

# FAREHAM

BOROUGH COUNCIL

## AGENDA

### POLICY AND RESOURCES SCRUTINY PANEL

**Date:** Monday, 28 June 2021

**Time:** 6.00 pm

**Venue:** Council Chamber - Civic Offices

**Members:**

Councillor Mrs S M Bayford (Chairman)

Councillor N J Walker (Vice-Chairman)

Councillors Miss J Bull  
Mr M R Daniells  
Miss T G Harper  
Mrs C L A Hockley  
J G Kelly

**Deputies:** Mrs L E Clubley  
R H Price, JP



**1. Apologies for Absence**

**2. Minutes (Pages 5 - 8)**

To confirm as a correct record the minutes of the meeting of the Policy and Resources Scrutiny Panel meeting held on 2 March 2021.

**3. Chairman's Announcements**

**4. Declarations of Interest and Disclosures of Advice or Direction**

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

**5. Deputations**

To receive any deputations of which notice has been lodged.

**6. Capital & Treasury Management Outturn 2020-21 (Pages 9 - 32)**

To consider a report by the Deputy Chief Executive Officer on the capital & treasury management outturn for 2020-21.

**7. General Fund & Housing Revenue Account Outturn 2020-21 (Pages 33 - 56)**

To consider a report by the Deputy Chief Executive Officer on the general fund & housing revenue account outturn for 2020-21.

**8. Presentation on Additional Restrictions Grant - Wider Business Support Scheme (Pages 57 - 58)**

To receive a presentation by the Deputy Chief Executive Officer on the additional restrictions grant – wider business support scheme.

**9. Executive Business (Pages 59 - 60)**

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

**(1) CITIZENS OF HONOUR NOMINATIONS 2021 (Pages 61 - 62)**

**(2) FUTURE OF 42/44 WEST STREET, FAREHAM (Pages 63 - 64)**

**(3) SOUTHAMPTON AND FAREHAM LEGAL SERVICES PARTNERSHIP REVIEW (Pages 65 - 66)**

**(4) IRRECOVERABLE DEBTS (Pages 67 - 68)**

**(5) LEVELLING UP FUND (Pages 69 - 70)**

**(6) ADDITIONAL RESTRICTIONS GRANT - WIDER BUSINESS SUPPORT SCHEME** (Pages 71 - 72)

**(7) WELCOME BACK FUND** (Pages 73 - 74)

**10. Scrutiny Priorities**

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



P GRIMWOOD  
Chief Executive Officer

Civic Offices  
[www.fareham.gov.uk](http://www.fareham.gov.uk)  
18 June 2021

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# FAREHAM

BOROUGH COUNCIL

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

**Date:** Tuesday, 2 March 2021

**Venue:** Microsoft Teams Virtual Meeting

**PRESENT:**

**Councillor** Mrs S M Bayford (Chairman)

**Councillor** N J Walker (Vice-Chairman)

**Councillors:** T Davies, Mrs C L A Hockley, L Keeble, J G Kelly and  
I Bastable

**Also  
Present:**



**1. APOLOGIES FOR ABSENCE**

There were no apologies of absence.

**2. MINUTES**

RESOLVED that minutes of the Policy and Resources Scrutiny Panel held on 5 January 2021 be confirmed and signed as a correct record.

**3. CHAIRMAN'S ANNOUNCEMENTS**

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

**4. DECLARATIONS OF INTEREST AND DISCLOSURES OF ADVICE OR DIRECTION**

There were no declarations of interest made at this meeting.

**5. DEPUTATIONS**

There were no deputations made at this meeting.

**6. UPDATE OF COVID IMPACT ON COUNCIL FINANCES, INCLUDING FINANCIAL SUPPORT TO BUSINESSES**

The Panel considered a report by the Deputy Chief Executive Officer, which provided an update of the Covid impact on Council finances including financial support to businesses.

The Head of Finance and Audit gave the Panel two presentations (which have been appended to these minutes, the first focusing on the impact of Covid on the Council's finances, and the second focusing on the financial support to businesses.

The Panel asked questions of the Head of Finance and Audit on several areas of her presentation, and all expressed their thanks to the officers for the continued hard work in this service.

RESOLVED that the Panel:

(a) note the content of the report; and

(b) thank the Head of Finance and Audit on her very informative presentation.

**7. EXECUTIVE BUSINESS**

The Panel considered the Executive items of business which fall under the remit of the Policy and Resources Portfolio, including Executive Member decisions and Officer delegated decisions, that have taken place since the last meeting of the Panel on 5 January 2021.

The Panel considered the decisions at items 7 (1) to 7 (8) of the agenda.

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

**(1) Finance Strategy, Revenue Budget and Council Tax 2021/22**

No comments were received.

**(2) Fees and Charges 2021/22**

No comments were received.

**(3) Capital Programme and Capital Strategy 2021/22**

No comments were received.

**(4) Local Restrictions Supports Grants (Open) Scheme**

No comments were received.

**(5) Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2021/22**

No comments were received.

**(6) Housing Revenue Account 2021/22**

No comments were received.

**(7) Treasury Management Strategy 2021/22**

No comments were received.

**(8) Review of Statement of Licensing Policy**

No comments were received.

**8. SCRUTINY PRIORITIES**

The Deputy Chief Executive Officer addressed the Panel on this item and addressed the changes that had been made to draft Scrutiny Priority Plan 2021/22 that had been discussed at the previous meeting.

Members were given the opportunity to put forward suggestions for items of business that they would like to scrutinise. Councillor Keeble, expressed an interest in seeing an item of Daedalus at the Panel, and the Deputy Chief Executive Officer confirmed that this was already scheduled for the Panel in the 2021/22 plan. Councillor Keeble, also suggested that, as part of the Panel's remit is to scrutinise the Council's finances, an item on advertising opportunities could be brought to a future meeting of the Panel.

Councillor Bastable expressed a keen interest in the postponed item on the Council's Carbon Reduction Plan being brought back to the Panel as soon as possible. The Deputy Chief Executive Officer confirmed that there will be a special meeting of the Panel convened to review this over the next few months.

(The meeting started at 6.00 pm  
and ended at 7.10 pm).

# FAREHAM

## BOROUGH COUNCIL

### Report to Policy and Resources Scrutiny Panel

**Date** 28 June 2021

**Report of:** Deputy Chief Executive Officer

**Subject:** CAPITAL & TREASURY MANAGEMENT OUTTURN 2020-21

#### SUMMARY

The Policy and Resources Scrutiny Panel is asked to consider and review the Executive's proposals for the Capital and Treasury Management Outturn for 2020/21. The Deputy Chief Executive Officer will refer any proposals or comments of the Panel to the Executive meeting on 5 July 2021.

#### RECOMMENDATION

That any proposals or comments of the Panel be referred to the Executive at its meeting on 5 July 2021.

#### Enquiries:

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

#### APPENDICES:

**Appendix A:** Report to Executive meeting on 5 July 2021 – Capital and Treasury Management Outturn 2021-22



# FAREHAM

## BOROUGH COUNCIL

### APPENDIX A

## Report to the Executive for Decision 05 July 2021

<b>Portfolio:</b>	Policy and Resources
<b>Subject:</b>	<b>Capital and Treasury Management Outturn 2020/21</b>
<b>Report of:</b>	The Deputy Chief Executive Officer
<b>Corporate Priorities:</b>	A dynamic, prudent and progressive Council

#### **Purpose:**

This report provides the Executive with details of the capital and treasury management outturn for 2020/21 to comply with the reporting requirements of the Code of Practice for Treasury Management. The report also seeks approval for the proposed methods of financing the General Fund capital programme.

#### **Executive summary:**

In February 2020 the Executive approved a capital programme totalling £26,869,9000 for 2020/21. Due to the impact of the Covid-19 pandemic on the economy the programme was reviewed as part of the emergency budget set in September 2020 and reduced to £11,987,600. This was further reduced in February 2021 to £6,606,8000 as part of the Capital Strategy update for 2021/22 to reflect the continued delay of significant projects as the pandemic continued.

Actual capital expenditure on General Fund schemes in 2020/21 was £5,499,557 (£16.5 million in 2019/20) compared with the revised capital programme of £6,606,800. The overall variance was £1,107,243. A detailed analysis of the variations is given in Appendix A to this report.

Total savings from individual projects of £66,120 were achieved, additional expenditure of £90,086 was incurred and a total of £1,131,209 will be carried forward into 2021/22. Details of the various methods used to finance this expenditure are set out in this report.

Full details of Treasury Management investment and borrowing activity in 2020/21 are also set out in this report and is summarised below:

	<b>31 March 2020 Actual £'000</b>	<b>2020/21 Movement £'000</b>	<b>31 March 2021 Actual £'000</b>
Total borrowing	57,659	(1,692)	55,967
Total investments	(16,300)	(2,325)	(18,625)
<b>Net borrowing</b>	<b>41,359</b>	<b>(4,017)</b>	<b>37,342</b>

Net interest received in 2020/21 was £661,684 (£603,316 in 2019/20) and net interest paid was £1,684,440 (£1,676,656 in 2019/20).

