

AGENDA FOR THE EXECUTIVE

Date: Monday, 7 December 2020

Time: 6.00 pm

Venue: Microsoft Teams Virtual Meeting

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 - 12)

To confirm as a correct record the minutes of the meeting of the Executive held on 02 November 2020.

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. Housing

Non Key Decision

(1) Sale of land to the rear of 22 Cort Way (Pages 13 - 20)

A report by the Director of Planning and Regeneration.

9. Planning and Development

Non-Key Decision

(1) Partnership for South Hampshire Statement of Common Ground (Pages 21 - 52)

A report by the Director of Planning and Regeneration.

10. Policy and Resources

Non-Key Decision

(1) Finance Monitoring Report 2020/21 (Pages 53 - 62)

A report by the Deputy Chief Executive Officer.

(2) Treasury Management and Capital Monitoring 2020/21 (Pages 63 - 80)

A report by the Deputy Chief Executive Officer.

(3) Additional Restrictions Grant Scheme (Pages 81 - 94)

A report by the Deputy Chief Executive Officer.



P GRIMWOOD
Chief Executive Officer

www.fareham.gov.uk

26 November 2020

For further information please contact:
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FAREHAM

BOROUGH COUNCIL

Minutes of the Executive

(to be confirmed at the next meeting)

Date: Monday, 2 November 2020

Venue: Microsoft Teams - Virtual meeting

Present:

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

Also in attendance:

R H Price, JP, for items 8(1), 10(1) & 11(2)
L Keeble, for items 8(1), 10(1) & 11(2)



1. APOLOGIES FOR ABSENCE

There were no apologies given for this meeting.

2. MINUTES

RESOLVED that the minutes of the meeting of the Executive held on 12 October 2020 be confirmed and signed as a correct record.

3. EXECUTIVE LEADER'S ANNOUNCEMENTS

The Executive Leader announced that the implications of the Prime Minister's recent announcement regarding a national lockdown have been considered and that the following arrangements are being put in place to take effect from Thursday 5th November:

The Civic Offices will be closed to customers as they should only be leaving their homes for essential purpose, but we will revert to a telephone appointment system.

We will need to work with our partners to close our leisure centres and, community centres. Where child-care provision is being provided within a community centre, that element will be able to remain open. Westbury Manor Museum and sports pavilions will be closed, and sports pitches will not be available for hire. Public conveniences, parks and play areas will remain open. Our enforcement officers will be undertaking the role of 'Covid Marshals' providing advice and guidance to the local community.

Unfortunately, the Christmas markets planned for Fareham Town Centre in early December will need to be cancelled. The Christmas lights will still be switched on but with no ceremony. The special church service for Remembrance Sunday will also be cancelled but we will ensure that there is a small ceremony, at the appropriate time, to allow the laying of wreaths at the memorial. This will not be a public event, but it will be live-streamed.

Our Finance Team will start preparing to pay a further round of grants to those businesses forced to close over the next four weeks. Meanwhile, Leisure and Community officers will continue to liaise with the voluntary agencies to ensure that we can provide support to vulnerable people during lockdown.

Fortunately, we are in a position where we can continue with our schedule of committee meetings as they are all currently being held virtually using Microsoft Teams. Councillors are however requested to work from home and not visit the Civic Offices over the next four weeks.

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

The Executive received a deputation from Mr Derek Haggard in respect of item 8(2) Sea Lane Housing Site, PO14 2NB.

7. REFERENCES FROM OTHER COMMITTEES

Health & Public Protection Scrutiny Panel - 27 October 2020

Minute 8 – Community Safety & CCTV Review

The Panel considered a report and received a supporting presentation on the Community Safety and CCTV review that will be considered by the Executive at its meeting on 02 November 2020.

At the invitation of the Chairman, Councillors J Forrest and Mrs K K Trott addressed the Panel on this item.

At the invitation of the Chairman, Councillor T M Cartwright, MBE Executive Member for Health and Public Protection addressed the Panel on this item to provide answers and clarity to some of the questions and comments raised by Members.

Members raised the following points during the discussion on this item:

The new service provided by the security officers patrolling the town centre is excellent and extremely worthwhile. They provide a very valuable support service to the police.

The proposed increase in enforcement officers is very welcome – particularly if they will be trained by the security guards who currently patrol the Town Centre. However, there needs to be a wider presence to cover outer parts of the Borough that have seen an upswing in anti-social behaviour as a result of the successes achieved in the Town Centre.

It is concerning that there are no proposals to retain any cameras in the Highlands Road area as they act as a deterrent against anti-social behaviour.

The monitoring period of the cameras did not cover the times when the greatest level of anti-social behaviour takes place at Highlands Road, the summer, and may not therefore provide a true representation of the need to retain them.

The decision to make a small charge for 'Access All Areas' makes sense as it provides fantastic value for money, particularly when compared with other provision that is available. However, some families on low incomes may struggle to be able to afford it. Can some sort of concession be made for these families?

With the loss of the control room, how will the Out of Hours service continue to operate effectively and provide the same level of service that it currently provides?

It is concerning that there will no longer be any cameras at Portchester precinct. McColl's Convenience store has been broken into several times this year and the cameras covering the car park make residents feel safe in using the car park. Could there be at least one camera that faces straight down the length of the precinct?

How will the Highways ROMANSE scheme work with the new technology? Will it be compatible?

It will be great to have a more re-active service available with the deployable cameras but how will we be able to apply for the use of the cameras in an area and how quickly can the cameras be deployed?

Residents have complained in the past that the cameras at Broadlaw are not positioned in the correct place to be able to capture footage of anti-social behaviour and therefore may not accurately reflect the level of need for retaining a camera there.

How long will it take to be able access footage from the cameras when it is needed?

The improved specification of the cameras is fantastic and much clearer. Hopefully this will bring some of the issues that face the Town Centre into sharper focus.

RESOLVED that the Health and Public Protection Scrutiny Panel notes the content of the presentation, the draft Executive report and the detailed results outlined in the confidential Appendix to be presented to the 02 November meeting of the Executive for consideration.

This item is listed for consideration at item 10(1) of the Executive agenda

Policy & Resources Scrutiny Panel – 08 October 2020

Minute 8 – Annual Review of Corporate Strategy

The Panel considered a report by the Deputy Chief Executive Officer.

It was suggested that the wording to priority three of the Corporate Strategy in respect of the graves at holly hill be re-worded to “Create 400 new graves as an extension to Holly Hill cemetery to increase the number of burial plots available to residents of the west of the Borough.”

RESOLVED that the Panel recommends the Executive at its meeting on 2 November 2020 that:

- (a) the revised wording to Priority Three as outlined above be approved; and that the recommended changes as set out in the Executive report be approved.

This item is listed for consideration at item 11(2) of the agenda

8. HOUSING

- (1) Fareham Housing development at the Former Scout Hut site, Montefiore Drive, Park Gate

At the invitation of the Executive Leader, Councillors R H Price, JP and L Keeble addressed the Executive on this item.

RESOLVED that the Executive agrees:

- (a) the funding mechanisms, as outlined in the confidential Appendix B, for the delivery of an affordable home ownership scheme at the former Coldeast Scout Hut site; and
 - (b) that the award of contract and the appointment of building contractor(s) for the former Coldeast Scout Hut site be delegated to the Deputy Chief Executive Officer, following consultation with the Executive Member for Housing.
- (2) Sea Lane Housing Site, PO14 2NB

The Executive received a deputation from Mr Derek Haggard in respect of this item.

RESOLVED that the Executive agrees:

- (a) the principle of delivering 4 self/custom build plots at the Sea Lane site as a new Housing Enabling Capital Programme scheme;
- (b) the scheme funding mechanisms, as outlined in confidential Appendix B, for the delivery of serviced plots ready for market sale;
- (c) that the appointment of any relevant contractors (to provide demarcated and serviced plots) be delegated to the Deputy Chief Executive Officer;
- (d) that officers may, subject to appropriate value as determine by the Council's Head of Property, sell a small strip on the western side of the site to an immediate neighbour;
- (e) that officers, subject to the satisfaction of the Council's Head of Property, ensure the plots are marketed at an appropriate value and have delegated authority to agree/accept an appropriate offer for each individual plot; and
- (f) that those net sale capital receipts available to the Council will be held in the general fund and be used toward the provision of affordable housing in the Borough.

9. LEISURE AND COMMUNITY

- (1) Covid-19 Impact on new Arts and Entertainment Venue Project

RESOLVED that the Executive approves:

- (a) the pausing of the Arts and Entertainment venue project for an initial period of 6 months, then review the implications for the Council; and
- (b) that officers commence discussions with BH Live to reach a suitable operating arrangement.

10. HEALTH AND PUBLIC PROTECTION

- (1) Community Safety and CCTV Review

The comments of the Health and Public Protection Scrutiny Panel were taken into account in considering this item.

At the invitation of the Executive Leader, Councillors R H Price, JP and L Keeble addressed the Executive on this item.

RESOLVED that the Executive agrees that:

- (a) 30 of the lower performing, and out of date, public facing CCTV cameras are decommissioned;
- (b) 13 high quality CCTV cameras be positioned in the most effective areas within Fareham town centre, and procured at a cost of £40,000;
- (c) a £10,000 annual budget be established to fund re-deployable CCTV camera hire;
- (d) live monitoring of CCTV be replaced by a system based on accessible but securely stored recorded footage;
- (e) Gosport Borough Council be given notice of the Council's intention to dissolve the CCTV Monitoring Partnership;
- (f) "Access All Areas" be treated as a leisure initiative and that a charge of £10 per person be introduced for those wishing to attend; and
- (g) two additional Enforcement Officers be employed at an annual cost of £53,264.

11. POLICY AND RESOURCES

- (1) Management and Operation of Solent Airport - Extension of contract with Regional and City Airports Limited

RESOLVED that the Executive approves:

- (a) an extension to the existing contract with Regional and City Airports Limited for the management and operation of Solent Airport of 12 months from 01 April 2021; and
- (b) the procurement of independent expert advice to inform the future strategic direction of the Solent Airport, its management and operations.

(2) Annual Review of the Corporate Strategy 2017/2023

The comments of the Policy and Resources Scrutiny Panel were taken into account in considering this item.

At the invitation of the Executive Leader, Councillors R H Price, JP and L Keeble addressed the Executive on this item.

In considering this item, the Executive discussed the following amendments to the Corporate Strategy:

- (i) the front page of the Strategy be amended to show that the latest update is December 2020;
- (ii) page 105 to be amended to reflect that the Borough's Local Plan will run until 2037;
- (iii) page 111 of the strategy to be amended to replace the wording 'entertainment at Ferneham Hall' with 'entertainment at Fareham Live'; and
- (iv) proposed amendments to the Strategy be clearly identifiable throughout the document when it is presented to Council for approval

RESOLVED that the Executive agrees that:

- (a) the amendments outlined at paragraph 14 of the report be incorporated into the Strategy document;
- (b) the recommendation of the Policy and Resources Scrutiny Panel that the revised wording of priority three of the Corporate Strategy to "Create 400 new graves as an extension to Holly Hill cemetery to increase the number of burial plots available to residents of the west of the Borough" be incorporated into the Strategy document;
- (c) the following additional changes be incorporated into the Strategy document:
 - (i) the front page of the Strategy be amended to show that the latest update is December 2020;
 - (ii) page 105 to be amended to reflect that the Borough's Local Plan will run until 2037;
 - (iii) page 111 of the strategy to be amended to replace the wording 'entertainment at Ferneham Hall' with 'entertainment at Fareham Live';

(iv) proposed amendments to the Strategy be clearly identifiable throughout the document when it is presented to Council for approval; and

(d) the updated Corporate Strategy document, incorporating the amendments as listed in (a), (b) and (c) above, be recommended to Council for approval.

(3) Solent Airport Consultative Committee

This item was brought forward on the agenda and heard directly after item 11(1).

A revised copy of Appendix A - SACC Terms of Reference was tabled at the meeting in order to provide information regarding which organisations and local authorities other than Fareham Borough Council that will be represented on the Committee.

RESOLVED that the Executive:

- (a) approves the establishment of a Consultative Committee for Solent Airport, as outlined in the report and in the revised Appendix A;
- (b) appoints the Executive Leader, Councillor S D T Woodward, as the Chairman of the Committee;
- (c) appoints the Deputy Executive Leader, Councillor T M Cartwright, MBE as the Vice-Chairman of the Committee; and
- (d) appoints the following Councillors from the Titchfield, Hill Head and Stubbington Wards as Members of the Committee:
 - (i) Councillor Miss T Harper;
 - (ii) Councillor S Dugan; and
 - (iii) Councillor J Forrest

(The meeting started at 6.00 pm
and ended at 7.00 pm).

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 December 2020

Portfolio: Housing

Subject: Sale of land to the rear of 22 Cort Way

Report of: Director of Planning and Regeneration

Corporate Priorities: A Dynamic, Prudent and Progressive Council

Purpose:

To consider the proposed sale of an area of land to the rear of 22 Cort Way Fareham.

Executive summary:

The owners of 22 Cort Way wish to purchase the land which they currently hold on licence on terms as provisionally agreed by the Head of Estates. The land is considered to be surplus to requirement and has no development potential for the Council.

Recommendation/Recommended Option:

It is recommended that the Executive approves the disposal of the land to the rear of 22 Cort Way on the terms and conditions as detailed in the confidential Appendix B attached to this report.

Reason:

To dispose of surplus land and to receive a capital receipt.

Cost of proposals:

The purchasers will meet all costs, fees and considerations in respect of the purchase.

Appendices: A: Plan

B: Terms and Conditions of sale (Confidential)

Background papers: None

Reference papers: None

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	07 December 2020
Subject:	Sale of land to the rear of 22 Cort Way
Briefing by:	Director of Planning and Regeneration
Portfolio:	Housing

INTRODUCTION

1. The homeowner from 22 Cort Way Fareham has held a licence from the Council for an area of land to the rear of their back garden since 2013. The licence terms limit the use of the land to garden purposes and for the parking of two private cars (no commercial vehicles, boats or caravans). The land is accessed direct from the existing garden of 22 Cort Way or via a garage service area off Hillson Drive and is shown hatched black on the plan attached as Appendix A.
2. The licensee wishes to purchase the land and the Head of Housing and Benefits has no objection to the proposed sale. The land is considered to be surplus to requirement and is not suitable for redevelopment by the Council; access is limited and a number of the garages in the adjoining service area have been sold.

