signs of being in line with the base budget by the end of the financial year. Officers will, however, continue to monitor the actual revenue expenditure very closely and will review the budgets before they are brought to the Executive in January 2020.

Enquiries:

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

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 04 November 2019

Portfolio:	Policy and Resources
Subject:	Treasury Management and Capital Monitoring 2019-20
Report of:	Deputy Chief Executive Officer
Corporate Priorities:	A 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.

Executive summary:

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

Recommendation:

It is recommended 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.

Cost of proposals:

Not applicable.

Appendices: **A:** Economic Commentary and Outlook by Arlingclose
 B: Treasury and Prudential Indicators

Background papers: None

Reference papers: Treasury Management Strategy and Prudential Indicators
 2019-20, Council, 22 February 2019

Prudential Code for Capital Finance in Local Authorities
(2017)

Treasury Management in the Public Services Code of
Practice (2017)

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	04 November 2019
Subject:	Treasury Management and Capital Monitoring Report 2019-20
Briefing by:	Deputy Chief Executive Officer
Portfolio:	Policy and Resources

INTRODUCTION

1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management at least twice yearly (mid-year and at year end). This report therefore ensures the Council is implementing best practice in accordance with the Code.
2. The Council's Treasury Management Strategy for 2019/20 was approved by Full Council on 22 February 2019.
3. The Council has borrowed and invested large sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.
4. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by Full Council, covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy for 2019/20 was approved by Full Council on 22 February 2019.
5. An economic commentary by the Council's Treasury Advisors, Arlingclose, can be found in Appendix A.
6. The report also includes progress to 30 September 2019 on the Capital Programme.

BORROWING ACTIVITY

7. At 30 September 2019, the Council held £47.5 million of loans, (an increase of £2 million on 31 March 2019). The Council expects to borrow externally up to £5 million in 2019/20 to part fund the capital programme.

8. The Council's main objective when borrowing continues to be striking an appropriately low risk balance between securing low interest rates and achieving cost certainty over the period for which the funds are required.
9. With short-term interest rates remaining much lower than long-term rates, the Council considered it to be more cost effective in the near term to use internal resources and short-term loans. This strategy enabled the Council to reduce net borrowing costs and reduce overall treasury risk.
10. Borrowing activity to 30 September 2019 was:

	Balance on 31 March 2019 £'000	Balance on 30 Sept 2019 £'000	Average Rate
Long-term borrowing	40,000	40,000	3.50%
Short-term borrowing	3,000	5,000	0.90%
Portchester Crematorium	2,510	2,510	0.25%
Total Borrowing	45,510	47,510	

The Council holds investments from Portchester Crematorium Joint Committee which is treated as a temporary loan.

INVESTMENT ACTIVITY

11. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the six-month period, the Council's investment balance ranged between £13 and £19 million due to timing differences between receipts and payments.
12. The CIPFA Code and government guidance gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.
13. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2019/20. The policy details the high quality and secure counterparty types the Council can invest with.
14. Given the increasing risk and low returns from short-term unsecured investments, the Council has further diversified into more secure and higher yielding asset classes. £4 million that is available for longer-term investment was moved from bank and building society deposits into externally managed strategic pooled diversified income funds.
15. These funds have no defined maturity date, but are available for withdrawal after a notice period. Their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

16. Details on investment activity to 30 September 2019 are summarised in the table below:

	Balance on 31 March 2019 £'000	Balance on 30 Sept 2019 £'000	Average Rate
Long-term Pooled Funds	2,000	6,000	4.16%
Banks and Building Societies	6,000	9,000	0.96%
Local Authorities	3,000	0	-
Money Market Funds	2,100	4,200	0.69%
Total Investments	13,100	19,200	

17. Readiness for Brexit: The scheduled leave date for the UK to leave the EU is 31 October 2019 and there remains little political clarity as to whether a deal will be agreed by this date and there is the possibility that the exit date is pushed back yet again. As 31 October approaches, the Council will ensure there are enough accounts open at UK-domiciled banks and Money Market Funds to hold sufficient liquidity required in the near term and that its account with the Debt Management Account Deposit Facility (DMADF) remains available for use in an emergency.