During 2020/21, the Council complied with its legislative and regulatory requirements of the Prudential Code.

**Recommendation:**

It is recommended that the Executive:

- (a) approves the General Fund capital programme for 2020/21 to be financed as set out in this report;
- (b) agrees that the additional expenditure incurred, amounting to £90,086 be financed retrospectively from unallocated capital resources; and
- (c) notes the treasury management activity for 2020/21.

**Reason:**

To provide the Executive with details of the capital and treasury management outturn in 2020/21 and to comply with the reporting requirements of the Code of Practice for Treasury Management.

**Cost of proposals:**

The necessary resources are available to finance the General Fund capital programme for 2020/21 including the additional expenditure of £90,086.

**Appendices:**

- A:** Capital Expenditure 2020/21
- B:** Economic Commentary by Treasury Advisors, Arlingclose
- C:** Prudential and Treasury Indicators 2020/21

**Background papers:** None

**Reference papers:**

Capital Programme and Capital Strategy 2020/21, Executive Committee, 6 January 2021

Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2020/21, Executive Committee, 3 February 2020

Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2021/22, Executive Committee, 1 February 2021

Treasury Management Strategy and Prudential Indicators 2020/21, Council, 21 February 2020

CIPFA Code of Practice for Treasury Management

# FAREHAM

## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	05 July 2021
<b>Subject:</b>	Capital and Treasury Management Outturn 2021/21
<b>Briefing by:</b>	The Deputy Chief Executive Officer
<b>Portfolio:</b>	Policy and Resources

#### INTRODUCTION

1. This report provides the Executive with details of the capital and treasury management outturn for 2020/21 to comply with the reporting requirements of the Code of Practice for Treasury Management.

#### GENERAL FUND CAPITAL OUTTURN REPORT 2020/21

2. In February 2020, members approved a capital programme for 2020/21 totalling £26,869,9000. Due to the impact of the Covid-19 pandemic and the effect on the economy, the capital investment plans were revisited as part of the emergency budget setting in September to determine if the original business cases remained sound. This resulted in a number of projects being revised or put on hold, such that the programme was reduced to £11,987,600.
3. The capital programme for the General Fund for 2020/21, was further reduced to £6,606,8000 as part of the Capital Strategy update for 2021/22. This reflected the continuing progression of the pandemic causing significant projects such as Fareham Live, and investment projects at Fareham Leisure Centre and Solent Airport to be delayed further.
4. The actual capital expenditure, detailed in Appendix A, was £5,499,557 (£16.5 million in 2019/20) giving an overall variation of £1,107,243. A summary, including savings and additional expenditure, is summarised in the table below.

	<b>Revised Budget</b> £	<b>Actual</b> £	<b>Savings</b> £	<b>Additional Expenditure</b> £	<b>Carry forward</b> £
Streetscene	30,100	10,644	(19,456)	0	0
Leisure & Community	2,687,300	2,250,037	0	500	437,763
Housing	568,000	567,292	0	26,623	27,331
Planning & Development	444,000	119,869	(10,227)	0	313,904
Policy & Resources	2,877,400	2,551,715	(36,437)	62,963	352,211
<b>Total</b>	<b>6,606,800</b>	<b>5,499,557</b>	<b>(66,120)</b>	<b>90,086</b>	<b>1,131,209</b>

## **SAVINGS AND ADDITIONAL EXPENDITURE**

5. Total savings of £66,120 were recognised. The main scheme savings were:
  - Holly Hill Cemetery Extension - £19,456
  - Faretec Air Conditioning - £14,660
  - Secure Access to the Western Side of Solent Airport - £12,977
6. The main schemes where additional expenditure of £90,086 was incurred were:
  - ICT Development Programme – additional spend of £62,963 on ICT equipment including laptops, monitors, headsets and webcams to support remote working. To be funded from increased revenue contributions to the capital programme.
  - 123 Bridge Road Improvements - £26,623 due to several exclusions, unforeseen and additional works to complete the project. To be funded from unallocated capital receipts.
7. In addition, £112,262 of expenditure was incurred ahead of budget and will be carried forward to reduce next year's capital budget.

## **CARRY FORWARDS TO 2021/22**

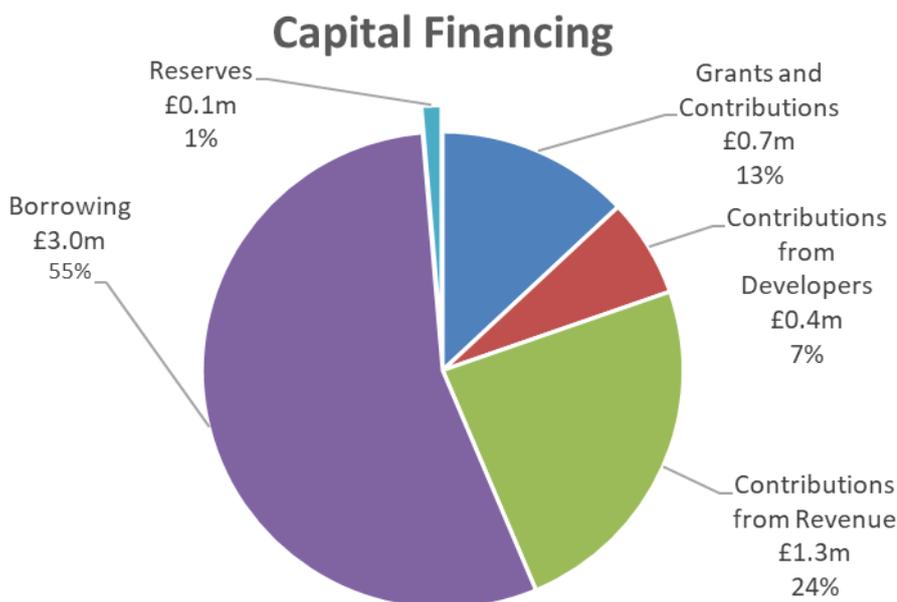
8. There are a number of schemes still in progress and a total budget of £1,131,209 will be carried forward to 2021/22.
9. The largest carry forwards are for the Leisure Centre Capital Investment of £399,478, Car Parks New Machines of £273,904 and the Civic Offices Improvement Programme of £207,833.

## **CAPITAL PROGRAMME 2021/22 TO 2025/26**

10. The General Fund capital programme will be reviewed by officers in light of the slippage and re-phasing of works and an updated programme for 2021/22 to 2025/26 will be presented to the Executive as part of the Finance Strategy for 2022/23.

## **CAPITAL FINANCING**

11. The various methods used to finance the capital expenditure in 2020/21 are set out in the chart below.



12. The capital programme was predominantly funded by borrowing (55%) for the Leisure Centres Capital Investment and schemes at Daedalus, totalling £3 million. External contributions funded a total of 20% of the programme and contributions from revenue and capital reserves funded the remaining 25%.

#### **SIGNIFICANT SCHEMES**

13. Capital expenditure of £1,888,500 was incurred at Fareham Leisure Centre during 2020/21. Works started in November with the major external construction work of the extension to the building, consisting of foundations and steel work including the roof covering now complete. Works also commenced on the facade, fitness studio and changing rooms, cafe and entrance lobby, swimming pool and the car park extension.
14. Developments at Daedalus have continued with further investment in the assets and infrastructure across the site of £1,580,000 including the commencement of new industrial units at Faraday Business Park and securing access to the Western Side of Solent Airport.
15. The Vehicles and Plant Replacement programme incurred expenditure of £732,250. This included four refuse collection vehicles (two new and two second hand), a used glass collection vehicle, a street cleansing tipper van, five tipper vans and five mowers/desks for grounds maintenance and a van funded from the Emergency Assistance Grant from the Department for Environment, Food and Rural Affairs (DEFRA).
16. Disabled Facilities Grants totalling £451,000 were awarded in the year.
17. Capital expenditure of £248,000 has been made in 2020/21 to deliver the vision of a new community, art and entertainment facility in Fareham.
18. A further £113,600 has been spent on the ICT development programme upgrading servers, software and new equipment to support remote working across the organisation.

19. The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (the CIPFA Code) requires the Council to approve a treasury management annual report after the end of each financial year. This report fulfils the Council's legal obligation to have regard to the CIPFA Code.
20. The Council's Treasury Management Strategy 2020/21 was approved by full Council on 21 February 2020. 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. The identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.
21. An economic commentary by the Council's Treasury Advisor, Arlingclose, can be found in Appendix B.