PROPOSALS

3. It is proposed that the land be sold for garden and domestic parking purposes only. This can include a domestic garage and garden buildings. A right of way to Hillson Drive as presently exists in the licence would be included.
4. A consideration for the land has been provisionally agreed and is reported with other terms in Confidential Appendix B. The consideration is in accordance with S123(2) of the Local Government Act 1972 and represents the best consideration that can be reasonably obtained by the Council.

CONCLUSION

5. The provisionally agreed terms are recommended for approval.

Enquiries:

For further information on this report please contact Grant Hobday (Ext 4320) or Dawn Harrison (Ext 4417)

APPENDIX A



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

Document is Restricted

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 December 2020

Portfolio:	Planning and Development
Subject:	Partnership for South Hampshire Statement of Common Ground
Report of:	Director of Planning and Regeneration
Corporate Priorities:	Providing Housing Choices Protect and Enhance the Environment Strong, Safe, Inclusive and Healthy Communities Maintain and Extend Prosperity

Purpose:

To seek approval of the Partnership for South Hampshire (PfSH) Statement of Common Ground to enable it to be signed as a formal document for use by the Partnership for South Hampshire, to support the development of a Joint Strategy.

Executive summary:

PfSH, as a collective of Local Planning Authorities, are updating the 2016 Spatial Position Statement and will prepare a new Joint Strategy for strategic development in the sub-region to 2036. To help shape the work and to ensure all members of PfSH are clear on the outputs, a Statement of Common Ground (SOCG) has been drafted for the members to sign, which sets out the programme of work that will be undertaken. Such a SOCG was first produced in October 2019 and this version represents an update on progress to date, and importantly includes an updated timeline.

Recommendation:

It is recommended that the Executive:

- (a) approves the content of the Statement of Common Ground, included as Appendix A to this report; and
- (b) delegates the signing of the document to the Chief Executive Officer.

Reason:

To demonstrate Fareham Borough Council's support for the continued collaboration within PfSH to develop a new Joint Strategy for development across the sub-region.

Cost of proposals:

The costs of the Council's contribution to the PfSH Statement of Common Ground are covered within the existing Local Plan budgets.

Appendices:

A: Partnership for South Hampshire – Statement of Common Ground September 2020

Reference papers:

PfSH Spatial Position Statement
PfSH Statement of Common Ground October 2019

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	07 December 2020
Subject:	Partnership for South Hampshire Statement of Common Ground
Briefing by:	Director of Planning and Regeneration
Portfolio:	Planning and Regeneration

INTRODUCTION

1. The Partnership for South Hampshire (PfSH), formerly the Partnership for Urban South Hampshire (PUSH), was formed in 2003 as a partnership of district and unitary authorities, together with the County Council and National Park Authority, working to support the sustainable economic growth of the South Hampshire sub-region.
2. PfSH has a strong track record in working together and in the early years and was heavily involved in the production of a sub-regional strategy for development that formed part of the South East Plan. In 2016, the PfSH authorities produced a framework, named the Spatial Position Statement, with the purpose of guiding local plans, housebuilding and development in the sub-region.
3. PfSH has agreed that there is a need to continue to work together and at its meeting on 31 July 2019, approved the commission of a number of evidence workstreams to produce a new Joint Strategy. To assist with this work, PfSH agreed a draft framework for a Statement of Common Ground (SoCG) in October 2019, which sets out the programme of work that will be undertaken. The intention was always to update the SoCG as the evidence workstreams progress and this report reflects the first update.
4. Statements of common ground are documents signed by multiple partners that are used to demonstrate that there has been effective joint working on cross-boundary strategic matters. Local planning authorities are required to resolve such strategic matters through their local plans and SoCGs are effective tools to demonstrate this and compliance with the Duty to Cooperate, which is a legal duty tested during the Local Plan examination.

THE NEED TO UPDATE THE SPATIAL POSITION STATEMENT

5. Since the production of the Spatial Position Statement, standardised assessments of housing need have changed, employment needs should be reviewed with more up-to-date evidence, and there is a need to address cross-boundary environmental issues such as the impact of development on water and air quality on protected sites of international nature conservation importance.

6. Another important role of the Joint Strategy is likely to be securing the agreement on housing distribution across the sub-region, including an agreement on the matter of unmet need. Unmet need is housing need arising from a particular Local Planning Authority which cannot be met within that borough or district. The work to produce a new Joint Strategy provides an opportunity to review these figures firstly on the basis that they cover housing need from 2016 to 2034 and many Local Plans under production are planning for periods from 2020 up to 2037, 2038 or beyond. Secondly, since the Spatial Position Statement was agreed, the standard methodology for calculating housing need has been published and is currently in the process of being reviewed. This review is likely to change the figures presented within the SoCG, but it is unlikely that unmet need will not remain an issue for this plan-making cycle.
7. As the Spatial Position Statement was, the Joint Strategy will again be a non-statutory high-level strategic plan for development which can inform Local Plans and assist the Local Planning Authorities in meeting the Duty to Cooperate.

THE CONTENT OF THE STATEMENT OF COMMON GROUND

8. The SoCG sets out strategic matters that will be covered in the Joint Strategy. They are housing need, employment land, infrastructure investment and the need to enhance the environment whilst avoiding and mitigating environmental impacts. In order to evidence a revised strategy, there are four workstreams which PfSH will undertake or commission. The four workstreams are;
 - Strategic Development Opportunity Area (SDOA) assessments (including traffic modelling and transport impact assessments for the SDOAs)
 - Economic, Employment & Commercial Needs (including logistics) study
 - Joint Strategy Strategic Environmental Assessment (SEA), Sustainability Appraisal (SA), Habitats Regulations Assessment (HRA) and Appropriate Assessment (AA)
 - Green Infrastructure Needs and Consideration of Mechanisms on How to Achieve Green Belt Designation.
9. The SoCG contains information on the housing need across the PfSH area, and an estimate of the unmet need that might arise if individual authorities cannot meet their own need in their area. The SoCG references the need to use the government's standard methodology and provides an unmet need estimate of 10,750 homes based on the current methodology. Members will be aware that the Government has recently consulted on a revised methodology, but that the implications for housing numbers and any unmet need is as yet unconfirmed.
10. The workstream entitled 'Strategic Development Opportunity Area assessments' is directly linked to the identification of a revised housing distribution across the area to address this level of unmet need. The Spatial Position Statement (2016) includes Strategic Development Locations, including at Welborne and in Fareham town centre. Across the PfSH region, some strategic developments have been identified in Local Plans, or consented and so that intention is that the new Joint Strategy will identify further areas, called Strategic Development Opportunity Areas (SDOAs) to meet unmet need. Consultants have been appointed to identify any further options and potential choices for land to accommodate strategic development. As shown in table 1 of the SoCG, this work has been commissioned with a report due towards the end of 2021.

11. The need for employment land is less well established and to inform the need for employment allocations across the area, PfSH has commissioned a study entitled 'Economic, Employment and Commercial Needs (including logistics). This study will provide evidence of the need for employment land and qualitative evidence on specific sectors and their land and locational requirements. Of particular importance to the consideration alongside the options will be the alignment with the economic strategies of the Solent and Enterprise M3 Local Enterprise Partnerships (LEPs). As shown in table 1 of the SoCG, this work should be completed in early 2021. Given the timescale of the new Fareham Local Plan, it is probable that this study will be available during the examination of the Local Plan. It is possible that this study will advocate a different level of economic growth than the Council's own evidence but given that the Publication Local Plan proposes a surplus in its supply, this is considered a low risk.
12. PfSH has a good track record in providing strategic environmental mitigation with a good example being the BirdAware project to mitigate recreational disturbance on protected bird reserves. Clearly since the Spatial Position Statement was published in 2016, the nitrates issue has emerged and PfSH has been working together to develop a strategy in response to the challenge of nutrient neutrality. This has involved establishing a Water Quality Working Group, sharing knowledge on mitigation solutions, updating the Integrated Water Management Study, recruiting and appointing a Strategic Environmental Project Officer and working with partners such as DEFRA, the Solent LEP and the Hampshire and Isle of Wight Wildlife Trust.
13. Underpinning the workstreams on housing and employment need is both a Sustainability Appraisal incorporating a Strategic Environmental Assessment and a Habitats Regulations Assessment, both of which are legal requirements on plan-making, and is considered to be good practice for non-statutory plans which may influence future Local Plans. This environmental analysis and appraisal will establish the most sustainable development options and the infrastructure investment needed to deliver them.
14. The SoCG references a fourth workstream entitled 'Green Infrastructure Needs and Consideration of Mechanisms on how to achieve Green Belt designation'. This workstream relates to the need to deliver the new development that we need alongside protecting a coherent pattern of town and countryside, ensuring that the settlement identities of towns and villages are protected by appropriate countryside gaps, and that areas of the most productive agricultural land, highest landscape value and greatest recreational or ecological interest are protected and enhanced. This work will be initiated toward the end of 2021.

LINK TO FAREHAM'S NEW LOCAL PLAN

15. Given the timing of these workstreams outlined above, Fareham's new Local Plan is progressing ahead of this work. However, as members of PfSH, Officers are involved in this work and are feeding in evidence gathered as part of Fareham's new Local Plan to avoid duplication. It is likely that the Planning Inspector appointed to examine Fareham's Local Plan will seek an update on the PfSH Joint Strategy work in their deliberations over how the Fareham Local Plan has met the Duty to Co-operate. Therefore, it is crucial to the future success of the Local Plan's examination that we remain active members of this work and understand the outputs of the commissioned evidence in order to advise Members of how the PfSH work may be viewed in relation to Fareham's Local Plan. Efforts have been made however to minimise the risk to Fareham's new Local Plan by proposing a contribution to unmet need within the housing supply, and by including an oversupply of employment floorspace.

THE FUTURE OF THE DUTY TO COOPERATE

16. Members will recall that the Planning for the Future White Paper suggests the abolition of the duty to cooperate which provides the *raison d'être* for this work. The Council's response expressed concern at this proposal particularly because of how effective PfSH has been over the past seventeen years and the usefulness that the PfSH mechanism provides to the Council to evidence that it has addressed the duty to cooperate in preparing its Local Plan. However, there is uncertainty over the future role of PfSH once the White Paper proposals develop. Until there is more clarity on the roll out of the White Paper proposals, the duty to cooperate exists and the work to develop a new Joint Strategy is of value.

NEXT STEPS

17. The SoCG sets out the process and workstreams that will lead to the review of the Spatial Position Statement and the production of a new Joint Strategy. As the evidence base progresses, it will be appropriate to produce further iterations of the SoCG to reflect the progress made and consider the next steps. A timetable for the anticipated progress of the evidence workstreams and the production of the Joint Strategy is included in table 1 in the SoCG.

Enquiries:

For further information on this report please contact Gayle Wootton, Head of Planning Strategy and Economic Development (Ext 4328)

Partnership for South Hampshire –Statement of Common Ground

1. Introduction

2. Background

3. Content

a. a short written description and map showing the location and administrative areas covered by the statement, and a brief justification for these area(s);

b. the key strategic matters being addressed by the statement, for example meeting the housing need for the area, air quality etc.;

c. the plan-making authorities responsible for joint working detailed in the statement, and list of any additional signatories (including cross-referencing the matters to which each is a signatory);

d. governance arrangements for the cooperation process, including how the statement will be maintained and kept up to date;

e. if applicable, the housing requirements in any adopted and (if known) emerging strategic policies relevant to housing within the area covered by the statement;

f. distribution of needs in the area as agreed through the plan-making process, or the process for agreeing the distribution of need (including unmet need) across the area;

g. a record of where agreements have (or have not) been reached on key strategic matters, including the process for reaching agreements on these; and

h. any additional strategic matters to be addressed by the statement which have not already been addressed, including a brief description how the statement relates to any other statement of common ground covering all or part of the same area.

4. Signatories

1. Introduction

- 1.1. The Partnership for South Hampshire (PfSH) – formerly the Partnership for Urban South Hampshire (PUSH) – was originally formed in 2003. It is a partnership of district and unitary authorities, together with a county council and national park authority, working together to support the sustainable economic growth of the South Hampshire sub-region. Whilst the membership has altered slightly over the years, the core membership has remained broadly consistent.
- 1.2. The Partnership has a strong track record in collaborative working to achieve common goals in South Hampshire. The Partnership was heavily involved in the production of a sub-regional strategy for development that formed part of the South East Plan. This strategy was tested through public examination and when adopted by the Secretary of State, formed part of the development plan at that time, which subsequently informed the production of local plans.
- 1.3. The ethos of collaborative cross boundary working has continued, and the Partnership has a successful track record in providing effective strategies for sub-regional planning. As well as joint working between member authorities, PfSH works with partner agencies in the sub-region as well as key Government departments to deliver joint strategies and pool resources.
- 1.4. Local planning authorities are being required to resolve cross-boundary strategic planning issues through their local plans. Complying with the ‘Duty to Cooperate’ (National Planning Policy Framework (NPPF) para 17) is a fundamental requirement for local plans to successfully be found sound through public examination.
- 1.5. In 2016 the PfSH authorities produced a framework, namely the [PUSH Spatial Position Statement](#), to guide future local plans and housebuilding and development in the sub-region. However, since then the NPPF has been significantly revised, and a standard method for the assessment of housing needs has been issued by the Government. In line with the aim of addressing the national housing crisis, the Government has made clear that strategic policies within development plans should provide for unmet needs in neighbouring authority areas, unless this would contravene specific national planning policies, or these policies taken as a whole. Significantly boosting the supply of housing has been at the centre of all three versions of the NPPF.
- 1.6. PfSH has agreed that there is a need for its constituent authorities to work together to seek to produce a Statement of Common Ground (SoCG) and to explore the production of an Infrastructure Investment Plan. At its meeting on 31 July 2019, PfSH approved the commissioning of a number of evidence work streams to inform the production of a PfSH Joint Strategy. In October 2019 PfSH agreed a draft framework SoCG. This document has been revised and updated to form this initial Statement of Common Ground. It sets out the programme of work that will be undertaken and will be updated as the evidence workstreams progress.