COMMERCIAL PROPERTIES

18. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return.
19. Since the Executive approval of a Commercial Property Investment Acquisition Strategy in January 2013, the Council has purchased 9 commercial investment properties (including a retail park purchased in April 2019) as summarised below, averaging a return of 6.9% and expected to generate rental income of £2 million during 2019/20.

Property Type	Purchase Cost £'000	Current Value £'000
Retail	28,515	26,850
Commercial	1,721	2,250
Other	1,890	2,050
Total	32,126	31,150

20. The current value has decreased overall by £0.98 million mainly in the retail sector, offset by increases in the commercial and other sector. However, the annual rental income achieved is in line with forecast.
21. Property valuations are undertaken annually, to ensure that the Council's balance sheet reflects the current opinion of the value of the Council's assets. Fluctuations in value do not represent actual gains or losses, but do indicate market sentiment, which is often linked to rental income levels and lease terms and conditions.
22. The Council's total investment property portfolio is shown below and includes Fareham Shopping Centre, Faretec and industrial estates at Palmerston Business Park and Newgate Lane.

Property Type	Current Value £'000
Retail	42,162
Commercial	10,011
Other	4,373
Office	3,759
Leisure	1,167
Total	61,472

BUDGETED INCOME AND OUTTURN

23. Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judge the risks to be weighted to the downside and that volatility will continue to offer longer-term borrowing opportunities.
24. The Council's budgeted net interest received for the year is £515,900 (£481,480 in 2018/19) and we are currently on target to achieve this by year end. The increase in budget is due to placing investments in longer term pooled funds with higher yields.

COMPLIANCE WITH TREASURY AND PRUDENTIAL INDICATORS

25. The Council confirms compliance with its Treasury and Prudential Indicators for 2019/20, which was set on 22 February 2019 as part of the Council's Treasury Management Strategy.
26. Performance for the first half of the year is shown in Appendix B. During the financial year to date the Council has operated within the treasury limits and prudential indicators.

CAPITAL PROGRAMME

27. On 4 February 2019, the Executive approved the 2019/20 capital programme for General Fund services of £20.2 million and Housing Revenue Account (HRA) of £8.6 million giving a combined total of £28.8 million.
28. Details of actual capital expenditure in 2018/19 were reported to the Executive on 1 July 2019 and it was noted that the carry forward on the capital programme was £6.8 million for the General Fund and £0.8 million for HRA services. The total carry forward of £7.6 million has now been included in the capital programme for 2019/20 bringing the total to £36.4 million (£19.8 million in 2018/19).
29. The Remodelling of Ferneham Hall capital scheme was approved by the Executive in September 2019. The £12.35 million scheme will be added to the 2020/21 capital programme as part of the revised budget setting process.
30. The following table sets out the updated capital programme for 2019/20 and has been used as the basis for monitoring progress to 30 September 2019:-

	Approved Programme 2019/20 £	2018/19 Slippage £	Updated Programme 2019/20 £
Health & Public Protection	0	10,000	10,000
Streetscene	574,000	(3,000)	571,000
Leisure & Community	378,100	48,400	426,500
Housing	500,000	249,900	749,900
Planning & Development	0	18,900	18,900
Policy & Resources	18,726,200	6,512,400	25,238,600
Total General Fund	20,178,300	6,836,600	27,014,900
Housing Revenue Account	8,574,600	799,100	9,373,700
Updated Capital Programme	28,752,900	7,635,700	36,388,600

MAJOR CAPITAL SCHEMES

31. The Council has a number of major capital schemes where budgeted expenditure for 2019/20 is in excess of £500,000. These schemes, with forecast budget to 30 September 2019, are detailed in the following table:-