## LOCAL CONTEXT

22. The treasury management position as at 31 March 2021 and the year-on-year change in shown in the table below.

	31 March 2020 Actual £'000	2020/21 Movement £'000	31 March 2021 Actual £'000
Long-term borrowing	40,000	-	40,000
Short-term borrowing	17,659	(1,692)	15,967
<b>Total borrowing</b>	<b>57,659</b>	<b>(1,692)</b>	<b>55,967</b>
Long-term investments	(12,000)	525	(11,475)
Short-term investments	-	-	-
Cash and cash equivalents	(4,300)	(2,850)	(7,150)
<b>Total investments</b>	<b>(16,300)</b>	<b>(2,325)</b>	<b>(18,625)</b>
<b>Net borrowing</b>	<b>41,359</b>	<b>(4,017)</b>	<b>37,342</b>

Note: the figures in the table are from the Balance Sheet in the Council's statement of accounts, but are adjusted to exclude operational cash, accrued interest and other accounting adjustments.

23. The Council's strategy was to maintain borrowing and investments below their underlying levels, known as internal borrowing, in order to reduce risk and keep interest costs low.
24. The decrease in net borrowing is a result of a fall in short-term borrowing due to the Council's internal borrowing policy and an increase in total investments.

## BORROWING ACTIVITY

25. At 31 March 2021, the Council held £56 million of loans, a decrease of £1.7 million on the previous year. The year-end borrowing position is shown in the table below.

	Balance on 31 March 2020 £'000	Balance on 31 March 2021 £'000	Average Rate
Long-term borrowing	40,000	40,000	3.50%
Short-term borrowing	15,000	13,000	0.40%
Portchester Crematorium	2,659	2,967	0.00%
<b>Total borrowing</b>	<b>57,659</b>	<b>55,967</b>	

26. The Council holds investments from Portchester Crematorium Joint Committee which are treated as temporary loans.
27. The Council's main objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.
28. With short-term interest rates remaining much lower than long-term rates, it is more cost effective in the near term to use internal resources or borrow rolling temporary / short-term loans instead.

### **BORROWING UPDATE**

29. In November 2020 the Public Works Loan Board (PWLB) published its response to the consultation on 'Future Lending Terms'. From 26 November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years.
30. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.
31. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that Authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.
32. Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.
33. The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able to take advantage of the reduction in the PWLB borrowing rate.

### **INVESTMENT ACTIVITY**

34. During 2020/21 the Council received central government funding to support small and medium businesses during the coronavirus pandemic through grant schemes. £35 million was received and temporarily invested in short-dated, liquid instruments such as call accounts and Money Market Funds. £28 million was disbursed by the end of March.
35. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2020/21 the Council's investment balances ranged between £14 million and £44 million due to timing differences between income and expenditure. The year-end position is shown in the table below:

	<b>Balance on 31 March 2020 £'000</b>	<b>Balance on 31 March 2021 £'000</b>	<b>Average Rate</b>
Banks	-	1,750	0.01%
Money Market Funds	4,300	5,400	0.01%
Externally Managed Pooled Funds	10,539	11,475	4.21%
<b>Total Investments</b>	<b>14,839</b>	<b>18,625</b>	

36. 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 investments before seeking the highest 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.
37. Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.
38. 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 for 2020/21.

#### **EXTERNALLY MANAGED POOLED FUNDS**

39. £12 million of the Council's investments are invested in externally managed strategically pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular income and long-term price stability. These funds generated an average total return of £1.38 million (13.1%), comprising a £443,000 (4.21%) income return which is used to support services in year, and £936,000 (8.88%) of capital growth.
40. During the initial phase of the pandemic in March 2020, the sharp falls of corporate bond and equity markets had a negative impact on the value of the Council's pooled fund holdings and was reflected in the 31 March 2020 fund valuations with every fund registering negative capital returns over a 12-month period. Since March 2020 there has been improvement in market sentiment which is reflected in an increase in capital values of these funds in the Council's portfolio.
41. Because 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 medium- to long-term 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.

#### **INTEREST RECEIVED AND PAID**

42. Following the cut in Bank rate from 0.75% to 0.10% in March 2020, the Council had expected to receive significantly lower income from its cash and short-dated money market investments, including money market funds in 2020/21, as rates on cash investments are close to zero percent.
43. However, the net interest received in 2020/21 was £661,684 (£603,316 in 2019/20) against a revised budget £559,700 for the General Fund. Interest was £102,000 higher

than anticipated due an increase in grants received due to the pandemic. This led to more investment opportunities and reduced the need for temporary borrowing to keep cash flows in balance.

44. Net interest paid for the Housing Revenue Account was £1,684,440 (£1,676,656 in 2019/20) against a revised budget of £1,697,000.

## COMMERCIAL PROPERTY INVESTMENTS

45. The definition of investments in CIPFA's Treasury Management Code covers all the Council's financial assets as well as other non-financial assets which the Council holds primarily for financial return.
46. 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.

Property Type	Purchase Cost £'000	Value at 31 March 2020 £'000	Value at 31 March 2021 £'000
Retail	27,783	22,195	19,545
Commercial (Industrial)	10,100	11,078	10,665
Other (Healthcare)	1,890	2,050	2,130
<b>Total</b>	<b>39,773</b>	<b>35,323</b>	<b>32,340</b>

47. Since March 2020 the value of this portfolio has decreased by £3 million but contracted rental income was £2.8 million per annum.
48. The reduction in value is principally due to exposure to in the retail sector. This sector has had well publicised difficulties due to structural change and the COVID 19 Pandemic. The Council's exposure to High Street retail is limited and the focus is out of town, which is performing slightly better. The most recent evidence since the valuation date suggests that this sector is now trending more strongly. Key lease events on these properties have also had an effect, reflecting the cyclical nature of property. Value has also been affected by the reduction in the Average Weighted Unexpired Lease Term of this portfolio.
49. Performance in other sectors has been stronger with Healthcare seeing a modest gain. The change in industrial values is due to the method of financial reporting rather than a reduction in the value of the assets.
50. Throughout the past 12 months debts have been managed carefully and currently account for 6% of the rent role. Agreements have been reached with all COVID 19 debtors and it is not foreseen that any rent will need to be written off.
51. The Council's total investment property portfolio is shown below. This is more balanced, albeit retail holdings do increase with more exposure to the High Street. This is due to longstanding strategic ownerships, rather than pure investments.

<b>Property Type</b>	<b>Value at 31 March 2020 £'000</b>	<b>Value at 31 March 2021 £'000</b>	<b>Movement £'000</b>
Retail	36,077	30,672	<b>(5,405)</b>
Commercial	18,796	19,675	<b>879</b>
Other	4,403	4,645	<b>242</b>
Office	3,590	4,000	<b>410</b>
Leisure	1,202	2,533	<b>1,331</b>
<b>Total</b>	<b>64,068</b>	<b>61,525</b>	<b>(2,543)</b>

52. The overall investment property portfolio has decreased in value by £2.5 million (increase of £7.4 million in 2019/20). Contracted income on this portfolio between 2020 and 2021 was approximately £4.6 million per annum.
53. Again, the reduction in value is mainly due to exposure in the retail sector. It has been offset by capital gains in areas such as industrial, ground rents, residential and beach huts.
54. 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.

#### **PRUDENTIAL AND TREASURY INDICATORS**

55. During 2020/21, all treasury management activities complied fully with the CIPFA Code and the Council's approved Treasury Management Strategy. Appendix C shows the actual prudential and treasury indicators for 2020/21.

#### **SUMMARY**

56. This report gives details of General Fund capital and treasury management outturn in 2020/21 in accordance with the reporting requirements set out in the CIPFA Code of Practice for Treasury Management.