2. Background

- 2.1. In 2016 PUSH published a Spatial Position Statement to help inform Local Plans and assist individual Councils in meeting the Duty to Cooperate. It was developed as a non-statutory document to inform long-term decisions about the level and distribution of development across South Hampshire. The Position Statement resulted in all needs being met to 2026 and the majority of needs being met through to 2034, with the rate of delivery for new homes being increased by approximately 34%.
- 2.2. The Position Statement included a number of spatial principles that underpinned its development, a series of key principles that were applied through the evolution of the spatial approach and a suite of policies that form the spatial approach. These include housing distribution; strategic development locations; distribution of additional employment floorspace; strategic employment locations; waterfront sites of sub-regional significance; retailing and town centres; green infrastructure; strategic countryside gaps; environment; encouraging modal shift; highway improvements; social infrastructure; and utilities infrastructure.
- 2.3. Clearly time has moved on since the production of the Spatial Position Statement and there is a need to review and update it. Standardised assessments of housing need (objectively assessed need) indicate a need to significantly increase housing provision, there is a need to extend the period covered by the Position Statement beyond 2034 and in particular, to address cross-boundary environmental issues such as the impact of development on water and air quality and on protected sites of international nature conservation importance. In planning for major development, it is also important to maintain and enhance a coherent pattern of town and countryside, to protect towns and villages with a distinct identity and appropriate countryside gaps.
- 2.4. In December 2018 PUSH agreed that the rationale and justification for a possible Green Belt designation be included as part of any joint work taken forward under the Duty to Cooperate initiative. Potential Green Belt designation should be considered alongside the role for green infrastructure, both to serve recreational needs of residents and provide environmental mitigation and enhancement, especially for likely adverse impacts on the integrity of European Nature Conservation sites. In particular, cross-boundary (e.g. catchment-wide) mitigation measures may need land to be allocated to deal with recreation pressures and water and air quality issues, depending on the results of the Habitat Regulations Assessment and Appropriate Assessment. This could also help meet some of the policy aims around climate change (a number of local authorities have declared climate emergencies) and health and wellbeing.
- 2.5. Government policy has also evolved and some strategic issues to be addressed through planning policies, particularly through the location and form of development, have gained greater priority. Issues such as climate change, health and wellbeing, biodiversity and natural capital and environmental net gain have all increased in prominence within public consciousness. All of these issues will affect the location and design of new development in the future.

2.6. National planning policy provided through the latest NPPF, published in February 2019, makes it clear that Local Plans should contain strategic policies that, as a minimum, meet their own needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas (para 11).

2.7. The NPPF (para 20) states that,

‘Strategic policies should set out the overall strategy for the pattern, scale and quality of development, and make sufficient provision for:

- a) housing, employment, retail, leisure and other commercial development;*
- b) infrastructure for transport, telecommunications, security, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat);*
- c) community facilities (such as health, education and cultural infrastructure); and*
- d) conservation and enhancement of the natural, built and historic environment, including landscapes and green infrastructure, and planning measures to address climate change mitigation and adaptation.’*

2.8. Whilst the application of the standard method for assessing local housing need is now established in the NPPF (para 60), the sub-regional need for other forms of development and the opportunities to meet those needs are still to be established. This Statement of Common Ground sets out the workstreams for which PfSH will commission evidence to help lead towards the review of the Spatial Position Statement and the production of a Joint Strategy. The four workstreams are:

- Strategic Development Opportunity Area (SDOA) assessments (including traffic modelling and transport impact assessments for the SDOAs)
- Economic, Employment & Commercial Needs (including logistics) Study
- Joint Strategy Strategic Environmental Assessment (SEA), Sustainability Appraisal (SA), Habitats Regulations Assessment (HRA) and Appropriate Assessment (AA)
- Green Infrastructure Needs and Consideration of Mechanisms on How to Achieve Green Belt Designation.

2.9. The SoCG has been prepared against the headings set out in national planning practice guidance (Paragraph: 011 Reference ID: 61-011-20190315).

2.10. It should be noted that the SoCG is intended to deal with strategic cross-boundary matters at a sub-regional scale and it does not negate or supersede any existing SoCG either between the PfSH and individual authorities or between individual authorities.

2.11. The Joint Strategy will again be a non-statutory high-level strategic plan which can inform Local Plans and assist the Local Planning Authorities in meeting the Duty to Cooperate.

3. Content

a. a short written description and map showing the location and administrative areas covered by the statement, and a brief justification for these area(s)

3.1. The PfSH area has changed over the years, although the core membership, including the County Council and unitary authorities, has remained constant. The Partnership for Urban South Hampshire was formed in 2003 and evidence secured to inform preparation of the South East Plan helped to establish it as an appropriate sub-region for the purpose of strategic planning.

3.2. The following local authority areas are fully within the PfSH boundary:

- Eastleigh Borough Council
- Fareham Borough Council
- Gosport Borough Council
- Havant Borough Council
- New Forest District Council
- Portsmouth City Council
- Southampton City Council

3.3. The following local authority areas are partly within the PfSH boundary:

- East Hampshire District Council
- Hampshire County Council
- New Forest National Park Authority¹
- Test Valley Borough Council²
- Winchester City Council

The SoCG will include the whole of the New Forest District Council, Test Valley Borough Council and the New Forest National Park Authority area (within Hampshire).

3.4. PfSH is a mature partnership with a lengthy track record of cooperation and collaboration on strategic planning issues and can work with flexible boundaries where necessary (e.g. Bird Aware Solent). PfSH has continued to secure evidence and propose solutions to meeting the need for development and investment in infrastructure.

3.5. The evidence base collated over recent years supports the definition of the South Hampshire sub-region for strategic planning purposes, whether it relates to the two closely linked housing markets around Portsmouth and Southampton, the functional economic market area across the whole sub-region or the physical

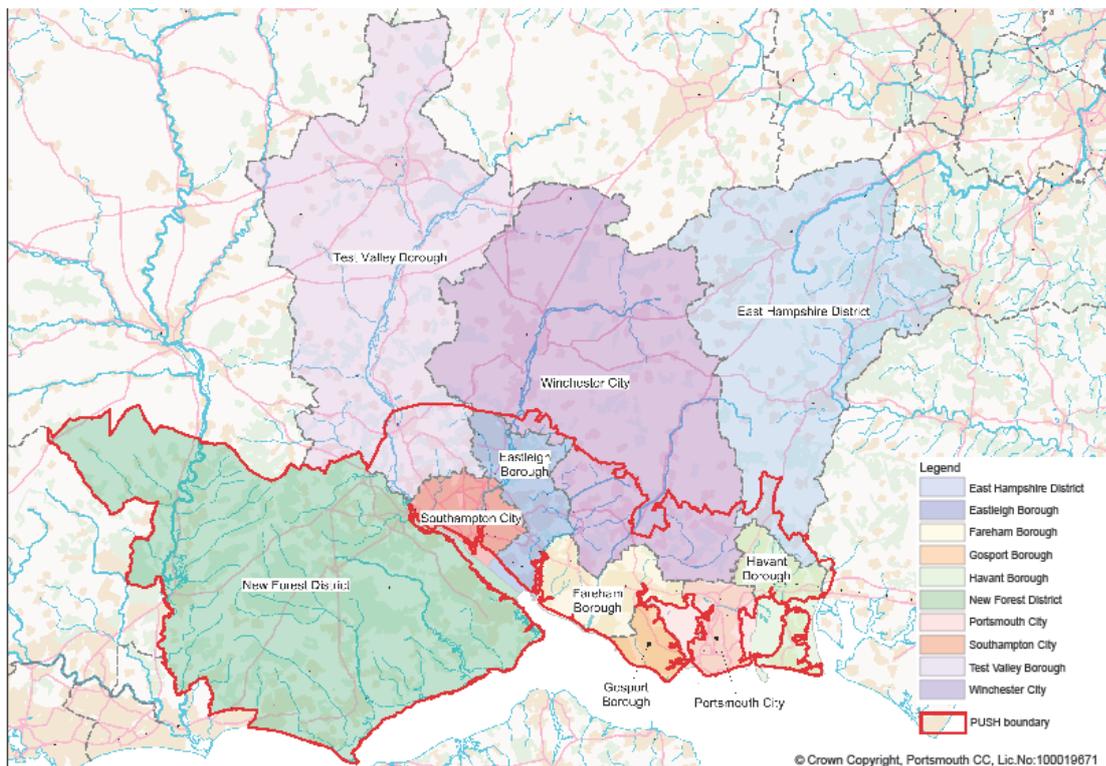
¹ The New Forest National Park Authority is not a local authority but is a local planning authority with plan-making responsibilities. A small part of the New Forest National Park is in Wiltshire.

² Please note that whilst only part of Test Valley Borough Council area falls within the PfSH boundary, the evidence base studies referenced in this report will cover the whole Borough, unless the Council determines otherwise.

geography of an area located between the South Downs and New Forest National Parks and the coast with islands and peninsulas interspersed with harbours and rivers.

3.6. There is common agreement amongst partner authorities that the PfSH area is an appropriate geography on which to prepare a Joint Strategy to deal with cross-boundary strategic planning matters and support the production of local plans. An extensive evidence base has identified the housing market areas and the need to plan at the South Hampshire scale has previously been considered. Significant information is included within the 2014 GL Hearn [Strategic Housing Market Assessment](#) and previous evidence base work related to the physical environment has demonstrated the synergies for collaborative planning in South Hampshire. It is not intended to revisit the definition of the sub-region as part of the work identified in this SoCG. However, it is acknowledged that there will be some strategic issues that need to be considered in the context of a wider geographical area than that within the PfSH boundary.

3.7. The map below shows the extent of the Partnership for South Hampshire.



b. the key strategic matters being addressed by the statement, for example meeting the housing need for the area, air quality etc.

3.8. Regard has been had to advice in the NPPF in defining the strategic matters to be addressed as set out below:

- Housing need
- Employment land
- Infrastructure investment
- Biodiversity net gain, environmental enhancement and avoidance and mitigation of environmental impacts
 - This strategic matter will consider climate change and health and wellbeing and include the need for sub-regional green infrastructure and strategic habitat mitigation and consideration of potential green belt designation.

3.9. The housing needs for each local authority area are calculated using the government's standard method for assessing local housing need and are set out in Table 2 below. The identified objectively assessed housing need is accepted as the correct level to test and to plan for strategically in accordance with government policy, to inform housing targets to be set in local plans. PfSH will address the issue of unmet housing need through the Joint Strategy as set out later in this SoCG.

3.10. The latest need for employment land is less well established. To inform the need for employment land allocations in local plans, PfSH has commissioned an evidence base study: The Economic, Employment and Commercial Needs (including logistics) Study. This Study will provide quantitative evidence of the need for employment land as well as qualitative evidence on specific sectors and their land and locational requirements and commercial realism. When this Study has been completed, this SoCG can be updated to include information on the need for and supply of employment land. Options to address any unmet need will be considered alongside the options to meet housing needs as part of the formulation of the Joint Strategy. Of critical importance to the consideration of these options will be the alignment with and ability to help deliver the strategies that are being prepared by the Solent and Enterprise M3 Local Enterprise Partnerships (LEPs).

3.11. The rate of economic growth that is assumed within the Study will have a significant impact on the resultant land requirements. The Solent LEP's 2050 Strategy and the Enterprise M3 LEP's Local Industrial Strategy were due to be completed in early 2020, although it is understood that they will not include proposed economic growth rates to be planned for. Should the LEPs' strategies be made available during 2020 they should be able to inform the Study. It is recognised that ambitions related to the achievement of enhanced levels of economic development within the sub-region will also have an impact on future housing requirements within the area, and may require the area to accommodate higher levels of housing growth than indicated by the standard method for

assessing local housing need. Work to understand the housing need that may be generated by the expansion of the Port of Southampton forms part of the Study.

- 3.12. Infrastructure investment is a major priority for PfSH, both in terms of identifying the infrastructure needed to deliver development that represents 'good planning' and working together to secure investment in the sub-region. PfSH authorities and the Solent LEP have a good track record in successfully obtaining funding and investment for South Hampshire. The Hampshire and Isle of Wight Planning Officers Group (HIPOG) is commissioning a county-wide study which will focus on infrastructure but will also encompass natural environmental capacity issues. This piece of work will map environmental and infrastructure opportunities and provide a strategic framework and high-level vision to assist in the identification and planning of future infrastructure and growth options that will come out of the PfSH work which will then inform where infrastructure investment is needed. Hampshire County Council has subsequently determined that in order to inform any Hampshire-wide strategy documents, it is necessary to produce a series of documents that examine the state of: The Natural Environment; Economy; Society; and The Built Environment and Infrastructure. These follow on from the findings and recommendations of the Hampshire 2050 Commission of Inquiry, which concluded in September 2019. These documents are expected to be completed this year.
- 3.13. A long standing and continued objective of PfSH is to focus development within the major urban areas, cities and towns first. Our cities and towns form the economic and social heart of South Hampshire. Focussing major development in these locations will enhance economic synergies, the vibrancy of places, support regeneration, social inclusion and the effective use of existing infrastructure, focus people close to jobs, services and public transport (reducing our need to travel more by car), and protect more of our countryside. It is important to recognise that our need for homes and jobs will need new development and infrastructure in a range of locations both within and around our towns and villages, and a balanced investment strategy is needed to deliver development in our cities, towns, villages and new areas of growth.
- 3.14. PfSH has a strong track record in providing strategic environmental mitigation. As part of the formulation of the South East Plan it was identified that new development could lead to increased recreational pressure on the coast with the resultant disturbance of birds. As this could have had a negative impact on a statutorily protected habitat, PfSH led on the development of a strategic scheme of mitigation and then subsequently its implementation. This Solent Recreation Mitigation Strategy has now been branded as 'Bird Aware Solent' and has enabled residential development to continue whilst protecting the natural environment from harm. PfSH continues to carry out a governance role in setting budgets, approving the business plan, monitoring the strategy and determining the funding of infrastructure improvements from developer contributions. The scope and extent of the Bird Aware Solent Strategy will need to be reviewed as part of the Habitat Regulations Assessment of the new Joint Strategy, as it currently deals with development to 2034, as identified in the Spatial Position Statement (2016).