Capital Scheme	Budget 2019/20 £	Budget to 30 Sep 19 £	Actual to 30 Sep 19 £	Variation £
Daedalus Schemes	10,228,000	150,000	146,168	-3,832
Town Centre Hotel	8,035,000	0	0	0
Commercial Property Acquisition	5,110,000	5,110,000	5,019,877	-90,123
HRA Capitalised Repairs/Renewals	4,199,000	1,520,000	610,125	-909,875
Highlands Road New Build	3,097,800	1,545,000	25,116	-1,519,884
Bridge Road New Build	1,344,800	640,800	226,652	-414,148
Civic Offices Improvements	765,000	0	0	0
Disabled Facilities Grant	749,900	375,000	0	-375,000
Vehicles and Plant	646,400	150,000	144,247	-5,753
HRA Stock Repurchases	554,500	556,500	353,170	-203,330

32. Progress updates on the major schemes are detailed below:-

- (a) The major scheme at **Daedalus** is Faraday Business Park. Due to the complexities of the site there have been delays due to additional design and risk analysis. Planning consent has been secured and pre-consultants are engaged working on the detailed design. Construction is forecast to start in June 2020 with the aim to complete by March 2021. The budget will be reprofiled to reflect current spending plans.
- (b) The **Town Centre Hotel** scheme is no longer proceeding, so the budget will now be removed from the Capital Programme.
- (c) An additional retail park was purchased in April 2019 bringing the total number of **Commercial Property Acquisitions** since January 2013 to 9.
- (d) Expenditure for **HRA Capitalised Repairs/Renewals** is underspent against the budget to date. A stock condition survey has been undertaken and will inform a detailed programme of works that will be reflected in the revised capital programme budget.
- (e) The new build scheme at **Highlands Road**, comprising 18 x one and two bedroom flats, commenced in August 2019 and is anticipated to complete August 2020. Demolition of the bungalow and site clearance is complete, but the recent wet weather has affected ground works and further ecological work is needed which may extend contract length.
- (f) The new build scheme at **Bridge Road**, comprising 2 x three bedroom and 3 x two bedroom terraced properties, commenced in June 2019 and is anticipated to complete February 2020. Although there has been some delay due to wet weather affecting the brickwork programme, the contractor still expects to complete on time.
- (g) Capital works at the **Civic Offices** are currently going through a prioritisation process, working with key internal and external stakeholders of the offices. It is unlikely there will be any significant capital works this financial year.
- (h) The processing of **Disabled Facilities Grants** has passed to Portsmouth

City Council. There has been a delay in invoicing for the first half of the year.

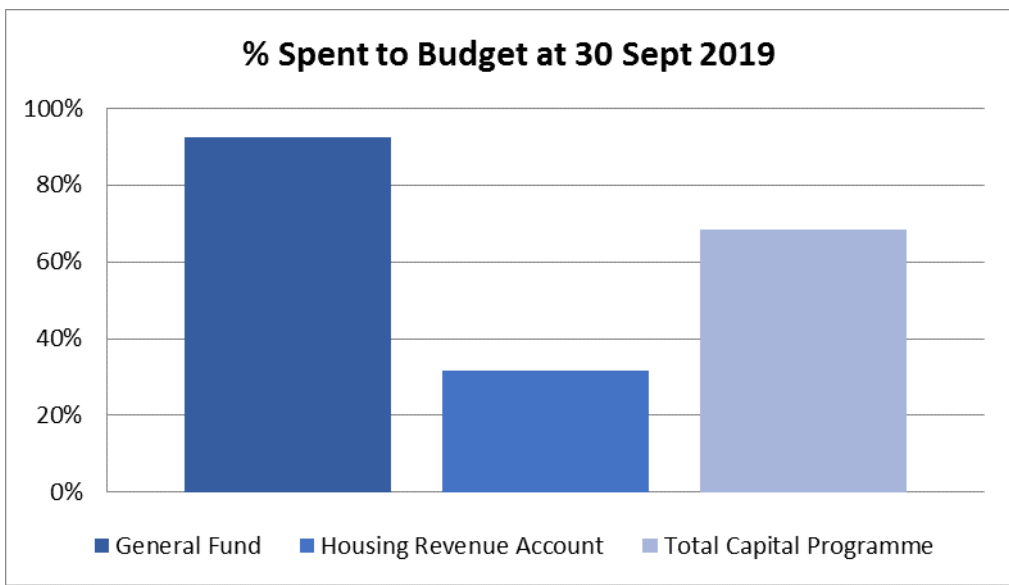
- (i) Expenditure to date on **Vehicles and Plant** has been for two second-hand refuse vehicles, two second-hand transit tippers, a tractor and three flail mowers. There will be an underspend at the end of the year as the procurement of two new refuse vehicles has taken longer than expected and, along with the long lead times, means that these vehicles should now be delivered in April 2020.
- (j) One general needs property and 50% of a shared ownership property have been purchased so far in the current financial year for **HRA Stock Repurchases**.