#### **RISK ASSESSMENT**

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

#### **Enquiries:**

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

## CAPITAL EXPENDITURE 2020/21

	Budget £	Actual £	Savings £	Additional Expenditure £	Carry over to 2021/22 £
<b>STREETSCENE</b>					
Holly Hill Cemetery Extension	30,100	10,644	(19,456)		0
<b>STREETSCENE TOTAL</b>	<b>30,100</b>	<b>10,644</b>	<b>(19,456)</b>	<b>0</b>	<b>0</b>
<b>LEISURE AND COMMUNITY</b>					
<b>Buildings</b>					
Leisure Centres Capital Investment	2,288,000	1,888,522			399,478
New Fareham Arts and Entertainment Venue	270,000	248,015			21,985
Community Buildings Review	13,000	13,500		500	0
	2,571,000	2,150,037	0	500	421,463
<b>Play and Parks Schemes</b>					
Daedalus Common Play Area	100,000	100,000			0
	100,000	100,000	0	0	0
<b>Other</b>					
Allotment Improvements	16,300				16,300
	16,300	0	0	0	16,300
<b>LEISURE AND COMMUNITY TOTAL</b>	<b>2,687,300</b>	<b>2,250,037</b>	<b>0</b>	<b>500</b>	<b>437,763</b>
<b>HOUSING</b>					
<b>Home Improvements</b>					
Disabled Facilities Grants	500,000	450,894			49,106
	500,000	450,894	0	0	49,106
<b>Enabling</b>					
Sea Lane, Stubbington - Self Builds	10,000	31,775			(21,775)
123 Bridge Road Improvements	58,000	84,623		26,623	0
	68,000	116,398	0	26,623	(21,775)
<b>HOUSING TOTAL</b>	<b>568,000</b>	<b>567,292</b>	<b>0</b>	<b>26,623</b>	<b>27,331</b>
<b>PLANNING AND DEVELOPMENT</b>					
<b>Car Parks</b>					
Car Parks: Surfacing	40,000				40,000
Car Parks: New Machines and Control Room Upgrade	358,000	84,096			273,904
	398,000	84,096	0	0	313,904
<b>Coastal Protection</b>					
Timber Groyne Repairs at Salterns and Monks Hill Beaches	46,000	35,773	(10,227)		0
	46,000	35,773	(10,227)	0	0
<b>PLANNING AND DEVELOPMENT TOTAL</b>	<b>444,000</b>	<b>119,869</b>	<b>(10,227)</b>	<b>0</b>	<b>313,904</b>

	<b>Budget</b>	<b>Actual</b>	<b>Savings</b>	<b>Additional</b>	<b>Carry over</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>Expenditure</b>	<b>to 2021/22</b>
				<b>£</b>	<b>£</b>
<b>POLICY AND RESOURCES</b>					
<b>Replacement Programmes</b>					
Vehicles and Plant Replacement Programme	838,000	732,250			105,750
ICT Development Programme	188,600	113,648	(8,800)	62,963	129,115
	<u>1,026,600</u>	<u>845,898</u>	<u>(8,800)</u>	<u>62,963</u>	<u>234,865</u>
<b>Operational Buildings</b>					
Civic Offices Improvement Programme	250,000	42,167			207,833
	<u>250,000</u>	<u>42,167</u>	<u>0</u>	<u>0</u>	<u>207,833</u>
<b>Property Developments</b>					
Faretec Air Conditioning	98,000	83,340	(14,660)		0
Solent Airport at Daedalus Schemes	1,502,800	1,580,310	(12,977)		(90,487)
	<u>1,600,800</u>	<u>1,663,650</u>	<u>(27,637)</u>	<u>0</u>	<u>(90,487)</u>
<b>POLICY AND RESOURCES TOTAL</b>	<b><u>2,877,400</u></b>	<b><u>2,551,715</u></b>	<b><u>(36,437)</u></b>	<b><u>62,963</u></b>	<b><u>352,211</u></b>
<b>GENERAL FUND TOTAL</b>	<b><u>6,606,800</u></b>	<b><u>5,499,557</u></b>	<b><u>(66,120)</u></b>	<b><u>90,086</u></b>	<b><u>1,131,209</u></b>

**ECONOMIC COMMENTARY BY TREASURY ADVISORS ARLINGCLOSE – APRIL 2021**

**Economic background:** The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.

Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31<sup>st</sup> March.

A Brexit trade deal was agreed with only days to spare before the 11pm 31<sup>st</sup> December 2020 deadline having been agreed with the European Union on Christmas Eve.

The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.

Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help. Since March 2020, the government schemes have help protect more than 11 million jobs.

Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.

Inflation has remained low over the 12 month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% year/year in February, below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.7% year/year (1.0% expected).

After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (Jan-Mar) 2021 are expected to show a decline given the national lockdown.

After collapsing at an annualised rate of 31.4% in Q2, the US economy rebounded by 33.4% in Q3 and then a further 4.1% in Q4. The US recovery has been fuelled by three major

pandemic relief stimulus packages totalling over \$5 trillion. The Federal Reserve cut its main interest rate to between 0% and 0.25% in March 2020 in response to the pandemic and it has remained at the same level since. Joe Biden became the 46<sup>th</sup> US president after defeating Donald Trump.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

**Financial markets:** Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, which helped give a boost to both the more internationally focused FTSE 100 and the more UK-focused FTSE 250, however they remain lower than their pre-pandemic levels.

Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.

The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.

1-month, 3-month and 12-month SONIA bid rates averaged 0.01%, 0.10% and 0.23% respectively over the financial year.

The yield on 2-year US treasuries was 0.16% at the end of the period, up from 0.12% at the beginning of January but down from 0.21% at the start of the financial year. For 10-year treasuries the end of period yield was 1.75%, up from both the beginning of 2021 (0.91%) and the start of the financial year (0.58%).

German bund yields continue to remain negative across most maturities.

**Credit review:** After spiking in March 2020, credit default swap spreads declined over the remaining period of the year to broadly pre-pandemic levels. The gap in spreads between UK ringfenced and non-ringfenced entities remained, albeit Santander UK is still an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 57bps and Standard Chartered the lowest at 32bps. The other ringfenced banks were trading around 33 and 34bps while Nationwide Building Society was 43bps.

Credit rating actions to the period ending September 2020 have been covered in previous outturn reports. Subsequent credit developments include Moody's downgrading the UK sovereign rating to Aa3 with a stable outlook which then impacted a number of other UK institutions, banks and local government. In the last quarter of the financial year S&P upgraded Clydesdale Bank to A- and revised Barclay's outlook to stable (from negative) while

Moody's downgraded HSBC's Baseline Credit Assessment to baa3 whilst affirming the long-term rating at A1.

The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose 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.

## PRUDENTIAL, TREASURY AND COMMERCIAL INVESTMENT INDICATORS 2020/21

## PRUDENTIAL INDICATORS

## 1) Capital Expenditure

The Council's capital expenditure and financing is summarised as follows:

<b>Capital Expenditure and Financing</b>	<b>2020/21 Revised £'000</b>	<b>2020/21 Actual £'000</b>	<b>Difference £'000</b>
Streetscene	30	11	19
Leisure & Community	2,687	2,250	437
Housing	568	567	1
Planning & Development	444	120	324
Policy & Resources	2,878	2,551	327
<b>Total General Fund</b>	<b>6,607</b>	<b>5,499</b>	<b>1,108</b>
<b>HRA</b>	<b>6,972</b>	<b>6,531</b>	<b>441</b>
<b>Total Expenditure</b>	<b>13,579</b>	<b>12,030</b>	<b>1,549</b>
Capital Receipts	668	641	27
Capital Grants/Contributions	1,995	1,559	436
Capital Reserves	5,642	4,520	1,122
Revenue	2,163	2,285	(122)
Borrowing	3,111	3,025	86
<b>Total Financing</b>	<b>13,579</b>	<b>12,030</b>	<b>1,549</b>

## 2) Capital Financing Requirement

The Council's Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

<b>£'000</b>	<b>2019/20 Actual</b>	<b>2020/21 Revised</b>	<b>2020/21 Actual</b>	<b>2020/21 Difference</b>
General Fund	52,649	54,659	53,891	-768
HRA	51,141	51,141	51,823	682
<b>Total CFR</b>	<b>103,790</b>	<b>105,800</b>	<b>105,714</b>	<b>-86</b>

The CFR increased by £1,924 year on year as capital expenditure financed by debt was higher than the in-year minimum revenue provision payment (MRP).

## Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium-term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement. This is a key indicator of prudence.

£'000	2020/21 Revised	2020/21 Actual	Difference
Capital Financing Requirement	105,800	105,714	-86
Less: Gross Debt	59,700	55,967	3,733
<b>Under/(Over) Borrowing</b>	<b>46,100</b>	<b>49,747</b>	<b>3,647</b>

Total debt remained below the Capital Financing Requirement during the period.

### 3) Operational Boundary and Authorised Limit for External Debt

The **operational boundary** is based on the Council's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring.

The **authorised limit** is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

£'000	2020/21 Revised	2020/21 Actual	Complied
Operational Boundary	123,000	59,699	✓
Authorised Limit	131,000	59,699	✓

### 4) Financing Costs as % of Net Revenue Stream

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.

	2020/21 Revised	2020/21 Actual	Difference
<b>General Fund</b>	6%	5%	-1%
<b>HRA</b>	14%	13%	-1%

## TREASURY MANAGEMENT INDICATORS

The Council measures and manages its exposures to treasury management risks using the following indicators.

### 1) Principal Sums Invested for longer than a year

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. The limits on the long-term principal sum insured to final maturities beyond the period end were:

£M	2020/21 Revised	2020/21 Actual	Complied
Principal sums invested > 364 days	15	12	✓

### 2) Maturity Structure of Borrowing

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

Maturity structure of borrowing	Upper Limit	2020/21 Actual	Complied
	%	%	
- Loans maturing within 1 year	50	29	✓
- 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	71	✓

### 3) Housing Revenue Account (HRA) Ratios

As a result of 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.