- 3.15. Similar recreational disturbance issues affect protected species in the international nature conservation sites within the New Forest National Park. Development currently contributes to various mitigation schemes prepared by individual planning authorities, albeit that this only applies to some planning authorities in the west of the sub-region. There is a need for a co-ordinated and strategic approach to addressing the impact of development on the New Forest arising from growth in part of the PfSH area. A partnership³ has commissioned a new study of visitors to the New Forest's Natura 2000 sites. This research provides updated information⁴ on visitor activity and the evidence base for the preparation of a new co-ordinated approach to addressing recreational pressures on the New Forest through appropriate planning and mitigation measures.
- 3.16. South Hampshire continues to face pressing new challenges over the potential impact of development on the environment. Climate change is a significant global issue affecting new development and impacting on existing settlements and a number of local authorities have declared climate emergencies. There is a need to ensure that development is planned in a way that minimises carbon emissions that cause climate change and that new development, so far as is possible, is not vulnerable to the impacts of climate change. This overarching theme will be of great significance when considering the options for further development in the Joint Strategy and is of particular relevance to the UK's commitment to net zero carbon emissions by 2050. PfSH will ensure through the approach in the Joint Strategy that the policy framework enables the creation of strong and resilient communities able to withstand the effects of climate change.
- 3.17. In addition to the existing prioritisation given to policies and proposals to address climate change, the Coronavirus pandemic has caused many to consider how the economic recovery should be focused on a 'green' recovery. This should ensure that planning for economic growth does not simply assume that it will carry on as before without considering the implications of the pandemic. There is an opportunity to tackle deeply ingrained economic, environmental and social challenges, from climate change and inequality, to the sub-region's physical and mental health. PfSH proposes to lead on developing a 'Greenprint for South Hampshire' that will provide a shared framework to enable authorities to work together to design and implement programmes that achieve economic, environmental and social improvements, building on existing actions across the sub-region to reshape the economy to be in harmony with the world class environment and which helps communities to thrive. Whilst at an early stage, it is likely that there will be spatial implications that will need to be addressed in the new Joint Strategy. As work on the Greenprint develops, additional detail can be included in future iterations of the SoCG.
- 3.18. Emissions from transport (and particularly the private car) are a significant causal factor of climate change and poor air quality locally and are influenced through the location of new development. PfSH has commissioned an [Air Quality](#)

³ Test Valley Borough Council, New Forest District Council, New Forest National Park Authority, Southampton City Council, Eastleigh Borough Council, Wiltshire Council, Natural England

⁴ Reports published to date can be accessed [here](#).

[Impact Assessment](#) and acknowledges that air quality is a strategic issue that needs continued collaborative working amongst PfSH authorities⁵. The Air Quality Impact Assessment provides a strategic baseline for the purpose of informing planning policies but will need updating in due course as it currently only deals with development planned to 2034 in the Spatial Position Statement (2016).

3.19. One of the most significant current risks facing new development relates to the impact of nutrient deposition (nitrates and phosphates) on protected habitats, albeit agricultural sources are the most significant cause. New dwellings add to this issue through an increase in foul wastewater that needs to be treated in sewage treatment works, and in surface water run-off, that drain to the Solent. Whilst this is a serious short-term issue that will likely require immediate measures, longer term arrangements will need to be put in place to ensure that the risk is mitigated, and development can continue. Long term solutions are likely to require significant investment, for example in removing sources of nitrogen deposition unrelated to wastewater treatment (e.g. taking land out of intensive agricultural production) or by providing enhanced treatment at sewage works. PfSH is committed to working with central government agencies to find an efficient, central solution.

3.20. PfSH has formed a Water Quality Working Group to coordinate a PfSH-wide response to addressing the medium to long-term strategy (which could build upon an initial pilot scheme). Individual Local Planning Authorities are also progressing their own interim solutions in the short-term. The Group also includes local authorities from beyond the PfSH boundary that need to address this issue. At its meeting in July 2020 the PfSH Joint Committee endorsed:

- The establishment of a dedicated officer resource as a temporary planning officer post to work on the nutrient neutrality issue, and take forward a pilot sub-regional mitigation scheme;
- Continued investigation into determining a sub-regional mitigation scheme, including working towards a Solent Nutrient Fund; and
- PfSH's continued work with wider local authority partners beyond PfSH members in addressing the nutrient neutrality issue, including on potential funding.

3.21. Whilst ensuring that we plan for the new development we need, it is important for the successful delivery of that development that we do this whilst protecting a coherent pattern of town and countryside. This will ensure the best countryside is protected by ensuring that the setting of towns and villages with distinct identities are protected by appropriate countryside gaps; and that the areas with most productive agricultural land, highest landscape value and greatest recreational or ecological benefit are protected and enhanced. Careful choices will need to be made to ensure that we do plan for and deliver the homes, jobs and infrastructure that we all need whilst protecting and enhancing a coherent pattern of town and countryside which maintains and enhances our quality of life. The workstream on

⁵ N.b. There is a separate [Air Quality Study](#) for the New Forest to 2036 that also flags up issues including potential impacts on New Forest habitats.

'Green Infrastructure Needs and Consideration of Mechanisms on how to achieve Green Belt Designation' will relate to these broader objectives.

c. the plan-making authorities responsible for joint working detailed in the statement, and list of any additional signatories (including cross-referencing the matters to which each is a signatory)

3.22. The authorities responsible for the joint working detailed in this SoCG are:

- East Hampshire District Council
- Eastleigh Borough Council
- Fareham Borough Council
- Gosport Borough Council
- Hampshire County Council
- Havant Borough Council
- New Forest District Council
- New Forest National Park Authority
- Portsmouth City Council
- Southampton City Council
- Test Valley Borough Council
- Winchester City Council

3.23. In addition, the joint working will be undertaken in conjunction with:

- Enterprise M3 LEP
- Environment Agency
- Hampshire and Isle of Wight Local Nature Partnership
- Highways England
- Homes England
- Natural England
- Solent LEP
- Solent Transport

At this stage it is not anticipated that these organisations would be formal signatories to the SoCG. Other key infrastructure providers will also be involved, for example public transport providers and water companies.

d. governance arrangements for the cooperation process, including how the statement will be maintained and kept up to date

- 3.24. PfSH has long established governance arrangements, the full details of which are on the [website](#). The PfSH Joint Committee members are the leaders or cabinet members of the constituent local authorities, supported by chief executives. The Solent LEP, Environment Agency and Homes England are represented on the Committee as observers and Natural England regularly attends the meetings.
- 3.25. Alongside the Joint Committee, an Overview and Scrutiny Committee has been established to complement and, where necessary, make recommendations to the Joint Committee with regards to PfSH business. The Committee comprises a nominated councillor and chief executive from each of the PfSH authorities.
- 3.26. The technical work that will be undertaken to lead to the new Joint Strategy will be overseen by the PfSH Planning Officers Group, a working group of planning officers from each of the partner authorities, including the county council, together with Solent Transport, Natural England and the Environment Agency. PfSH has appointed a consultant Project Manager to coordinate the work on behalf of the Planning Officers Group.
- 3.27. The PfSH Joint Committee will make decisions on strategic planning matters referenced in this SoCG, based on officer recommendations. Each Council will decide how to use its own decision-making mechanisms to consider its own approach to the decisions being made at the PfSH Joint Committee.
- 3.28. This SoCG sets out the process and workstreams that will lead to the review of the Spatial Position Statement and the production of a new Joint Strategy. As the evidence base progresses, it will be appropriate to produce further iterations of the SoCG to reflect the progress made and consider the next steps. A timetable for the anticipated progress of the evidence workstreams and the production of the Joint Strategy is included in Table 1 below. PfSH will remain adaptable to changes in the work programme depending on the results of the studies. Particular regard will be had to the need to support Local Planning Authorities through the need to demonstrate compliance with the Duty to Cooperate and national planning policy at their local plan examinations when considering the timing of future iterations of the SoCG.

Table 1 SoCG timetable

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
SDOA assessments⁶								
Identify SDOAs and scope assessments/transport commission⁷								
Procure consultants for SDOA assessments								
Undertake assessments	X	X	X	X				
Procure transport consultants								
Undertake modelling & TIAs ⁸	X	X	X	X				
Finalise report				X				
Final report presented to Joint Committee					X			
Economic, employment and commercial needs (including logistic) study								
Identify existing evidence and scope of study								
Procure consultants								
Undertake study	X							
Final report presented to Joint Committee		X						
Green Infrastructure Needs and Consideration of Mechanisms on how to achieve Green Belt Designation								
Establish green infrastructure needs through SDOA assessments (SA/HRA)				X				
Consider options for policy approach scope and procure landscape assessment					X			
Undertake assessments and further consider options						X	X	
Review evidence and determine approach to green belt designation								X

⁶ This workstream incorporates Sustainability Appraisal and Habitat Regulations Assessment of the potential Strategic Development Opportunity Areas.

⁷ Struck through text indicates that the stage is complete.

⁸ Transport Impact Assessments

e. if applicable, the housing requirements in any adopted and (if known) emerging strategic policies relevant to housing within the area covered by the statement

3.29. The assessed housing need using the standard method (as required by government policy) for the local authority areas within the PfSH area is set out in the table below⁹:

Table 2 Housing need 2020 – 36

Local Authority	Standard Method 2020 – 2036 (dpa) ¹⁰	Proposed Standard Method 2020 – 2036 (dpa) ¹¹	Total requirement 2020 – 2036
East Hants (part)	112		1,792
Eastleigh	694	885	11,104
Fareham	514	403	8,224
Gosport	344	309	5,504
Havant	504	963	8,064
New Forest ¹²	785	782	12,560
Portsmouth	854	730	13,664
Southampton	1,002	832	16,032
Test Valley (part) ¹³	181		2,896
Winchester (part)	235		3,760
Total	5,217		83,600

3.30. There is no centrally produced figure using the government’s standard method, and the above table has been compiled using the best figures available. Figures for districts which only partly fall within PfSH have been apportioned on the basis of the population of those wards which fall within PfSH, other than Test Valley as referenced in the table. All figures have been provided by the local planning authorities and represent their most up to date understanding of the application of the standard method on a consistent basis. It should also be noted

⁹ N.b. this relates to the current standard method and not the proposals that were published for consultation in August 2020.

¹⁰ Dwellings per annum.

¹¹ The figures quoted in this column relate to the government consultation on the revised standard method and have been taken from the analysis published on the [Lichfields website](#) and have not been produced by the PfSH Local Planning Authorities. The ‘split’ districts have not been included as there is no breakdown from whole local authority areas in the Lichfields analysis.

¹² This figure covers the whole of New Forest District, including the part of the New Forest National Park within the district, and is covered by separate local plans prepared by NFDC & NFNPA.

¹³ This figure is derived from the TVBC Local Plan. Previous estimates have used population splits based on ward boundaries, although the ward boundaries are not contiguous with the PfSH boundary. The Local Plan splits the housing market in the borough between north and south and assumes a 33% population split in the southern housing market area.

that the figures are updated periodically as new sub-national population projections and affordability ratios are published¹⁴.

3.31. The annual housing need figures in Table 2 can be multiplied by the number of years being planned for to give the total housing requirement. This means that the total housing requirement for the PfSH area between 2020 and 2036 is for some 84,000 homes¹⁵.

3.32. For the period to 2036, there is a significant amount of supply already identified through planning permissions, other urban¹⁶ sites (either windfall or sites identified in strategic housing land availability assessments (SHLAAs¹⁷)) and allocations in adopted local plans and made neighbourhood plans. Further allocations are currently proposed in the Havant Local Plan Review which the Council expects to submit for examination in the near future. Fareham Borough Council is due to consider its Regulation 19¹⁸ pre-submission Local Plan shortly for approval to consult this autumn before submission for examination, and it is anticipated that this will contain a small number of allocations that will further increase the identified supply.

3.33. The New Forest National Park Local Plan 2016 – 2036 was formally adopted on 29 August 2019 and makes provision for an additional 800 dwellings in the National Park over the Plan-period. The New Forest District Local Plan was formally adopted on the 6th July 2020 and makes provision for an additional 10,420 dwellings in the part of the District outside of the National Park over the plan period.

3.34. Havant and Eastleigh Councils have made significant allocations for development in their emerging local plans and whilst still subject to the outcome of their examinations, these have reached a sufficiently advanced stage in the plan-making process to be considered as commitments from the Council concerned for the purpose of calculating the remaining housing needs to be planned for. In the case of the Eastleigh Local Plan, the Inspector's post hearing advice letter already provides a clear indication of the outcome in terms of housing supply, and Eastleigh's assumed commitments have been adjusted to fully reflect this. This SoCG will continue to be updated to reflect progress in local plans from Regulation 19 consultation through to adoption, with consequential adjustments to the housing supply figures.

¹⁴ Government policy requires the use of the 2014-based household projections. Revised affordability ratios are published every two years.

¹⁵ Local plans within the sub-region can be prepared at different times and may not use a 2016 base, particularly as housing need information is updated.

¹⁶ With the exception of the New Forest – see footnote 19 below.

¹⁷ SHLAAs may also be referred to as SLAAs (Strategic Land Availability Assessments), HELAAs (housing and economic land availability assessments) or SHELAAs (strategic housing and economic land availability assessments)

¹⁸ Town and Country Planning (Local Planning) (England) Regulations (2012)

3.35. The housing supply position has been calculated by adding commitments in the form of planning permissions¹⁹, SHLAA sites²⁰ and local plan allocations (adopted plans and the emerging Eastleigh and Havant plans) and a windfall estimate (predominantly or wholly urban sites). It is recognised that other local planning authorities are currently identifying additional sites for their areas as part of their emerging local plans and consequently the housing supply figures will increase.

3.36. The identified housing provision for the local planning authority areas within the PfSH area is set out in Table 3 Housing Supply 2020 – 2036 below:

Table 3 Housing Supply 2020 – 36

Local Planning Authority	Total provision 2020 ²¹ – 36
East Hants (part)	1,169
Eastleigh (including proposed allocations)	8,335
Fareham ²²	6,550
Gosport	2,919
Havant (including proposed allocations)	8,822
New Forest (outside national park)	9,347
New Forest National Park	688
Portsmouth	12,995
Southampton	12,904
Test Valley (part)	3,135
Winchester (part)	5,986
Total	72,850

3.37. As can be seen by comparing the assessed housing need to 2036 with the currently identified supply there is a shortfall of some 11,000 homes that needs to be addressed through the work identified in this SoCG. It is important to stress that this gap is split across the Portsmouth and Southampton housing market areas, the housing gap in the two individual areas will be considerably smaller, although it still needs to be addressed. As work progresses through the evidence base leading to the Joint Strategy, and further progress is made with local plans, it is intended that this table is updated to reflect any changes in provision. To further aid the understanding of the geographical distribution of housing need and current supply, the tables are combined below:

¹⁹ These may include C2 units with the ratio in the Housing Delivery Test Measurement Rule Book applied to give the C3 equivalent.