CAPITAL MONITORING

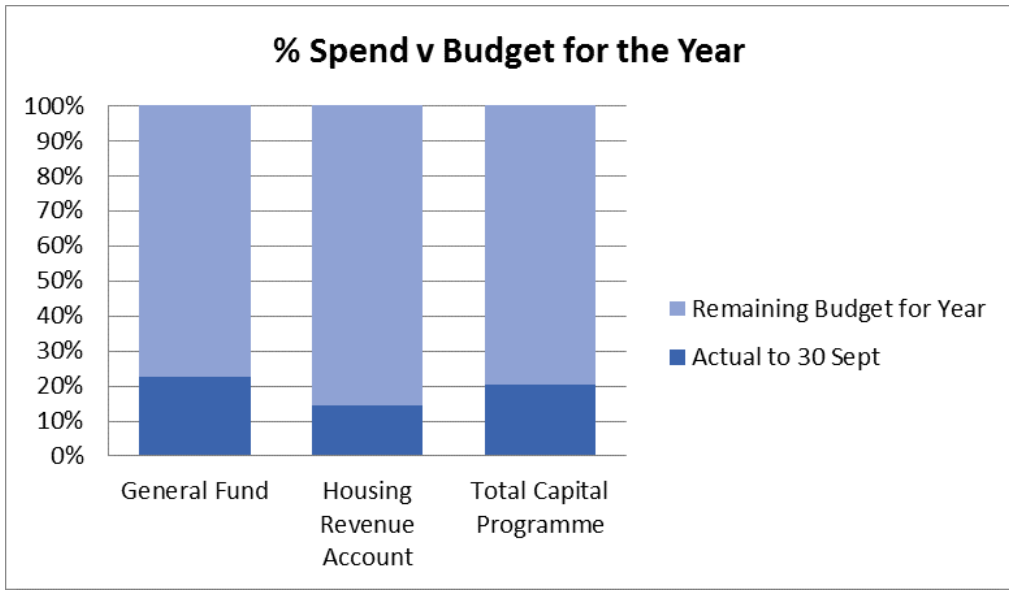
33. The following table provides summary information for the period to 30 September 2019, for all the schemes within each portfolio.