	2020/21 Revised	2020/21 Actual	Difference
HRA Debt £'000	49,268	49,268	-
HRA Revenues £'000	12,263	12,577	314
Number of HRA Dwellings	2,401	2,395	-6
Ratio of Debt to Revenues %	4.02:1	3.92:1	-
Debt per Dwelling £	£20,518	£20,569	£51
Debt Repayment Fund £'000	£4,560	£4,560	-

## COMMERCIAL INVESTMENT INDICATORS

The Council measures and manages its exposures to commercial investments using the following indicators.

### 1) Proportionality

The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the proportion of expenditure funded by investment income.

<b>£'000</b>	<b>2019/20 Actual</b>	<b>2020/21 Revised</b>	<b>2020/21 Actual</b>
<b>Gross service expenditure</b>	50,017	46,353	46,686
<b>Investment income</b>	4,442	4,521	4,645
<b>Proportion</b>	<b>9.5%</b>	<b>9.8%</b>	<b>9.9%</b>

### 2) Total Risk Exposure

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

<b>Total Investment Exposure</b>	<b>2019/20 Actual £'000</b>	<b>2020/21 Revised £'000</b>	<b>2020/21 Actual £'000</b>
Treasury Management Investments	16,300	12,000	18,625
Commercial Investments	64,068	64,068	61,525
<b>Total</b>	<b>80,368</b>	<b>76,068</b>	<b>80,150</b>

The variation in the revised to actual is due to a higher level of investments held than anticipated at year end partly due to unspent business grants.

### 3) How Investments are Funded

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.

<b>Investments Funded by Borrowing</b>	<b>2019/20 Actual £'000</b>	<b>2020/21 Revised £'000</b>	<b>2020/21 Actual £'000</b>
Treasury Management Investments	0	0	0
Commercial Investments	31,790	31,042	31,042
<b>Total</b>	<b>31,790</b>	<b>31,042</b>	<b>31,042</b>

#### 4) Rate of Return Received

This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested.

<b>Investments Net Rate of Return</b>	<b>2019/20 Actual</b>	<b>2020/21 Revised</b>	<b>2020/21 Actual</b>
Treasury Management Investments	3.0%	2.8%	3.3%
Commercial Investments	5.3%	4.4%	5.2%
<b>Total</b>	<b>4.8%</b>	<b>4.1%</b>	<b>4.7%</b>



# FAREHAM

## BOROUGH COUNCIL

### Report to Policy and Resources Scrutiny Panel

**Date** 28 June 2021

**Report of:** Deputy Chief Executive Officer

**Subject:** GENERAL FUND & HOUSING REVENUE ACCOUNT OUTTURN  
2020-21

#### SUMMARY

The Policy and Resources Scrutiny Panel is asked to consider and review the Executive's proposals for the overall revenue position for 2020/21. The Deputy Chief Executive Officer will refer any proposals or comments of the Panel to the Executive meeting on 5 July 2021.

#### RECOMMENDATION

That any proposals or comments of the Panel be referred to the Executive at its meeting on 5 July 2021.

**Appendix A:** Executive Report "General Fund and Housing Revenue Account Outturn 2020/21" to be considered on 5th July 2021

**Background Papers:**

**Reference Papers:**

**Enquiries:**

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



# FAREHAM

## BOROUGH COUNCIL

### APPENDIX A

## Report to the Executive for Decision 05 July 2021

<b>Portfolio:</b>	Policy and Resources
<b>Subject:</b>	<b>General Fund and Housing Revenue Account Outturn 2020/21</b>
<b>Report of:</b>	The Deputy Chief Executive Officer
<b>Corporate Priorities:</b>	A dynamic, prudent and progressive Council

#### **Purpose:**

This report provides the Executive with details of the actual revenue expenditure for 2020/21 for the General Fund and Housing Revenue and Repairs Account and seeks approval for the completion, in 2021/22, of two of the 2020/21 expenditure programmes.

#### **Executive summary:**

The General Fund actual net revenue expenditure on services for 2020/21 totals £12,182,435 which is **£2,575,935** more than was originally budgeted for the year. This is due to the extraordinary impacts of the Covid-19 pandemic on income streams and costs incurred year.

These were recognised early on in the year and the Council adopted a replacement emergency budget in September. This forecast the potential need to use £1.1 million of the Council's reserves to plug the funding gap for its services in 2020/21. At the same time the Council introduced a Financial Recovery Plan to mitigate the impacts arising where it could, which included a tightened control over expenditure.

Financial forecasts were updated as the government implemented further periods of lockdown and announced support packages for local authority services. The Council has benefitted from Government COVID grants totalling £3.8 million during the year; £0.8 million of these were not anticipated and therefore not incorporated into the emergency and revised budgets.

The final net budget outturn position is **£1,211,254** less than the final revised budget agreed by the Executive in February 2021. This has meant that the anticipated drawing from reserves has not materialised. This is partly due to some services, such as planning application income, starting to recover towards the end of the year, and also due to the corporate efforts in reducing spend where it was possible. There has also been additional council tax income of £35,739. However, the largest

contributing factor has been the unplanned additional Government support.

It has not been possible to complete a number of expenditure programmes in 2020/21 and approval is sought to complete two programmes where expenditure had already been committed during 2020/21, at a cost of £51,900. This will reduce the underspend to **£1,195,093**.

This underspend will need to be transferred to reserves to help protect the council's financial position going forward. Some trends in increased expenditure and reduced income have continued into 2021/22 and income streams such as car parking may never recover, whilst the Government's financial support schemes may start to disappear. The Council's underlying financial position has therefore worsened. We will be reviewing this in more detail when the Medium-Term Finance Strategy is completed later in 2021 along with a plan to address the forecasted funding gaps.

The final figures for the Housing Revenue and Repairs Account (HRA) in 2020/21 show that the HRA revenue reserve has been reduced by £218,844 to fund the net expenditure for the year. Overall, total HRA Reserves have decreased by £746,834.

**Recommendation:**

It is recommended that the Executive:

- (a) approves the carry forward of £51,900 to fund the completion of the committed General Fund expenditure programmes in 2021/22, as contained in this report;
- (b) approves the carry forward of £470,000 for the HRA Capital Programme to re-align budget and expenditure phasing and to support the forthcoming programme for 2021/22; and
- (c) notes the contents of the report.

**Reason:**

To enable the completion of the General Fund expenditure programme for 2020/21 and to ensure that the balances on the Housing Revenue and Repairs Accounts at 31 March 2021 will be available in future years and that 2021/22 budgets are sufficient to meet the level of work programmed.

**Cost of proposals:**

There are no additional costs relating to the recommendations.

**Appendices:**

**A:** Actual General Fund Service Expenditure to 31 March 2021

**B:** Detailed Housing Revenue and Repairs Account to 31 March 2021

**Background papers:** None

- Reference papers:** Report to the Executive 3 February 2020 Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2020/21.
- Report to the Executive 3 February 2020 Housing Revenue Account Budgets and Capital Plans 2020/21.
- Report to the Executive 7 September 2020 COVID-19 Emergency Revised 2020/21 Budget and Financial Recovery Plan.
- Report to Executive 4 January 2021 Finance Strategy, Revenue Budget and Council Tax 2021/22 (included a revised revenue budget for 2020/21).
- Report to the Executive 1 February 2021 Finance Strategy, Capital Programme, Revenue Budget and Council Tax 2021/22 (included a revised revenue budget for 2020/21).
- Report to the Executive 1 February 2021 Housing Revenue Account Budgets and Capital Plans 2021/22(included a revised revenue budget for 2020/21)

# FAREHAM

## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	05 July 2021
<b>Subject:</b>	General Fund and Housing Revenue Account Outturn 2020/21
<b>Briefing by:</b>	The Deputy Chief Executive Officer
<b>Portfolio:</b>	Policy and Resources

#### INTRODUCTION

1. This report brings together the outturn position for the General Fund along with the Housing Revenue and Repairs Accounts for the financial year 2020/21.
2. This has been a dramatic year for the Council's finances due to local and national impacts and responses to the Covid-19 pandemic. Financial impacts have included:
  - A reduction in the amount of revenue income collected in some areas.
  - Extraordinary costs incurred in delivering day to day services.
  - One-off/temporary expenditure to deliver specific recovery activities.
  - A contraction in the economy that is changing demand for certain services.
3. An emergency revised budget was presented to members in September 2020 to highlight the main areas where income was going to be lost or where additional expenditure would be incurred. This included a Financial Recovery Plan which set out the actions being taken to protect the financial stability of the Council during the response and recovery phases of the pandemic. The Government also implemented a number of financial support schemes for local authorities during the year.
4. The emergency budget forecasts were continually monitored and formally updated as part of the revised budgets that were approved by the Executive in February 2021.
5. This report details the resulting end of year position for both the General Fund and Housing Revenue and Repairs Accounts and compares the actual spend against the original base and revised budgets.