²⁰ SHLAA sites are included when they form part of the LPA housing land supply and are within existing settlement boundaries. SHLAA sites for New Forest District outside of settlement boundaries are also included as this source of supply has been tested through the examination of the Part 1 Local Plan and was found sound. Allocations will subsequently be made in their Part 2 Local Plan.

²¹ Base date is 1st April 2020.

²² Includes sites with a resolution to grant planning permission.

Table 4 Comparison of housing need and supply 2020 – 2036

Local Authority	Annual Housing Need using Standard Method (dpa)	Total housing need 2020 – 2036	Supply = Commitments, local plan allocations + windfall estimate	Shortfall/ surplus
East Hants (part)	112	1,792	1,169	-623
Eastleigh	694	11,104	8,335	-2,769
Fareham	514	8,224	6,550 ²³	-1,674
Gosport	344	5,504	2,919	-2,585
Havant	504	8,064	8,822	+758
New Forest	785	12,560	10,035	-2,525
Portsmouth	854	13,664	12,995	-669
Southampton	1,002	16,032	12,904	-3,128
Test Valley (part)	181	2,896	3,135	+239
Winchester (part)	235	3,760	5,986	+2,226
Total	5,225	83,600	72,850	-10,750

²³ Includes sites with a resolution to grant planning permission.

f. distribution of needs in the area as agreed through the plan-making process, or the process for agreeing the distribution of need (including unmet need) across the area;

- 3.38. The majority of needs for housing and employment development up to 2036 are already planned to be met through existing planning permissions, allocations in local plans and neighbourhood plans and small-scale windfall development. However, there remain unmet housing and potentially employment needs which are not currently planned for across local authority areas and a strategic approach is needed to determine the most sustainable locations to accommodate this development within the sub-region.
- 3.39. PfSH has agreed a programme of work to review the Spatial Position Statement, leading to a new Joint Strategy. Four workstreams are set out below:
- Strategic Development Opportunity Area (SDOA) assessments (including traffic modelling and transport impact assessments for the SDOAs)
 - Economic, Employment & Commercial Needs (including logistics) Study
 - Joint Strategy Strategic Environmental Assessment, Sustainability Appraisal, Habitats Regulations Assessment and Appropriate Assessment
 - Green Infrastructure Needs and Consideration of Mechanisms on how to achieve Green Belt Designation.
- 3.40. The Spatial Position Statement (2016) includes Strategic Development Locations. The review of this document and the need to plan where further strategic growth will take place means the identification of further Strategic Development Opportunity Areas (SDOAs) is required. Some of these areas are already being identified through adopted or emerging local plans, e.g. Mayflower Quarter (Southampton) and Southleigh (Havant). These sites are already included in the housing supply figures in Table 3. Whilst these major proposed allocations make significant contributions to accommodating housing needs, further SDOAs will inevitably be needed alongside smaller brownfield and greenfield developments.
- 3.41. The PfSH Planning Officers Group has agreed a process to identify potential SDOAs for further assessment. This involved the identification of all sites above a threshold²⁴ that have been previously promoted or considered as reasonable alternatives as part of local and strategic planning processes. Consultants have been appointed to identify any further options and potential choices for land to accommodate strategic development and then these potential SDOAs will be subject to analysis and appraisal to establish the most sustainable options and the infrastructure investment needed to deliver them.
- 3.42. The assessment of the SDOAs is following the process below:

²⁴ 20 hectares or 500 dwellings. A number of smaller sites in the same general location could potentially be combined to form a larger strategic site above the threshold.

- Identification of potential SDOAs
- Detailed assessments of potential SDOAs including:
 - constraint mapping and sustainability appraisal
 - habitat regulations assessment (including appropriate assessment)
 - transport modelling and transport impact assessments (commissioned as a separate study)
 - landscape impact / green infrastructure
 - strategic infrastructure requirements or opportunities.

3.43. PfSH has commissioned consultants to prepare the assessments and undertake the sustainability appraisal and habitat regulations assessment/appropriate assessment. The transport modelling and transport impact assessments are the subject of a separate commission and will be undertaken in conjunction with Solent Transport and its member organisations. The PfSH Planning Officers Group will then consider the results of the assessments before making recommendations to the Joint Committee as to the SDOAs to include in the Joint Strategy. The sustainability appraisal will be key to making these recommendations.

3.44. Whilst there is clear government policy on the method to be used to assess housing needs, a less prescriptive national policy applies to establishing the need for employment development, although there is the same requirement to meet those needs through plan-making. In order to establish the amount and type of land that needs to be allocated, as well as examining the existing supply, PfSH has commissioned consultants to produce an Economic, Employment and Commercial Needs (including logistics) Study. The results of this study will be considered alongside the SDOA assessments when considering the need for land allocation.

3.45. There are clear benefits in planning for a mix of uses when planning for new communities. There are also opportunities within the existing urban areas for significant redevelopment. The identification of Strategic Development Opportunity Areas will potentially include urban and greenfield sites, expanding upon those identified as Strategic Development Locations in the Spatial Position Statement.

3.46. The need to mitigate potential adverse impacts of new development on the environment is apparent through the evidence base from previous local plans and current issues relating to water and air quality and recreational pressure and potential harm to protected habitats. It is a major priority for the PfSH authorities to ensure that the natural environment is not diminished through new development and where possible, is enhanced. Furthermore, government policy now requires development to provide a net gain for biodiversity. Given the sub-region's location between two National Parks (the South Downs and the New Forest), the 'duty of regard' set out in Section 62(2) of the Environment Act 1995 is also relevant. This duty ensures that any decisions that could affect National Parks must have regard to the two statutory Park purposes.

- 3.47. There are legal requirements for carrying out strategic environmental assessment (incorporated within sustainability appraisal) and habitat regulations assessments (including appropriate assessments) when considering the location of new development. Given issues around recreational disturbance and the potential need to mitigate the impact of nutrient deposition from wastewater outputs and traffic emissions as a result of additional dwellings, there will be a requirement to allocate land to provide sustainable alternative natural greenspace and to reduce nitrate levels in the water environment. Consideration will need to be given to incorporating accessible natural green spaces within SDOAs to ensure that they are accessible to residents and assist with the delivery of appropriate environmental mitigation.
- 3.48. Climate change is an overarching theme that will be at the forefront of the strategy for new development. Matters such as flood risk and policy approaches to resilience can be explored through the sustainability appraisal and SDOA assessments. Any opportunities to reduce potential environmental impact through the location of development will be considered alongside mitigation measures that need to be addressed through planning policy.
- 3.49. The current Strategic Flood Risk Assessment (SFRA) for the PfSH area was completed in 2007, with subsequent interim updates and reviews in 2012 and 2016. PfSH is therefore commissioning a new level one SFRA for the majority of the PfSH region (not East Hampshire, which is in the process of completing an SFRA for its planning area), along with the whole local planning authority areas of Test Valley and Winchester. This is to take account changes in legislation and policy, as well as emerging updates to evidence, modelling and mapping of flood risk. The new SFRA is expected to be completed in 2021.
- 3.50. Dealing with climate change issues can have a long-term beneficial impact on the health and wellbeing of the new communities now being planned. Other issues, such as access to green spaces and opportunities for active travel can also be addressed through the strategy for new development.
- 3.51. Impacts on health caused by poor air quality will be considered through the sustainability appraisal. Development should be located so as to minimise adding to air quality problems and regard should be had to designated Air Quality Management Areas when determining strategic approaches to development.
- 3.52. The strategy will meet development needs, informed by the sustainability appraisal of SDOAs, which will take account of all relevant factors as set out above, of which green infrastructure is one. The '*Green Infrastructure Needs and Consideration of Mechanisms on how to achieve Green Belt Designation*' workstream will commence as the draft results of the SDOA assessments become available. This will enable consideration of potential Green Belt designation to take place in the light of evidence as to development requirements and the most sustainable options for development in South Hampshire based on all relevant factors. It will also enable the green infrastructure needs of potential SDOAs to form part of the consideration of the justification for Green Belt designation. The policy approach to Green Belt designation, if appropriate, can

then be included in the Joint Strategy where, along with other policies, it will be subject to sustainability appraisal. Any proposals for formal Green Belt designation would then need to be pursued through individual local plans.

3.53. PfSH intends that the review of the Spatial Position Statement will lead to a new Joint Strategy. Whilst the initial workstreams have been agreed and this work has commenced, further work remains to be undertaken to establish the full scope for the Joint Strategy. A timetable for the evidence workstreams is included in Table 1 at para 3.27 above. A detailed project plan has been prepared for the workstreams set out in this SoCG. As the evidence base nears completion further consideration will be given to the timing and scope for the production of the Joint Strategy.

3.54. The technical work outlined above will enable the preparation of a PfSH Infrastructure Delivery Plan which will be both evidence based and aligned to an agreed distribution of development to meet the need for homes and jobs. This will provide a strong statement to Government of our strategic infrastructure 'asks', in order to deliver development. This will include for example transport, flood risk management, water and environmental infrastructure.

g. a record of where agreements have (or have not) been reached on key strategic matters, including the process for reaching agreements on these

- 3.55. PfSH published a Spatial Position Statement in 2016. This SoCG sets out the process to update and replace that document and is agreed by the PfSH authorities. It is anticipated that the new Joint Strategy will set out the distribution of housing and employment provision between the respective Local Planning Authorities, particularly with respect to providing for unmet needs, amongst other strategic spatial policies (including the sub-regional approach to potential Green Belt designation).
- 3.56. PfSH Joint Committee agreed SoCG with Eastleigh and Havant in July 2019.

h. any additional strategic matters to be addressed by the statement which have not already been addressed, including a brief description how the statement relates to any other statement of common ground covering all or part of the same area

- 3.57. The SoCG sets out a process by which the PfSH authorities will review and update the Spatial Position Statement (2016). It is not intended to replace or supersede any existing SoCG that exists between PfSH and individual local planning authorities or bilateral agreements between local planning authorities.
- 3.58. There are no other strategic matters to be addressed by the SoCG that have not been referenced earlier in the SoCG.

Signatories

Ken Moon
East Hampshire District Council

Keith House
Leader Eastleigh Borough Council

Seán Woodward
Leader Fareham Borough Council

Stephen Philpott
Chairman of Economic Development Board Gosport Borough Council

Judith Grajewski
Executive Member for Public Health Hampshire County Council

Michael Wilson
Leader Havant Borough Council

Edward Heron
Deputy Leader New Forest District Council

Chairman New Forest National Park Authority

Gerald Vernon-Jackson
Leader Portsmouth City Council

Christopher Hammond
Leader Southampton City Council

Nick Adams-King
Deputy Leader Test Valley Borough Council

Neil Cutler
Deputy Leader Winchester City Council

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 December 2020

Portfolio:	Policy and Resources
Subject:	Finance Monitoring Report 2020/21
Report of:	Deputy Chief Executive Officer
Corporate Priorities:	Dynamic, prudent and progressive Council

Purpose:

This report provides comparative information on the Council's revenue expenditure for the period for the first half of the financial year. 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 emergency revenue budgets in the current year, as set out in the following tables: -

General Fund	Emergency Budget 2020/21	Budget to 31 Oct 20	Actual to 31 Oct 20	Variation
	£000s	£000s	£000s	£000s
Service Budgets	15,908	3,345	3,171	-174
Non-Service Budgets	-2,602	-727	-737	-10
Net Budgets	13,306	2,618	2,434	-184

Housing Revenue Account	Emergency Budget 2020/21	Budget to 30 Sep 20	Actual to 30 Sep 20	Variation
	£000s	£000s	£000s	£000s
Income Budgets	-12,142	-6,177	-6,224	-47
Management Costs	3,517	1,173	1,046	-127
Finance Costs	2,837	700	700	0
Property Costs	5,788	1,132	938	-194
Net Budgets	0	-3,172	-3,540	-368

Revenue spending plans are currently showing a net underspend for the first half of the financial year.

However, there are a number of areas where spend is in excess of the budget; and a similar half yearly position was reported last year but the outturn position on the General Fund was a small overspend. It therefore remains appropriate to continue to monitor financial performance closely over the remainder 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.

Reason:

To provide members of the Executive with a summary of the Council's budgetary performance. for the first half of the financial year

Cost of proposals:

Not applicable.

Background papers: None

Reference papers: 7 September 2020 Executive Report - COVID-19 Emergency
Revised 2020-21 Budget

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	07 December 2020
Subject:	Finance Monitoring Report 2020/21
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 for the first half of the financial year 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 contains an updated position for the Housing Revenue Account as well as the General Fund.