	Budget 2019/20	Budget to 30 Sep 19	Actual to 30 Sep 19	Variation
	£	£	£	£
Health and Public Protection	10,000	0	0	0
Streetscene	571,000	125,350	201,976	76,626
- Holly Hill Cemetery Extension	250,700	125,350	195,601	70,251
- Bus Shelters	320,000	0	0	0
- Other	300	0	6,375	6,375
Leisure and Community	426,500	358,300	265,565	-92,735
- Buildings	143,600	150,000	145,828	-4,172
- Play and Parks	250,000	200,000	116,455	-83,545
- Other Community Schemes	32,900	8,300	3,282	-5,018
Housing	749,900	375,000	0	-375,000
Planning and Development	18,900	0	0	0
Policy and Resources	25,238,600	5,742,115	5,646,187	-95,928
- Daedalus	10,228,000	150,000	146,168	-3,832
- Town Centre Hotel	8,035,000	0	0	0
- Commercial Property Acquisition	5,110,000	5,110,000	5,019,877	-90,123
- Civic Offices	765,000	0	0	0
- Depot	210,000	210,000	218,823	8,823
- Vehicles and Plant	646,400	150,000	144,247	-5,753
- ICT	244,200	122,115	117,072	-5,043
Total General Fund	27,014,900	6,600,765	6,113,728	-487,037
Housing Revenue Account				
- New Build	4,442,600	2,185,800	341,703	-1,844,097
- Capitalised Repairs/Renewals	4,199,000	1,520,000	610,125	-909,875
- Stock Repurchases	554,500	556,500	353,170	-203,330
- Other HRA Schemes	177,600	45,000	60,833	15,833
Total Housing Revenue Account	9,373,700	4,307,300	1,365,831	-2,941,469
Total Capital Programme	36,388,600	10,908,065	7,479,559	-3,428,506

- 34. The charts below show the actual expenditure to 30 September 2019 as a percentage of the programme for the equivalent period and for the whole year.
- 35. 69% of the capital programme has been spent compared to the profiled budget for the first half of the year.



- 36. 21% has been spent compared to the total budget for the year. The budgets will be reviewed and re-phased where applicable as part of the forthcoming budget setting process.



RISK ASSESSMENT

- 37. In the current economic climate, there are continued risks that financial institutions holding Council investments could default and be unable to fulfil their commitments to repay the sums invested with them.
- 38. To help mitigate this risk, the Council maintains a list of approved institutions based on a grading system operated by the Council's treasury management advisors. Maximum limits are also set for investments with individual institutions.

Enquiries:

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

ECONOMIC COMMENTARY BY TREASURY ADVISORS ARLINGCLOSE

Economic background: UK Consumer Price Inflation (CPIH) fell to 1.7% year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and has committed to leaving the EU on 31st October regardless of whether a deal is reached with the EU. Mr Johnson prorogued Parliament which led some MPs to put forward a bill requiring him to seek a Brexit extension if no deal is in place by 19th October. The move was successful and, having been approved by the House of Lords, was passed into law. The Supreme Court subsequently ruled Mr Johnson's suspension of Parliament unlawful.

Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st October.

Financial markets: After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.

Gilt yields remained volatile over the period on the back of ongoing economic and political

uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.

Credit background: Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ringfenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.

There were minimal credit rating changes during the period. Moody's upgraded The Co-operative Bank's long-term rating to B3 and Fitch upgraded Clydesdale Bank and Virgin Money to A-.

2019/20 INDICATORS – HALF YEARLY PERFORMANCE

PRUDENTIAL INDICATORS

1) Level of Planned Capital Expenditure

ON TRACK

This prudential indicator is a summary of the Council's capital expenditure plans and shows how these plans are being financed by capital or revenue resources.

Capital Expenditure and Financing	Revised Estimate £'000	Actual to 30 Sept £'000
Health and Public Protection	10	0
Streetscene	571	202
Leisure and Community	427	266
Housing	750	0
Planning Development	19	0
Policy and Resources	25,239	5,646
Total General Fund	27,016	6,114
HRA	9,374	1,366
Total Expenditure	36,390	7,480
Capital Receipts	1,439	106
Capital Grants	4,132	330
Capital Reserves	7,791	1,398
Revenue	1,501	492
Internal Borrowing	21,527	5,154
Total Financing	36,390	7,480

Expenditure to 30 September is within the overall revised budget for the year. The budgets will be reviewed and re-phased where applicable as part of the forthcoming budget setting process.

2) The Council's Borrowing Need (Capital Financing Requirement)

ON TRACK

The Capital Financing Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure financed by borrowing will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing in line with the asset's life.

	Estimate £'000	Actual to 30 Sept £'000
General Fund	59,846	39,382
HRA	51,141	51,141
Total CFR	110,987	90,523

The CFR is slightly lower than projected due to lower internal borrowing for Daedalus capital expenditure.