#### EMPLOYEE EXPENDITURE 2020/21

6. The total 'cost of employment' budgets set for the General Fund and Housing Revenue Account for 2020/21 was £17,587,900. The actual expenditure for 2020/21 was £17,109,101 giving an underspend for the year of £478,799 or 2.72% when compared to the final budget.

7. There was an underspend from salaries and associated costs of £591,766 which has arisen from vacancies that have occurred during the year. These have been slightly offset by an increase in agency payments (£63,802), severance payments (£38,144) and recruitment costs (£11,021) that have been made during the year.

### THE GENERAL FUND OUTTURN POSITION 2020/21

8. The General Fund actual net revenue expenditure for 2020/21 totalled £12,182,435 which is **£2,575,935** more than the original base budget approved by the Executive in February 2020. This reflects both a reduction in the Council's service income sources as well as increased areas of expenditure.
9. The funding available from the Government's financial support schemes known at the time were built into the emergency and revised budgets which predicted a shortfall in the funding available to meet the increased spend which would need to be met from the Council's reserve balances. However, additional COVID funding has been received over and above that included in the budget, which has greatly contributed to the Council not needing to utilise reserve balances to balance the outturn expenditure levels for 2020/21. Overall, there has been an underspend against budget after the Covid support is taking into account of £1,211,254 which increases further to £1,246,993 due to the receipt of additional council tax income from that budgetted for of £35,739.
10. Later paragraphs of this report also set out details of two expenditure programmes that were not completed in 2020/21 and approval is sought for these programmes to be completed in the current year. If these proposals are approved along with the financing adjustment, this will mean that the final position for the financial year will show a transfer to reserves of £1,195,093.
11. The following table summarises the position:-

<b>ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2021</b>			
	<b>Revised Budget 2020/21 £</b>	<b>Actual 2020/21 £</b>	<b>Variation £</b>
<b>Committees</b>			
Licensing & Regulatory Affairs	432,600	388,074	<b>-44,526</b>
Planning	599,000	699,469	100,469
<b>Executive - Portfolio</b>			
- Leisure and Community	1,665,400	1,450,254	<b>-215,146</b>
- Health and Housing	1,784,900	1,813,936	29,036
- Planning and Development	1,664,900	1,413,869	-251,031
- Policy and Resources	<b>-608,900</b>	<b>-1,481,211</b>	<b>-872,311</b>
- Public Protection	1,249,400	1,582,303	332,903
- Streetscene	5,437,100	5,101,410	<b>-335,690</b>
<b>Total Service Budgets</b>	<b>12,224,400</b>	<b>10,968,107</b>	<b>-1,256,293</b>

Accounting Adjustments	3,680,700	12,823,662	9,142,962
Other Budgets	-2,615,100	-11,609,334	-8,994,234
<b>Net Budget before COVID Funding</b>	<b>13,290,000</b>	<b>12,182,435</b>	<b>-1,107,565</b>
Contributions from Reserves for COVID	-690,200	0	690,200
Fees and Charges Reduction Funding	-1,329,000	-1,966,050	-637,050
Government COVID Funding	-1,664,300	-1,821,139	-156,839
<b>Net Budget</b>	<b>9,606,500</b>	<b>8,395,246</b>	<b>-1,211,254</b>
Financing	-9,606,500	-9,642,239	-35,739
<b>Net Total</b>	<b>0</b>	<b>-1,246,993</b>	<b>-1,246,993</b>
Adjust for:			
Carry Forwards	0	0	51,900
<b>Final Position (Underspend)</b>			<b>-1,195,093</b>

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

#### THE EFFECT OF COVID 19 ON COUNCIL EXPENDITURE 2020/21

13. The table below sets out how the financial forecasts have changed through the year across the base, emergency and revised budgets and compares them to the outturn position

REVENUE BUDGETS TO 31 MARCH 2021				
	Base Budget Jan 2020 £	Emergency Budget Sept 2020 ££	Revised Budget Jan 2021 £	Actual Outturn Mar 2021 £
<b>Total Service Budgets</b>	<b>8,821,200</b>	<b>12,569,200</b>	<b>12,655,800</b>	<b>10,968,107</b>
Accounting Adjustments	2,767,300	2,767,300	3,249,300	12,823,662
Other Budgets	-1,982,000	-2,030,500	-2,615,100	-11,609,334
<b>Net Budget before COVID Funding</b>	<b>9,606,500</b>	<b>13,372,600</b>	<b>13,290,000</b>	<b>12,182,435</b>
Contributions from Reserves for COVID	0	-1,143,700	-690,200	0
Fees and Charges Reduction Funding	0	-1,058,038	-1,329,000	-1,966,050
Government COVID Funding	0	-1,464,362	-1,664,300	-1,821,139
<b>Net Budget</b>	<b>9,606,500</b>	<b>9,606,500</b>	<b>9,606,500</b>	<b>8,395,246</b>

14. The budgets changing during the year were all based on assumptions made around when we came out of lockdown. As time went on it became clearer that some services would be affected more than others.

15. The main service areas that were affected by the pandemic were:

Service Area	How Affected?
Leisure Centres	<ul style="list-style-type: none"> <li>• Loss of income</li> <li>• Recovery Plan agreed</li> </ul>
Off-Street Parking	<ul style="list-style-type: none"> <li>• Loss of income due to lockdowns</li> </ul>
Investment Properties	<ul style="list-style-type: none"> <li>• Loss of income</li> <li>• Recovery Plans agreed with tenants</li> </ul>
Solent Airport and Daedalus	<ul style="list-style-type: none"> <li>• Loss of income</li> <li>• Recovery Plans agreed with tenants</li> </ul>
Waste and Recycling Services	<ul style="list-style-type: none"> <li>• Additional spend due to social distancing</li> </ul>
Planning Appeals	<ul style="list-style-type: none"> <li>• Additional spend due to length of hearings</li> </ul>
Benefit Payments	<ul style="list-style-type: none"> <li>• Additional spend due to more claimants</li> <li>• Spend offset by additional grant</li> </ul>
Homelessness	<ul style="list-style-type: none"> <li>• Additional spend due to more demand on service</li> <li>• Some spend offset by additional grant</li> </ul>
Elections	<ul style="list-style-type: none"> <li>• 2020 Election cancelled resulting in a saving</li> </ul>

16. The Council identified the Leisure Centres operator as a critical council supplier during the response phase of the pandemic and have been working closely with them throughout the year to make sure that the additional support is justified and value for money.
17. The effect of the loss of income from services has been somewhat offset by government grant through the sales, fees and charges reduction funding. However, this funding did not apply to commercial activities such as tenants in our investment properties, commercial or industrial estates or tenants at Daedalus.
18. It is important to note that the figures at the year-end are showing income raised as due to the council but not necessarily collected. This is particularly relevant to commercial rents. There has been a lot of work carried out during the year with the tenants to balance protecting the council's position against allowing tenants some breathing space to defer rent where necessary, in line with the Government's Codes of Practice during the pandemic. Many businesses have a revised instalment plan going forward meaning that full rental should be received although there will be some businesses who may never meet their full rental payments.
19. As part of the emergency budget setting provision was included for over £500,000 for bad debts to help with the potential loss of income from these rents as well as losses through council tax and business rates non-payments. The situation is closely monitored on a weekly basis and it is considered that the current bad debt provision is adequate to meet the risks of default currently identified. There is a further provision in the 2021/22 budget should this be required.
20. It is also becoming clear that that some areas, such as car parking income are very

unlikely to return to pre-pandemic levels. The underspend from 2020/21 will therefore be added to the reserve balances to protect the council's financial position going forward as these trends continue and the Governments support schemes disappear.

21. The review of areas such as car parking or spend areas such as benefits and homelessness will continue to be monitored closely and all services will be reviewed as to their longer term impact on the spend and reserves position and will feature in more detail when the Medium Term Finance Strategy is completed later in 2021 along with a plan to address the impact on the financial position.

## **GOVERNMENT COVID SUPPORT SCHEMES FOR SERVICES**

22. The Council has received a number COVID related government grants during the financial year to support our services. Some of the grants have been allocated to specific services such as homelessness and leisure centres to relieve specific cost pressures, while the support tranches 1-4, SFC compensation instalments and New Burdens Funding are general grants. The latter are totalling £3.8 million of the £4.8 million shown in the table below.
23. The table below shows a list of grants that were received during the year. Some of the grants have not been fully utilised during the 2020/21 financial year and will be used during the 2021/22 financial year.