REVENUE EXPENDITURE SUMMARY

3. The details of the emergency budget and spend for each of the Council's committees and portfolios for the first seven months of the 2020/21 financial year are shown below:-

ACTUAL REVENUE EXPENDITURE TO 31 OCTOBER 2020

	Budget 2020/21 £	Budget to 31 Oct 20 £	Actual to 31 Oct 20 £	Variation £
Committees				
Planning	431,000	235,500	185,961	-49,539
Licensing & Regulatory Affairs	615,700	167,700	157,818	-9,882
Executive - Portfolio Budgets				
- Leisure & Community	3,091,000	426,500	373,275	-53,225
- Housing	1,777,200	656,100	656,828	728
- Planning & Development	1,734,500	590,200	570,888	-19,312
- Policy & Resources	534,600	-1,748,700	-1,756,093	-7,393
- Health & Public Protection	1,257,600	754,300	762,212	7,912
- Streetscene	6,465,100	2,263,200	2,220,355	-42,845
TOTAL SERVICE BUDGETS	15,906,700	3,344,800	3,171,244	-173,556
NON-SERVICE BUDGETS	-2,602,300	-727,400	-737,293	-9,893
NET BUDGET	13,304,400	2,617,400	2,433,951	-183,449

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 2020/21 £	Budget to 31 Oct 20 £	Actual to 31 Oct 20 £	Variation £	Forecast
Income Budgets					
Industrial and Commercial Estates	-298,900	-629,200	-668,474	-39,274	☹️
Trade Waste	-3,600	-608,900	-615,879	-6,979	😊
Investment Properties	-3,318,600	-2,592,200	-2,596,618	-4,418	☹️
Expenditure Budgets					
Solent Airport at Daedalus	323,700	-308,600	-120,804	187,796	☹️
Parking Services	151,700	270,500	329,720	59,220	☹️
Community Parks and Open Spaces	2,037,400	1,011,900	1,054,483	42,583	☹️
Homelessness	549,500	347,000	372,568	25,568	😊
Waste & Recycling Total	2,431,500	1,182,000	1,201,290	19,290	☹️
Housing Benefit Payments	424,700	104,100	122,197	18,097	😊
Planning Applications	104,000	-26,500	-10,075	16,425	☹️
Tree Management	345,100	197,500	211,711	14,211	😊
Local Land Charges	29,400	-23,100	-30,135	-7,035	😊
Planning Appeals	179,100	46,500	29,365	-17,135	😊
Street Cleansing	1,021,800	492,600	460,429	-32,171	😊
Local Plan	1,150,100	495,500	460,998	-34,502	😊
Local Tax Collection	914,100	441,500	387,560	-53,940	😊
Cost of Employment	17,796,900	10,374,288	9,973,971	-400,317	😊
Overall Service budget Position	15,906,700	3,344,800	3,171,244	-173,556	😊

5. The main variations in the key services are detailed as follows:-
- (a) **Industrial and Commercial estates** – the current position shows that the income for this service is in line with the revised budget. However, the situation is being closely monitored as many businesses may have been forced to close for a second time and it is likely that some of these debts raised will not be paid by the year end.
 - (b) **Trade Waste** is currently showing an overall increase in income. The service has seen changes over the pandemic with many customers cancelling or delaying their collections, but the current level of income is likely to end the year within the revised budget.
 - (c) **Investment properties** are showing as slightly above the net income budget and is likely to stay on track through to the end of the year. However, the situation is being closely monitored as many businesses may have been forced to close for a second time and it is likely that some of these debts will not be paid by the year end.
 - (d) **Solent Airport at Daedalus** is currently showing as below budget although the service is forecast to come in on budget although as with the rest of the property budgets there will be a need to continue to monitor the debts for the remainder of the year and there is a likelihood that there will be a need to call on the additional bad debt provision for some tenants.
 - (e) **Parking Services** is showing a variation of £59,000 reduced income compared to the emergency budget. Income from users of the Council's car parks is £77,000 less than the emergency budget due to parking levels not picking up as much as was anticipated and income will further reduce in November with less use of the car parks during the second national lockdown. There have been some savings on expenditure which has reduced the loss of income.
 - (f) **Community Park and Open Spaces** is showing an overspend for the first seven months of the year mainly due to additional vehicle costs for repairs. Other areas of underspend and overspends are offsetting each other.
 - (g) The **Homelessness** budget is showing an increase in spend against budget for the year of almost £26,000. The main reason is due to additional costs for bed and breakfast and other homelessness costs as a result of the pandemic. These additional costs will be offset by grant or use of the homeless reserve at year end.
 - (h) **Waste Collection and Recycling** services are showing an overspend of just over £19,000 after 7 months of the year mainly as a result of higher spend on vehicles due to increased repairs to vehicles and also additional agency spend to cover vacancies and sickness. These areas of spend have been offset by reduced fuel spend as fuel prices have reduced during the pandemic.
 - (i) **Housing benefits** service overall is currently showing £18,000 over budget. Payments are currently £249,000 under the budget for the year and the

benefits that are paid out during the year are supported by grant incomes. 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.

- (j) **Planning Applications** is showing as being over budget by almost £16,000. The income for the year is currently lower than the budget by £30,000 as application numbers have reduced. 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.
- (k) **Tree Management** is showing as being over budget by almost £14,000. This is an improved position on last financial year and has been achieved by reducing reactive works for good neighbour costs to only those needed on an emergency basis; and also there has been limited new tree planting this year. There is likely to be in an overspend by the year end due to extraordinary spend of around £50,000 to come during the rest of the financial year needed for ash die back work which needs to be done to prevent more serious issues with the trees. Other work is expected to be within budget.
- (l) **Local Land charges** is showing as more income than budget by £7,000. The income budget for this area has been reviewed and reduced, recognising the reduction in the type of applications that are being received and that more customers who previously used the chargeable service now go through personal search companies for which there is no charge.
- (m) **Planning Appeals** is showing an underspend after 7 months of over £17,000. The budget was increased to reflect appeals that were due to be heard in this financial year but it is more likely that due to the pandemic issues these appeals will be heard in 2021/22.
- (n) **Street Cleansing** is showing spend slightly under the budget mainly as a result of reduced employee costs, due to vacancies. This has been slightly offset by increased vehicle costs including higher repairs.
- (o) The **Local Plan** is showing spend of less than the budget for the first seven months due to a slippage in the plan resulting in less spend on legal and inspector fees which will be incurred in the 2021/22 financial year.
- (p) **Local Tax Collection** is showing an underspend as a result of small vacancies savings and reduced spend on summons costs during the year. There will be, however, be reduced income from summons during the year.
- (q) 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 7 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.

THE COUNCIL'S FUNDAMENTAL PARTNERSHIPS

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

Service	Budget 2020/21 £	Budget to 31 Oct 20 £	Actual to 31 Oct 20 £	Variation £	
Project Integra	5,000	0	0	0	😊
Community Safety Partnership	186,500	101,100	89,559	-11,541	😊
Fareham & Gosport CCTV Partnership	159,900	101,400	106,378	4,978	😐
Portchester Crematorium JC	-165,000	0	0	0	😊
Environmental Health Partnership	1,482,800	748,500	697,546	-50,954	😊
Building Control Partnership	216,400	5,800	2,430	-3,370	😊

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 after the first 6 months of 2020/21, 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.

	Emergency Budget 2020/21 £'000	Budget to 30 Sep 2020 £'000	Actual to 30 Sep 2020 £'000	Variation £'000
HOUSING REVENUE ACCOUNT				
Income	-12,142	-6,177	-6,224	-47
Tenancy Management & Running Costs	3,517	1,173	1,046	-127
Net Interest	1,697	700	700	0
Transfer to Debt Repayment Fund	1,140	0	0	0
	-5,788	-4,304	-4,478	-174
Revenue Repairs Expenditure	2,264	1,132	938	-194
Depreciation set aside into the Major Repairs Reserve	2,685	0	0	0
Revenue Contribution to Capital Programme	839	0	0	0
Transfer to(-)/from HRA Reserve	0	-3,172	-3,540	-368

9. Income is largely in line with the budget for the year to date which was reduced to reflect a continuing trend in rising tenant rent arrears. A further impact is being experienced as a result of changes in circumstances and financial stability for some of our tenants, along with lost rent income for void properties being experienced for longer periods than we would usually have expected. Service Charge actuals have been completed for 2019/20 and were slightly higher than budgeted, this additional income will be part of the further revised HRA revenue budget to be reported to the Executive.
10. The property repairs and maintenance area has seen a significant drop in expenditure incurred with external contractors in the early part of the year and a fall in demand for responsive repairs when only emergency works were being completed as a result of lockdown restrictions and working arrangements. As services returned to a higher volume of call outs and contractor engagements for jobs, expenditure had risen again. The second lockdown will also have an impact on works we are able to complete, but it is hoped for a shorter term.
11. We have been able to continue with stock repurchase and in the financial year to date have bought back 7 properties to replenish our housing stock. This has taken us slightly ahead of the budget, and this budget area will be subject to further revision that will be part of the further revised Capital Programme to be reported to the Executive along with an increased Revenue Contribution to Capital to account for this in the HRA revenue budget.
12. Taking the above into account it is realistic that the HRA Revenue Account forecast outturn will be very close to breakeven in this financial year. If further positive opportunities come forward to replenish our housing stock in line with our housing need over and above the capital programme budget then these will be subject to careful consideration of the impact on the revenue budget outturn position.

RISK ASSESSMENT

13. Whilst it would be too early to draw very firm conclusions regarding the final revenue budget position for 2020/21 after seven months especially with all the uncertainty over the COVID pandemic, 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 emergency budgets were prepared in September.
14. 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.
15. The Council's expenditure and income are monitored by officers throughout the year and there is even more monitoring going on under the current pressures. Known spending pressures will be reflected in the Finance Strategy for 2021/22. The budget that will reflect the revised position will be reported to the Executive in January 2021.

CONCLUSION

16. 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.

17. 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 2021.

Enquiries:

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

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 December 2020

Portfolio:	Policy and Resources
Subject:	Treasury Management and Capital Monitoring 2020/21
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 2020 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 2020 Actual £'000	30 Sept 2020 Actual £'000
Total borrowing	57,659	52,967
Total investments	(14,839)	(18,255)
Net borrowing	42,820	34,712

During the Emergency Budget setting process, the net interest budget for 2020/21 was reduced by £136,000 to £559,700 (£603,300 actual in 2019/20) to reflect the reduction in investment returns.

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

Capital Programme	Revised Budget 2020/21 £	Budget to 30 Sep 20 £	Actual to 30 Sep 20 £	Variation £
General Fund	11,987,600	1,410,000	1,098,447	-311,553
HRA	6,662,000	3,331,000	2,867,603	-463,397
Total	18,649,600	4,741,000	3,966,050	-774,950

Recommendation:

It is recommended that the Executive notes the Treasury Management and Capital Monitoring Report for 2020/21.

Reason:

To inform the Executive of the Council's investment, borrowing and capital programme activity up to 30 September 2020.

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
2020-21, Council, 21 February 2020

Prudential Code for Capital Finance in Local Authorities
(2017)

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

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BOROUGH COUNCIL

Executive Briefing Paper

Date:	07 December 2020
Subject:	Treasury Management and Capital Monitoring 2020/21
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 2020/21 was approved by Full Council on 21 February 2020.
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 2020/21 was approved by Full Council on 21 February 2020.
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 2020 on the Capital Programme.

BORROWING ACTIVITY

7. At 30 September 2020, the Council held £53 million of loans, (a decrease of £4.7 million on 31 March 2020). The Council expects to borrow externally up to an additional £5 million in 2020/21 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 and temporary investments earning Bank Rate or lower, it is 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 2020 was:

	Balance on 31 March 2020 £'000	Balance on 30 Sept 2020 £'000	Average Rate
Long-term borrowing	40,000	40,000	3.50%
Short-term borrowing	15,000	10,000	0.93%
Portchester Crematorium	2,659	2,967	0.25%
Total Borrowing	57,659	52,967	

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

INVESTMENT ACTIVITY

11. On 1 April 2020, the Council received central government funding to support small and medium sized businesses during the coronavirus pandemic through grant schemes. £20.2 million was received and temporarily invested in short dated, liquid instruments such as call accounts and money market funds.
12. 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 £14 and £39 million due to timing differences between income and expenditure.
13. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
14. 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 2020/21. The policy details the high quality and secure counterparty types the Council can invest with.
15. Given the continuing risk and low returns from short-term unsecured bank investments, the Council has diversified into more secure and higher yielding asset classes. £12 million that is available for longer-term investment was moved from bank and building society deposits into externally managed strategic pooled diversified income funds.
16. 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.

17. Details on investment activity to 30 September 2020 are summarised in the table below:

	Balance on 31 March 2020 £'000	Balance on 30 Sept 2020 £'000	Average Rate
Long-term Pooled Funds	10,539	11,005	3.87%
Banks and Building Societies	0	4,000	0.26%
Money Market Funds	4,300	3,250	0.07%
Total Investments	14,839	18,255	

18. In 2020/21, the Council expects to receive significantly lower income from its cash and short-dated money market investments and from its externally managed funds than it did in 2019/20. Dividends and income paid will ultimately depend on factors including the duration of COVID-19 and the extent of its economic impact.

COMMERCIAL PROPERTIES

19. 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.
20. Since the Executive approval of a Commercial Property Investment Acquisition Strategy in January 2013, the Council has purchased 10 commercial investment properties as summarised below, averaging a return of 6.8% and expected to generate rental income of £2.6 million during 2020/21.

Property Type	Purchase Cost £'000	Current Value £'000
Retail	27,783	22,195
Commercial	10,100	11,078
Other	1,890	2,050
Total	39,773	35,323

21. The current value has decreased overall by £4.45 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.
22. 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.
23. 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	36,077
Commercial	18,796
Other	4,403
Office	3,786
Leisure	1,202
Total	64,264

BUDGETED INCOME AND OUTTURN

24. Our treasury advisor Arlingclose expects Bank Rate to remain at 0.10% for the foreseeable future however further cuts to Bank Rate to zero or even negative territory cannot be completely ruled out.
25. During the Emergency Budget setting process, the net interest budget for 2020/21 was reduced by £136,000 to £559,700 (£603,300 actual in 2019/20) to reflect the reduction in investment returns.