3) Financing Costs as % of Net Revenue Stream

ON TRACK

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

	Estimate	Actual to 30 Sept
General Fund	6%	6%
HRA	14%	16%
Total	11%	12%

4) Housing Revenue Account (HRA) Ratios

ON TRACK

Due to the HRA Reforms in 2012, the Council moved from a subsidy system to self-financing and was required to take on £49.3 million of debt. The table below shows additional local indicators relating to the HRA in respect of this debt.

	Estimate	End of Year Forecast
HRA debt £'000	49,268	49,268
HRA revenues £'000	12,321	12,506
Number of HRA dwellings	2,417	2,385
Ratio of debt to revenues %	4.00	3.94
Debt per dwelling £	£20,382	£20,660

TREASURY INDICATORS

5) Investments - Principal Sums Invested for Periods Longer than 364 Days

ON TRACK

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

£M	Estimate	Actual
Principal sums invested > 364 days	10	6

£6 million is placed with a pooled property fund which is a long-term investment and the remaining investments are currently placed for less than 364 days to allow cash to be available for schemes in the capital programme that require internal borrowing.

6) Borrowing - Gross Debt and the Capital Financing Requirement

ON TRACK

In order to ensure that over the medium-term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The indicator shows that total debt is expected to remain below the CFR.

£'000	Estimate £'000	Actual to 30 Sept £'000
Debt at 1 April	58,017	45,510
Expected change in debt	16,000	2,000
Gross Debt at 31 March	74,017	47,710
Capital Financing Requirement (CFR)	110,987	90,523
Under/(Over) Borrowing	36,970	42,813
CFR for last, current and next 2 years	424,843	391,607

7) Borrowing - Limits to Borrowing Activity

ON TRACK

The actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt, below.

	Limit £'000	Actual £'000
Operational Boundary		
Borrowing	78,000	47,510
Other long-term liabilities	4,000	0
Total	82,000	47,510
Authorised Limit		
Borrowing	132,000	47,510
Other long-term liabilities	6,000	0
Total	138,000	47,510

Total debt at 30 September was £47.5 million. During the first half of 2019/20 the Authorised Limit of £138 million was not breached at any time.

8) Interest Rate Exposures

ON TRACK

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed are, shown in the table below.

Upper limits on interest rate exposures	Limit %	Actual %
Upper limit on variable interest rate exposures	25	19
Upper limit on fixed interest rate exposures	100	81

9) Maturity Structure of Borrowing

ON TRACK

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing are:

Maturity structure of borrowing	Upper Limit %	Actual %
Loans maturing within 1 year	25	16
Loans maturing within 1 - 2 years	25	0
Loans maturing within 2 - 5 years	25	0
Loans maturing within 5 - 10 years	50	0
Loans maturing in over 10 years	100	84

The £40m HRA loans represent 84% of loans maturing in over 10 years. The Council holds investments from Portchester Crematorium which is treated as a temporary loan and £5 million short-term loan. These represent 16% of loans maturing within 1 year.

10) Commercial Investments - Proportionality

ON TRACK

The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Strategy.

£'000	2019/20 Budget	Actual to 30 Sept
Gross service expenditure	46,627	19,050
Investment income	4,555	2,258
Proportion	9.8%	11.9%

11) Total Risk Exposure

ON TRACK

This indicator shows the Council's total exposure to potential investment losses.

Total Investment Exposure	2019/20 Forecast £'000	Actual to 30 Sept £'000
Treasury Management Investments	12,000	19,200
Commercial Investments	64,082	61,472
Total	76,082	80,672

12) How Investments are Funded

ON TRACK

Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Investments funded by borrowing	2019/20 Forecast £'000	Actual to 30 Sept £'000
Treasury Management Investments	0	0
Commercial Investments	17,972	23,522
Total	17,972	23,522

Enquiries:

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

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

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