<b>Type of Grant</b>	<b>Value of Grant</b>
<b>General Grants</b>	
COVID19 Support Grants Tranches 1-4	£1,434,362
Sales, Fees and Charges Compensation Instalments 1-3	£1,966,050
New Burdens Funding	£384,059
	<b>£3,784,471</b>
<b>Specific Service Grants</b>	
Homelessness and Rough Sleeping Grants	£408,255
Sport England – National Leisure Recovery Fund	£215,273
Other COVID Related Grants	£393,176
	<b>£1,016,794</b>
<b>Total Grants and Support</b>	<b>£4,801,175</b>

## GOVERNMENT COVID SUPPORT SCHEMES FOR THE COMMUNITY

24. The grants detailed in the table below have been received during the financial year and have either been re-distributed to businesses in the form of payments or in reliefs on the business rate charge on their property.
25. The latter has also helped the council replace income not being collected through the business rates. The same would apply to the council tax hardship and support that has seen council tax bills reduced for some of those that have been struggling to pay. The test and trace scheme was specific to those who were asked to isolate and could not work from home.

Type of Grant	Value of Grant
Business Grant Support Schemes	£35,089,686
Business Rates Relief Schemes	£19,838,223
Council Tax Hardship and Support	£490,645
Council Tax and Business Rates Income Guarantee	£202,774
Test and Trace/Self Isolation Schemes	£193,175
<b>Total Grants and Support for Council Tax and Business Rates</b>	<b>£55,814,503</b>

26. Although there has been impact on the resources to administer all these schemes, the Council has benefitted in its cash flow as many of these schemes were funded up front.
27. The collection process for both Council Tax and Business Rates was severely affected by the COVID pandemic in 2020/21, this was down to many residents and businesses requesting that their payments be deferred as their finances were uncertain or they had been placed on furlough. We also saw an increase in non-payment with very limited ability to collect through the Magistrate's Court. By 31/03/2021 collection of Council Tax had improved, and we collected 98.37% of Council tax income due (98.44% in 19/20). The collection rate for Business, however, reduced to 92.49% (98.94% in 19/20).

## OUTTURN POSITION FOR THE KEY COUNCIL SERVICES

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

Service	Revised Budget 2020/21 £	Actual 2020/21 £	Variation £	
<b>Income Budgets</b>				
Investment Properties	-3,317,500	-3,398,193	-80,493	😊
Commercial Estates	-542,900	-573,643	-30,743	😊
Solent Airport and Daedalus	-367,100	-472,516	-105,416	😊
Trade Waste	-7,300	-113,237	-105,937	😊
Interest on Balances	-559,700	-661,684	-101,984	😊
<b>Expenditure Budgets</b>				
Local Plan	1,167,800	899,948	-265,852	😊
Local Tax Collection	922,900	704,159	-218,741	😊
Parks, Open Spaces and Grounds Maintenance	1,654,000	1,497,281	-156,719	😊
Local Land Charges	29,900	-24,194	-54,094	😊
Street Cleansing	945,300	900,512	-44,788	😊
Planning Applications	108,200	111,629	3,429	😐
Housing Benefit Payments	50,300	56,826	6,526	😐
Tree Management	345,300	362,000	16,700	😐
Homelessness	551,900	681,618	129,718	😞
Planning Appeals	145,800	259,008	113,208	😞
Waste & Recycling Total	2,288,600	2,402,556	113,956	😞
Parking Services	139,100	530,592	391,492	😞

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

- (a) **Investment Property income** was £80,000 above budgeted income, mainly due to an increase in rent invoiced from the shopping centre. Rent has been decreasing over a number of years and a low budget was put in due to the pandemic with many shops not being able to open. However, the income has come in £48,000 over the budget.
- (b) **Commercial Estates** showed an underspend of £31,000 which is mainly due to

an increase in rents invoiced of £40,000. However, it should be noted that some may not have been collected and so may need to be covered by the increased bad debt provision in the year. There was also an underspend on the Civic Quarter regeneration project which is funded from reserves so has been removed from the figures. Some of the increase in income has been offset by additional spend on properties particularly in respect of business rates.

- (c) **Solent Airport and Daedalus** is showing an overspend of £105,000 for the financial year mainly due to one-off income receipts for IFA2 and a cost recovery from HCC. These amounts of income will be moved into the reserve to offset the deficit from previous years. It should also be noted that some rental income although invoiced may not have been collected and so may need to be covered by the increased bad debt provision in the year.
- (d) **Trade Waste** achieved £106,000 higher income compared to budget for the year. The income budget was reduced in anticipation of businesses being closed during the pandemic and at the end of the year income was around £20,000 higher than the budget. The other main reduction in budget was for tipping fees as less waste was disposed of during the year which has resulted in an underspend of around £64,000. There has also been a reduction in the use of fuel which has seen a drop of spend against budget of almost £17,000.
- (e) **Interest on balances** is showing as additional income received of almost £103,000. Interest rates continue to remain low and this impacts on the size of returns the Council receives. However, during the year there was an influx of grants due to the pandemic and this led to more investment opportunities than were anticipated and also reduced the need for some temporary borrowing to keep cash flows in balance.
- (f) The **Local Plan** service has seen an underspend of over £265,000 which has occurred due to delays in the publication of the plan because of the pandemic. The plan is now due to be published during the latter part of 2021. Delays to the plan have meant reduced use of consultants in respect of the formulation of the local plan. This work will continue through into the 2021/22 financial year with the publication of the plan during 2021. Within the Local Plan heading there is also spend on the Welborne project which is currently mainly funded through grants.
- (g) **Local tax collection** is showing an underspend for the year of just under £219,000 which is mainly due to variations in employees costs due to vacancies. This year has also seen almost £330,000 of hardship relief granted as a result of the pandemic but this has been matched in grants from central government. There has also been some additional grant income to cover administration of schemes.
- (h) **Community Parks and Open Spaces** is showing an underspend of £157,000 mainly due to a reduction in maintenance of grounds during the year along with an increase in income from recharging third parties. Staff costs have been below budget as vacancies have not been filled due to some work being put on hold or staff being redeployed during the pandemic. These underspends have been offset by an increase in the cost of repairing and maintaining the aging vehicle and plant fleet required to undertake the work.
- (i) **Local Land Charges** is showing a £54,000 underspend against the revised

budget. Income for the year was £45,000 over the budget for the year. The budget for income was reduced during the year but the demand for the service continued during the pandemic as the housing market remained active.

- (j) **Street Cleansing** is showing an underspend for the year of £45,000. There has been an increased spend on the cost of repairing vehicles along with additional costs for materials. These has been offset by reduced employee costs along with additional income from costs recovered from third parties.
- (k) **Planning Applications** is showing an increase against the budget of just over £3,000. The income from planning applications was very slightly under budget as the number of applications increased during the latter part of the financial year. There was also additional income due to costs recovered mainly as a result of legal work on planning agreements meaning overall for the service income was £31,000 over the budget. Other areas have shown an overspend in the use of consultants who have been working on specialist areas for major applications including Welborne and covering a vacancy.
- (l) **Housing benefits payments** were £7,000 over the budget for the year. The amount paid out in benefits was less than anticipated by £267,000 which was offset by reduced income from grant received with a small amount due for prior year adjustments giving reduced income against budget of £429,000. There was also additional income from money owed due to overpaid benefits and there was a reduction in the bad debts provision for doubtful debts totalling £155,000.
- (m) **Tree Management** is showing a small overspend for the year of just under £17,000. This is largely due to changes to the volume of tree work that has been carried out during the year when compared to previous years. In total, planned work (which also includes inspection costs, replanting works and general tree maintenance) cost around £161,000 for the year with 'good neighbour' work costing a further £26,000. Good neighbour work is work that is emanating from a customer request such as pruning back overhang which is encroaching onto another's land or trees that are blocking light. Other tree work including inspections, planting, urgent and general tree work cost an additional £65,000. There was a spend of £12,000 on Ash Die Back work that will continue to be an issue going into the next financial year as the majority of these trees in the borough will be affected.
- (n) The **Homelessness** service is showing an overspend of £130,000 mainly as a result of additional demand during the pandemic. The emergency budget was increased in anticipation of the demand and some costs have been offset by grant received from government to reflect the impact on the service during the pandemic. However, in spite of this increase the cost of bed and breakfast was still 20% over the budget.
- (o) **Planning Appeals** during the year have shown an overspend of £113,000. Generally planning appeal costs are met by the individual parties involved but occasionally costs can be awarded against a party if they are judged to have acted unreasonably. There have been a number of high profile appeals during the year including Newgate Lane North and South which, as they were undertaken virtually, they took longer than they would face to face. This appeal was due to run for a week and ended up running for 3 weeks resulting in additional costs. This has

meant that the overall cost of this appeal was £192,000 (£22,000 in 2021/22). The Great Tithe Barn tarmac car park appeal was also concluded at a cost of £33,000. Other appeals due to be heard in the year have been delayed until the new financial year. The costs shown against these appeals are external legal and consultants costs and do not include officer time.