COMPLIANCE WITH TREASURY AND PRUDENTIAL INDICATORS

26. The Council confirms compliance with its Treasury and Prudential Indicators for 2020/21, which was set on 21 February 2020 as part of the Council's Treasury Management Strategy.
27. 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

28. On 3 February 2020, the Executive approved the 2020/21 capital programme of £32.7 million for the General Fund and Housing Revenue Account (HRA).
29. Details of actual capital expenditure in 2019/20 were reported to the July and August Executives and a total carry forward of £2.3 million was added to the capital programme bringing the total to £35 million for 2020/21.
30. As the economy has changed significantly since the COVID-19 pandemic, capital investment plans were revisited to determine if the original business cases remained sound. At the 7 September 2020 Executive, a revised capital programme of £18.6 million for 2020/21 was approved.
31. The following table sets out the updated capital programme for 2020/21 and has been used as the basis for monitoring progress to 30 September 2020:-

	Original Programme 2020/21 £	Updated Programme 2020/21 £
Streetscene	0	30,100
Leisure and Community	12,289,300	6,097,300
Housing	749,900	500,000
Planning and Development	295,000	230,000
Policy and Resources	12,535,700	5,130,200
Total General Fund	25,869,900	11,987,600
Housing Revenue Account	6,821,700	6,662,000
Updated Capital Programme	32,691,600	18,649,600

MAJOR CAPITAL SCHEMES

32. The Council has a number of major capital schemes where budgeted expenditure for 2020/21 is in excess of £500,000. These schemes, with forecast budget to 30 September 2020, are detailed in the following table:-

Capital Scheme	Budget 2020/21 £	Budget to 30 Sep 20 £	Actual to 30 Sep 20 £	Variation £
Leisure Centres Capital Investment	3,968,000	0	0	0
Daedalus Schemes	3,628,200	200,000	177,183	-22,817
HRA Improvements to Existing Stock	2,542,000	1,271,000	712,115	-558,885
HRA Highlands Road New Build	2,295,000	1,147,500	615,331	-532,169
New Arts & Entertainment Venue	2,000,000	200,000	179,729	-20,271
HRA Stock Repurchases	1,200,000	600,000	1,263,980	63,980
Vehicles and Plant	838,000	600,000	572,028	-27,972
Disabled Facilities Grant	500,000	250,000	63,600	-186,400

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

- (a) The **Leisure Centre Capital Investment** programme commenced in November 2020. Therefore, there has been no expenditure in the first half of the year.
- (b) The major scheme at **Daedalus** is the new industrial/business units at Faraday Business Park. The scheme was tendered for construction in February 2020 but subsequently delayed as a result of the COVID-19 pandemic. Following Executive review and approval to proceed, confirmed on 7 September 2020, contract documents have been issued to the successful tenderer and works are due to commence in January 2021 with completion programmed for August 2021.
- (c) Expenditure for **HRA Improvements to Existing Stock** is underspent against the budget to date. Void expenditure is slightly ahead of budget, and dwelling extensions for the year are progressing well. A programme of external cleaning and decoration is underway along with a programme to upgrade smoke alarm systems in sheltered accommodation. Working restrictions experienced during the year has meant there have been unavoidable delays in commissioning certain works to date. This will be addressed in a planned programme to be formulated using the stock

condition survey alongside implementation of the Keystone Asset Management system over the remainder of this financial year.

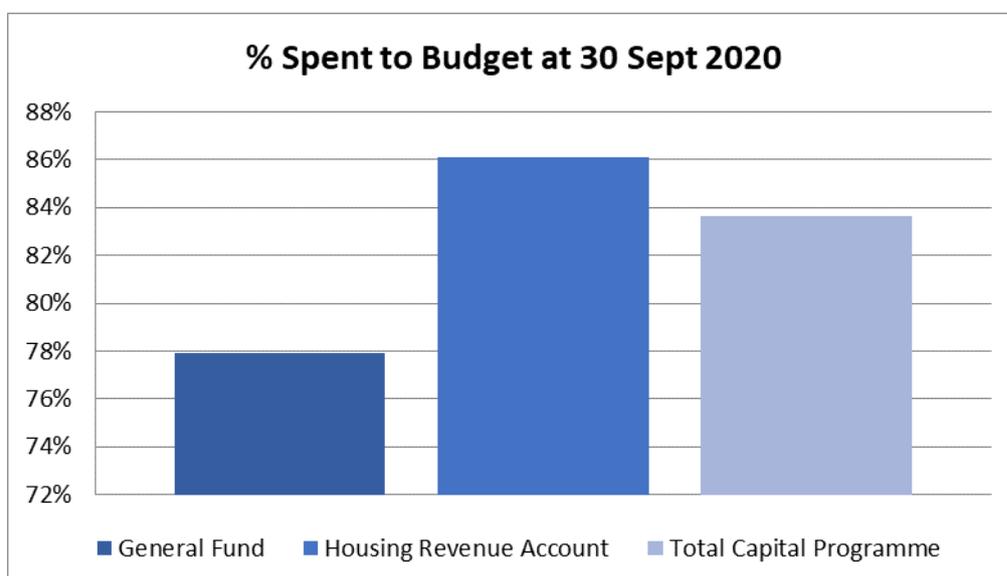
- (d) The new build scheme at **Highlands Road**, comprising 18 x one and two bedroom flats, commenced in August 2019 and is generally behind schedule due to the impact of COVID-19. Two blocks are progressing well and should complete at the end of January 2021. The remaining two blocks are due to complete mid-March 2021.
- (e) At the 2 November 2020 Executive, members approved pausing the **New Arts and Entertainment Venue** project for an initial period of 6 months in response to the impact of the COVID-19 pandemic. Spend to date has been on project management and consultancy on the theatre design.
- (f) For **HRA Stock Repurchases**, five general needs properties and two 50% shared ownership properties have been purchased. Expenditure is ahead of schedule and the scheme is £64,000 over budget. However, next year's budget will be adjusted so there is no overall impact on the HRA.
- (g) Expenditure on **Vehicles and Plant** has been for two new and two second-hand refuse vehicles, a second-hand glass collection vehicle, four vans and three mower decks. There is likely to be a small underspend at the end of the year due to long lead times for the procurement of some vehicles.
- (h) The processing of **Disabled Facilities Grants** (DFGs) has been passed to Portsmouth City Council. Due to the COVID-19 pandemic there has been a slowdown in visits to properties as well as a delay in invoicing for the first half of the year. In the year, an Occupational Therapist has been seconded from Hampshire County Council and will concentrate on DFGs in the Fareham area going forward.

CAPITAL MONITORING

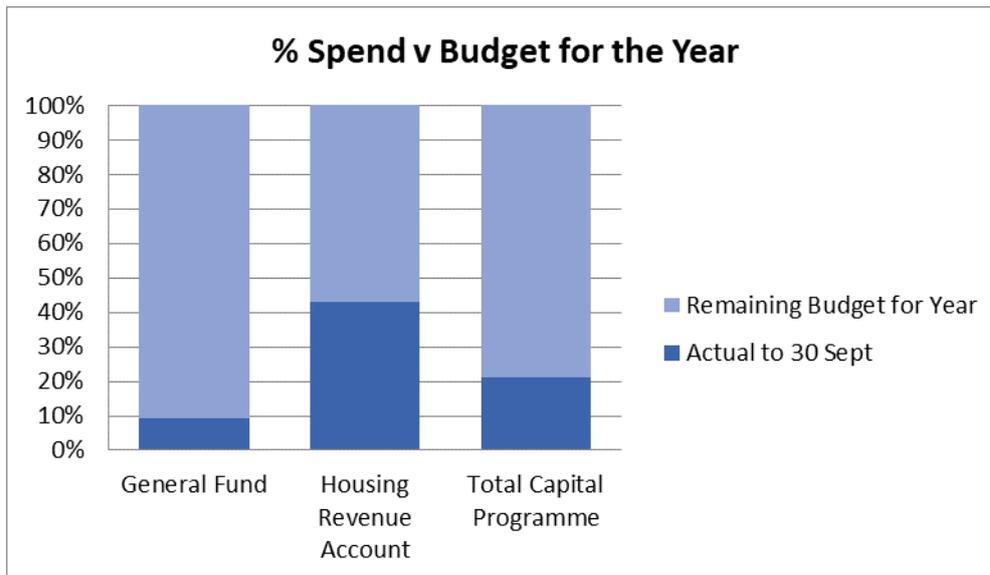
34. The following table provides summary information for the period to 30 September 2020, for all the schemes within each portfolio.

	Updated Budget 2020/21	Budget to 30 Sep 20	Actual to 30 Sep 20	Variation
	£	£	£	£
Streetscene	30,100	0	0	0
Leisure and Community	6,097,300	250,000	236,112	-13,888
- Buildings	5,981,000	200,000	193,229	-6,771
- Play and Parks	100,000	50,000	42,883	-7,117
- Other Community Schemes	16,300	0	0	0
Housing	500,000	250,000	63,600	-186,400
Planning and Development	230,000	0	0	0
Policy and Resources	5,130,200	910,000	798,735	-111,265
- Daedalus	3,628,200	200,000	177,183	-22,817
- Civic Offices	250,000	50,000	26,807	-23,193
- Vehicles and Plant	838,000	600,000	572,028	-27,972
- ICT	316,000	50,000	20,377	-29,623
- Other	98,000	10,000	2,340	-7,660
Total General Fund	11,987,600	1,410,000	1,098,447	-311,553
Housing Revenue Account				
- New Build	2,780,000	1,390,000	762,284	-627,716
- Improvements to Existing Stock	2,542,000	1,271,000	712,115	-558,885
- Stock Repurchases	1,200,000	600,000	1,263,980	663,980
- Other HRA Schemes	140,000	70,000	129,224	59,224
Total Housing Revenue Account	6,662,000	3,331,000	2,867,603	-463,397
Total Capital Programme	18,649,600	4,741,000	3,966,050	-774,950

35. The charts below show the actual expenditure to 30 September 2020 as a percentage of the programme for the equivalent period and for the whole year.
36. 84% of the capital programme has been spent compared to the profiled budget for the first half of the year.



37. 21% has been spent compared to the total budget for the year. The budgets will be reviewed again and re-phased where applicable as part of the forthcoming budget setting process.



RISK ASSESSMENT

38. 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.
39. 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.
40. There is a risk that some schemes in the capital programme may be delayed and not completed in year due to further COVID-19 restrictions.

Enquiries:

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

ECONOMIC COMMENTARY BY TREASURY ADVISORS ARLINGCLOSE – OCTOBER 2020

Economic Background: The spread of the coronavirus pandemic dominated during the period as countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. After a relatively quiet few months of Brexit news it was back in the headlines towards the end of the period as agreement between the UK and EU on a trade deal was looking difficult and the government came under fire, both at home and abroad, as it tried to pass the Internal Market Bill which could override the agreed Brexit deal, potentially breaking international law.

The Bank of England (BoE) maintained Bank Rate at 0.1% and its Quantitative Easing programme at £745 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.

Government initiatives continued to support the economy, with the furlough (Coronavirus Job Retention) scheme keeping almost 10 million workers in jobs, grants and loans to businesses and 100 million discounted meals being claimed during the 'Eat Out to Help Out' (EOHO) offer.

GDP growth contracted by a massive 19.8% (revised from first estimate -20.4%) in Q2 2020 (Apr-Jun) according to the Office for National Statistics, pushing the annual growth rate down to -21.5% (first estimate -21.7%). Construction output fell by 35% over the quarter, services output by almost 20% and production by 16%. Recent monthly estimates of GDP have shown growth recovering, with the latest rise of almost 7% in July, but even with the two previous monthly gains this still only makes up half of the lost output.

The headline rate of UK Consumer Price Inflation (CPI) fell to 0.2% year/year in August, further below the Bank of England's 2% target, with the largest downward contribution coming from restaurants and hotels influenced by the EOHO scheme. The Office for National Statistics' preferred measure of CPIH which includes owner-occupied housing was 0.5% y/y.

In the three months to July, labour market data showed the unemployment rate increased from 3.9% to 4.1% while wages fell 1% for total pay in nominal terms (0.2% regular pay) and was down 1.8% in real terms (-0.7% regular pay). Despite only a modest rise in unemployment over the period, the rate is expected to pick up sharply in the coming months as the furlough scheme ends in October. On the back of this, the BoE has forecast unemployment could hit a peak of between 8% and 9%.

The US economy contracted at an annualised rate of 31.7% in Q2 2020 (Apr-Jun). The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% but announced a change to its inflation targeting regime. The move is to a more flexible form of average targeting which will allow the central bank to maintain interest rates at low levels for an extended period to support the economy even when inflation is 'moderately' above the 2% average target, particularly given it has been below target for most of the last decade.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5%.

Financial Markets: Equity markets continued their recovery, with the Dow Jones climbing to not far off its pre-crisis peak, albeit that performance being driven by a handful of technology stocks including Apple and Microsoft, with the former up 75% in 2020. The FTSE 100 and 250 have made up around half of their losses at the height of the pandemic in March. Central bank and government stimulus packages continue to support asset prices, but volatility remains.

Ultra-low interest rates and the flight to quality continued, keeping gilts yields low but volatile over the period with the yield on some short-dated UK government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June–September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from 0.56% to 0.74%. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.

At the end of September, the yield on 2-year US treasuries was around 0.13% while that on 10-year treasuries was 0.69%. German bund yields remain negative across most maturities.

Credit Review: Credit default swap spreads eased over most of the period but then started to tick up again through September. In the UK, the spreads between ringfenced and non-ringfenced entities remains, except for retail bank Santander UK whose CDS spread remained elevated and the highest of those we monitor at 85bps while Standard Chartered was the lowest at 41bps. The ringfenced banks are currently trading between 45 and 50bps.

After a busy second quarter of the calendar year, the subsequent period has been relatively quiet for credit changes for the names on our counterparty list. Fitch assigned a AA- deposit rating to Netherlands lender Rabobank with a negative outlook and prior to that, while not related to our counterparty list but quite significant, revised the outlook on the US economy to Negative from Stable while also affirming its AAA rating.

There continues to remain much uncertainty around the extent of the losses banks and building societies will suffer due to the impact from the coronavirus pandemic and for the UK institutions on our list there is the added complication of the end of the Brexit transition period on 31st December and what a trade deal may or may not look like. The institutions on Arlingclose's counterparty list and recommended duration remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

2020/21 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
Streetscene	30	0
Leisure and Community	6,097	236
Housing	500	64
Planning Development	230	0
Policy and Resources	5,130	799
Total General Fund	11,987	1,099
HRA	6,662	2,868
Total Expenditure	18,649	3,967
Capital Receipts	555	37
Capital Grants/Contributions	3,680	376
Capital Reserves	5,464	1,541
Revenue	2,034	1,939
Internal Borrowing	6,916	74
Total Financing	18,649	3,967

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	63,440	52,649
HRA	51,141	51,141
Total CFR	114,581	103,790

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%	5%
HRA	13%	14%

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	12,668	12,142
Number of HRA dwellings	2,400	2,402
Ratio of debt to revenues %	3.89	4.06
Debt per dwelling £	20,528	20,509
Debt repayment fund £'000	4,560	4,560

TREASURY INDICATORS

5) Investments - Principal Sums Invested for Periods Longer than a year

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
Limit on principal invested beyond year end	15	11

£12 million is placed with externally managed strategic pooled diversified income funds which are long-term investments. The remaining investments are currently placed for less than a year 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

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. 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	72,510	52,967
Capital Financing Requirement (CFR)	114,581	103,790

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.

£'000	Limit	Actual to 30 Sept
Operational Boundary	114,000	52,967
Authorised Limit	122,000	52,967

Total debt at 30 September was £53 million. During the first half of 2020/21 the Authorised Limit of £122 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	24
Upper limit on fixed interest rate exposures	100	76

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	50	24
Loans maturing within 1 - 2 years	50	0
Loans maturing within 2 - 5 years	50	0
Loans maturing within 5 - 10 years	50	0
Loans maturing in over 10 years	100	76

The £40m HRA loans represent 76% of loans maturing in over 10 years. The Council holds investments from Portchester Crematorium which is treated as a temporary loan and £10 million short-term loan. These represent 24% 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	2020/21 Budget	Actual to 30 Sept
Gross service expenditure	48,324	17,072
Investment income	4,576	2,613
Proportion	9.5%	15.3%

11) Total Risk Exposure

ON TRACK

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

Total Investment Exposure	2020/21 Forecast £'000	Actual to 30 Sept £'000
Treasury Management Investments	12,000	18,255
Commercial Investments	69,872	64,254
Total	81,872	82,509

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	2020/21 Forecast £'000	Actual to 30 Sept £'000
Treasury Management Investments	0	0
Commercial Investments	31,242	31,042
Total	31,242	31,042

Enquiries:

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

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 December 2020

Portfolio:	Policy and Resources
Subject:	Additional Restrictions Grant Scheme
Report of:	The Deputy Chief Executive Officer
Corporate Priorities:	Maintain and Extend Prosperity A dynamic, prudent and progressive Council

Purpose:

To approve the principles to be used for the design of the Additional Restrictions Grant (ARG) Scheme for Fareham Borough Council.

Executive summary:

The Council has been allocated funding by the government to be used for an additional restrictions grant scheme to support local economies and businesses adversely affected by restrictions resulting from the Covid-19 pandemic.

The funding can be used during 2020/21 and 2021/22 on business support grant schemes and wider support schemes. Local authorities have the discretion to determine how much funding to provide businesses and which businesses to target.

This report therefore seeks to establish the principles to be used for the design of this grant scheme.

Recommendation/Recommended Option:

It is recommended that:

- (a) the key principles to be followed when designing the Additional Restrictions Grant Fund Scheme, attached as Appendix A to this report, are approved for adoption in Fareham; and
- (b) authority is delegated to the Deputy Chief Executive Officer, following consultation with the Executive Member for Policy and Resources, to approve the individual elements of the scheme as they are designed.

Reason:

The principles have been drawn up to help design an ARG Scheme which maximises the benefit we can provide to businesses sooner, rather than later, help the local economy and follow the spirit of the government guidance.

As the number of eligible businesses are likely to exceed funding available, it is proposed to stagger the design and implementation of a number of different elements making up the scheme to be able to gain an understanding of the impact of the level of take up on the funding available. However, it is still intended to roll these out at a quickened pace which may be hampered if full executive committee approval is sought.

Cost of proposals:

The Council has been allocated **£2,324,660** to fund this scheme which has been calculated as £20 per head of population in the local authority area. This is a one-off lump sum and will not be subject to a top-up if the Council was to exceed this allocation.

New Burdens funding will also be available to help meet the administration costs in delivering the Scheme and the mandatory Local Restrictions Support Grants (LRSG) Scheme.

Appendices: A: Additional Restrictions Grants Scheme – Key Principles

Background papers: None

Reference papers: Department for Business, Energy & Industrial Strategy – Additional Restrictions Grant – Guidance for Local Authorities – November 2020

Department for Business, Energy & Industrial Strategy – Additional Restrictions Grant – Frequently Asked Questions (FAQ)

Department for Business, Energy & Industrial Strategy – Local Restrictions Support Grants and Additional Restrictions Grant – Frequently Asked Questions (FAQ) – Extended – Issue 1 and 2 – November 2020

Report to the Executive on 6 July 2020 – Local Authority Discretionary Grant Awards

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	07 December 2020
Subject:	Additional Restrictions Grant Scheme
Briefing by:	The Deputy Chief Executive Officer
Portfolio:	Policy and Resources

INTRODUCTION

1. On 31 October 2020, the government announced an additional business support scheme as the second national lockdown was planned from 5 November 2020 to 2 December 2020.
2. This Additional Restrictions Grant (ARG) Scheme is intended to support local economies and businesses that have been adversely impacted by national restrictions. Local authorities, however, have the discretion to determine how much funding to provide businesses and which businesses to target.
3. This scheme is additional to the Local Restrictions Support Grants (LRSRG) Schemes which were operating previously to support areas facing local restrictions, and the LRSRG (Closed) Addendum Scheme which is a mandatory scheme being delivered by all Councils during the second national lockdown.
4. The Council has been allocated funding of **£2,324,660** for the ARG scheme which can be used during 2020/21 and 2021/22. This report therefore seeks to agree the principles to be used when designing the ARG scheme for Fareham Borough Council.

PREVIOUS DISCRETIONARY GRANTS SCHEME

5. On 2nd June 2020, the Executive Member for Policy and Resources approved the first Discretionary Grants Scheme for the award of grants to businesses, as part of the wider support package announced by Government for businesses struggling with the impact of the COVID-19 pandemic at that time.
6. The government was more prescriptive on how and when the funding for this scheme could be used. It was aimed at small and micro businesses in the borough who were incurring property related costs and who had not been eligible for other government support packages such as the Small Business and Retail, Hospitality and Leisure Grants Fund.
7. This scheme ended on 30th September 2020. All funding received (**£1,019,000**) was

dispersed such that **150** individual businesses in the Borough benefited from the scheme by grants ranging from £2,500 to £10,000.

LOCAL RESTRICTIONS SUPPORT GRANT (CLOSED) ADDENDUM SCHEME

8. This scheme is currently live and grant payments are being made. The Council has received funding of **£1,500,360** for this scheme which equates to approximately **800** grants of £1,334, £2,000 and £3,000 depending on the rateable value of the property occupied.
9. The eligibility criteria for the scheme have been set by the government. Businesses are eligible for the grant if:
 - The business occupies business premises and is the ratepayer for that property.
 - The business was open and trading in the premises on the 4 November 2020.
 - The Government has forced that type of business to close during the lockdown period (e.g. restaurants, non-essential retail, hairdressers, sports and leisure facilities).
 - They do not exceed State Aid Limits.
10. Businesses that the Government has mandated to close their “main service” but who are partially open to provide an alternative service (such as takeaways, click and collect or home delivery) are also still eligible for the grant. The nature of their main service must be one of those listed by the government as having been forced to close in The Health Protection (Coronavirus, Restrictions) (England) (No. 4) Regulations.

GOVERNMENT GUIDANCE FOR THE ADDITIONAL RESTRICTIONS GRANT SCHEME (ARG)

11. The government has issued guidance to support local authorities in administering the ARG Scheme which sets out some of the following expectations of how the funding will be used:
 - Local authorities can split the allocation of funding between grants and wider business support activities. Businesses must, however, be the beneficiary of the scheme.
 - Local authorities are encouraged to support businesses that have been severely impacted by the restrictions but may not qualify under the LRSG scheme. However, funds from the ARG can be used to provide top-up grants to businesses that are in receipt of grants under other schemes. This includes larger local businesses which are important to the local economy.
 - If local authorities use ARG for direct business support grants, the same conditions of grant apply as for the LRSG (Closed) scheme.
 - Local authorities can use this scheme to support businesses outside of the business rating system, including home-working businesses, especially if they are effectively forced to close.
 - Any business grant scheme must be paid directly to the business.
 - Local authorities cannot use the schemes to offset existing or future business rates

liabilities or replace lost revenue as a direct payment to themselves or other property landlords, even if the payment would ultimately benefit businesses.

- The expectation of Government is that support arrangements are put in place quickly, so that severely affected businesses can receive support at the earliest opportunity.

PRINCIPLES FOR THE ADDITIONAL RESTRICTIONS GRANT SCHEME

12. The Council still has considerable discretion over the design of its ARG scheme and it is recommended that both business support grant schemes and wider support schemes are considered as part of the scheme design. Linkages between the scheme and the Economic Recovery Plan projects are also being explored.
13. Officers are currently carrying out data analysis of the businesses in the borough to understand who has and had not benefited from the previous grant schemes and who may have been impacted more by the local restrictions. It should be noted that there are approximately 3,000 properties liable for business rates in the borough. It is not currently known how many businesses are operating from premises not liable for business rates (e.g. shared offices, businesses run from home).
14. Officers are also exploring methods which can be used to quickly engage with local businesses to gather their ideas on what support schemes they would find most beneficial.
15. A set of overarching principles to be used for the design of the ARG scheme has therefore been drawn up for member approval as attached as Appendix A, with the aim of maximising the benefit to businesses sooner, rather than later, helping the local economy and following the spirit of the government guidance.
16. As with the previous discretionary grant schemes, the number of eligible businesses is likely to exceed funding available. It is therefore proposed to stagger the design of different elements of the scheme to be able to gain an understanding of the impact of the level of take up on the funding available. It is also therefore recommended that delegated authority be granted to the Deputy Chief Executive Officer, following consultation with the Executive Member for Policy and Resources, to approve each part of the scheme as it is designed, so that they can be implemented at a quickened pace.

Enquiries:

For further information on this report please contact Elaine Hammell]. (Ext 4344)

FAREHAM

BOROUGH COUNCIL

Additional Restrictions Grants Scheme

Key Principles

Design of the Scheme

1. The Additional Restrictions Grants Scheme will consist of more than one part with the majority of funding being distributed directly to businesses.
2. Use of the grant funding will be front loaded to provide grants to businesses sooner rather than later and at least by 30/03/2021. There will be a number of different eligibility criteria running simultaneously during the tranches of grant payments.
3. The starting allocations for the different parts of the scheme are given below. However, there may be some movement of funding between the parts depending on the level of take up.

Part of Scheme	Time period	% of Funding Allocated	Value of Funding	Equivalent Number of £2,000 grants
First Tranche of Grants to Businesses	Dec 20 - Feb 21	40%	£929,864	465
Second Tranche of Grants to Businesses	Jan 21 - Mar 21	40%	£929,864	465
Wider Support Schemes	Apr 21 - Mar 22	20%	£464,932	
			£2,324,660	930

Principles for the Tranches of Grant Payments to Businesses

4. The schemes will be open to business rates payers, non-business rates payers and businesses run from home. The trading location must be based in the Borough of Fareham.
5. Only one payment will be made to any business under the ARG grant payments schemes irrespective of the number of premises they use.
6. There will be minimum eligibility criteria for the grant schemes which include:
 - Businesses need to have been trading before **01/09/2020** and have a minimum annual turnover of **£10,000**.

- Businesses must have been open and trading on **04/11/2020**. Businesses that are dormant, in administration, insolvent or where a striking-off notice has been made are not eligible for funding under the schemes.
 - Businesses must have suffered a loss of income or increased costs of at least **15%** as a result of the pandemic.
 - Businesses must consist of at least 1 active employee receiving a wage or salary (which in the case of sole traders will be the sole trader).
7. Levels of the grant offered will be tiered fixed amounts based on the number of employees. The nature of the tiers may vary depending on the eligibility criteria being targeted. The maximum grant that will be paid under any tranche is **£10,000**.
 8. Grants will be allocated on a first come, first served basis based on the date that all required evidence is provided. Completed applications received after a round has closed, will be first in line if another round is opened

Principles for the Wider Support Schemes

9. The majority of the wider support schemes will be aimed at ways to help businesses help themselves.
10. Businesses will be consulted on the schemes proposed and be given the opportunity to suggest other alternatives, within the government boundaries set for the scheme. (e.g. we are not permitted to use this grant for allocation for local business rate relief).
11. Funding can be used to support wider schemes organised by other bodies such as the Solent Local Enterprise Partnership, where they complement the FBC principles.

Priorities for businesses to be targeted for help

12. The following categories of business are to be given priority in these support schemes:
 - ✓ Businesses not forced to close but who will be adversely affected by the latest national restrictions.
 - ✓ Businesses with fixed costs and who have limited potential to offer non in-person delivery methods. e.g. medical practices
 - ✓ Businesses adversely affected by the pandemic which have had limited assistance under previous grant schemes
 - ✓ Businesses which help maintain the vibrancy of Fareham Town Centre.
 - ✓ Businesses which predominantly operate within key sectors of strategic interest in the region: including marine, aviation, aerospace, engineering, and advanced manufacturing.

- ✓ Businesses which are usually prompt payers of local taxes such as council tax and business rates.

Examples of Types of Support being considered in the 3 parts of the scheme

Tranche of Grants 1 - Businesses not helped by the LRSG scheme
Business rates payers not forced to close but who will be adversely affected by the national restrictions
Non business rates payers forced to close
Businesses that supply the RHL sectors
Businesses in the events sector
Businesses in the travel industry
Market Traders Support Scheme (current and new traders)
Tranche 2 - Other Businesses that meet our priorities and criteria
Town Centre Traders (including concession traders)
Key Sectors of strategic interest for the region e.g. Marine
Non business rates payers adversely affected by the national restrictions
Businesses not forced to close but who do the right thing (e.g. close for a deep clean)
Businesses not getting much from other support schemes but likely to have some adversity
Wider Support
E-commerce support in using publicity channels including social media
E-commerce support in on-line trading
E-commerce support in click and collect and home delivery
Support on maximising impact of market stalls
Town centre parking reimbursement scheme
Marketing of Daedalus (Economic Recovery Plan action)
Local companies meet and greet (Economic Recovery Plan action)

FAREHAM

BOROUGH COUNCIL

Additional Restrictions Grants Scheme

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6. There will be minimum eligibility criteria for the grant schemes which include:
 - Businesses need to have been **established** before **01/09/2020** and have a minimum annual turnover of **£10,000**.

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 - Businesses must consist of at least 1 active employee receiving a wage or salary (which in the case of sole traders will be the sole trader).
7. Levels of the grant offered will **usually** be tiered fixed amounts based on the number of employees **or rateable value of the business premises**. The nature of the tiers may vary depending on the eligibility criteria being targeted. The maximum grant that will be paid under any tranche is **£10,000**.
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Item 10(3) – Additional Restrictions Grant Scheme
Revised Appendix A

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