- (p) The **Waste and Recycling Service** is showing an overspend for the year of £114,000 which is mainly as a result of a large increase in the repair and maintenance of vehicles due to an aging fleet. There has also been an increase in the use of agency staff within the service mainly covering vacancies and other absences. The service has also seen an increase in costs as a result of the pandemic as additional vehicles have been used to ensure that social distancing was maintained in vehicles. The recycling services has seen an increase in income particularly from glass as more has been collected from the bottle banks. There has also been an increase in the income received from HCC which was almost £60,000 over the budget after a large drop in income in the previous year.
- (q) **Parking Services** is showing a variation of just over £391,000 against the budget for the financial year. The emergency budget reduced the income budget for the year and assumed that there would be reduced usage during the year but with the second lockdown and with only essential shops being able to open the use of the car parks remained extremely low. The income was down by £1.2 million from the previous year and was over £400,000 below the revised budget. With reduced use of the car parks an opportunity was taken to undertake some increase maintenance which has resulted in an increase in costs of £27,000 over the normal repairs budget.

## THE COUNCIL'S FUNDAMENTAL PARTNERSHIPS

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

Service	Revised Budget 2020/21 £	Actual 2020/21 £	Variation £	
Building Control Partnership	206,300	133,610	-72,690	😊
Community Safety Partnership	186,500	206,685	20,185	😞
CCTV Partnership	159,900	165,038	5,138	😐
Project Integra	5,000	4,240	-760	😊
Portchester Crematorium Joint Committee	-160,000	-200,000	-40,000	😊
Environmental Health Partnership	1,481,600	1,409,877	-71,723	😊

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

## OTHER BUDGETS

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

## PROVISION FOR EXPENDITURE FUNDED FROM 2020/21 UNDERSPENDINGS

33. A proportion of work in the 2020/21 budgets has not been possible to complete during the financial year. However, whereas we would normally seek to request funding to carry forward a number of these budgets to next year, due to the overall financial position this is being restricted to just those programmes where there is already a commitment for these to be delivered.
34. In order to minimise the financial burden of this work on the budget for the current year, it is proposed that an equivalent sum from the reserves is used in 2021/22 to allow for their completion, as listed in the table below:

Description	Cost £	Justification
Community Grants	41,900	Grants committed in 2020/21 but not paid over including grants in COVID Community Support pot.
Economic Development and Regeneration	10,000	Research project undertaken by University of Portsmouth to assess impact of COVID on local businesses and identify future support needs.
	<b>£51,900</b>	

35. Taking into account the carry forward proposals above this will result in a final transfer to reserves for the year of £1,055,868.

## HOUSING REVENUE AND REPAIRS ACCOUNT

### Revenue Account

36. The financial impacts of the Covid-19 pandemic on income streams and costs incurred on the Housing Revenue and Repairs Account (HRA) were also considered during the year and the Council adopted a replacement emergency budget in September 2020. This recognised a reduction in rent income due to increasing rent arrears and void properties remaining vacant for longer periods of time. The budget for revenue repairs expenditure was also reduced as lockdown measures and restrictions impacted on works we were able to complete. On 1 February 2021, the Executive approved the revised breakeven budgets for the Housing Revenue and Repairs Account (HRA) which was £400,000 lower than the original base budget
37. Actual rent income was higher than the revised budget figure, and also slightly higher than the 2019/20 actual. Although the number of void properties has remained at a higher than usual level, rent arrears have not increased to the level that had been allowed for. This is as a result of work by the Rent Arrears Officer combined with

increased Universal Credit receipts. It has also meant that the adjustments for bad debt are less than anticipated which is reflected in lower Management and Finance expenditure compared with budget.

38. Revenue repairs expenditure was higher than the revised budget figure but less than the 2019/20 actual. We were able to complete more work as restrictions eased during the summer and over the winter period of restrictions and are experiencing increased costs of materials.
39. Capital Improvements are lower than budgeted overall. When financing these capital programme schemes, proportionately this has meant a lower transfer from the Capital Development Fund and higher revenue contributions that ultimately draw on the HRA Revenue Reserve. We have been able to maintain the full contribution to the Debt Repayment Fund for this financial year. This position is shown in the table below and detailed in Appendix B.
40. The HRA has recorded a deficit for 2020/21 of £218,844 as shown in the table below and in more detail at Appendix B. The deficit of £218,844 has been drawn from the HRA Revenue Reserve, and other Reserves have also decreased by £527,990.

	<b>Actual 2019/20 £'000</b>	<b>Revised Budget 2020/21 £'000</b>	<b>Actual 2020/21 £'000</b>
Income	-12,283	-12,263	-12,577
Management and Finance	4,957	5,284	5,155
Revenue Repairs	2,759	2,096	2,362
Capital Improvements	4,640	5,837	5,457
<b>Surplus(-)/Deficit</b>	<b>73</b>	<b>954</b>	<b>397</b>
Transfer from Capital Development Fund	-714	-2,094	-1,392
Transfer to Debt Repayment Fund	1,140	1,140	1,140
Transfer to Leaseholder Reserve	6	0	74
<b>Transfer of Balance to(-)/from(+) Revenue Reserve</b>	<b>505</b>	<b>0</b>	<b>219</b>

### HRA Capital Programme

41. The table below summarises the capital spend in the year against the revised budget which shows a lower spend than anticipated on HRA Capital Improvements. This area of spend will be reviewed again over the coming year as the next detailed programme of works is compiled. The underspent budgets against Improvements and Modernisation and Other Works and Services are proposed to be carried forward to support the programme of works.

42. Expenditure classified as stock repurchase has included buying back ten properties to replenish our housing stock. The new build scheme at Oak Tree Close was fully completed during the year, along with part of the Rose Court scheme. The remaining flats in the Rose Court scheme will be completed in 2020/21. Work to enable developments at Station Road, Stubbington Lane, Queens Road and Coldeast Scout Hut have also progressed during the year, with Contractors appointed for Station Road and Stubbington Lane. The underspent budget is proposed to be carried forward as work is completed and construction on other schemes commences in 2021/22.

<b>CAPITAL PROGRAMME</b>	<b>Budget 2020/21 £'000</b>	<b>Actual 2020/21 £'000</b>	<b>Carry over to 2020/21 £'000</b>
HRA Improvements and Modernisations	2,532	2,690	-158
Other Works and Services	160	160	0
New Builds	2,780	1,973	807
Stock Repurchase	1,500	1,708	-208
<b>CAPITAL PROGRAMME - TOTAL</b>	<b>6,972</b>	<b>6,531</b>	<b>441</b>

This spend has been funded as follows:

	<b>£000</b>
Use of Major Repairs Reserve to fund capital expenditure on HRA assets	2,690
Capital spend not increasing the asset value funded by the HRA Revenue Reserve	208
Homes England Grant funding to meet development costs	447
Capital Development Fund	1,392
S106 Developer Contributions	31
1:4:1 Capital Receipts to meet development costs	54
1:4:1 Capital Receipts to meet acquisition costs	513
Revenue funding to meet acquisition costs	1,196
<b>Total funding</b>	<b>6,531</b>

### HRA Reserves

43. A summary of reserves held by the HRA at the end of the year is set out below. HRA reserves have decreased overall by £746,834.

<b>Reserve</b>	<b>Purpose of Reserve</b>	<b>2019/20 Closing Balance £'000</b>	<b>2020/21 Transfers In £'000</b>	<b>2020/21 Transfers Out £'000</b>	<b>2020/21 Closing Balance £'000</b>
HRA Revenue Reserve	To fund unexpected operating costs	798	0	-219	579
Exceptional Expenditure Reserve	To fund any exceptional demands upon expenditure	1,500	2,365	2,365	1,500
Major Repairs Reserve	To fund capital expenditure on HRA assets	2,317	2,691 <sup>1</sup>	-2,690	2,318
Capital Housing Development Fund	To fund new developments	2,677	0	-1,392	1,285

Debt Repayment Fund	To repay debt	3,420	1,140	0	4,560
Leaseholder Reserve	To fund major repairs on blocks containing leasehold properties	287	74	0	361
1:4:1 Receipts	To fund 30% of costs of new acquisitions	1,890	216	567	1,539
<b>Total Reserves</b>		<b>12,889</b>	<b>5,346</b>	<b>6,092</b>	<b>12,142</b>

<sup>1</sup>The transfer in of £2,690,708 is the in-year depreciation charge

44. The combined balance on all Housing Revenue Account reserves is £12.142 million.

### **RISK ASSESSMENT**

45. An assessment of the risks and opportunities associated with this decision has been carried out and it is considered that there are no significant risks. However, the report does highlight the Council's worsening financial position.

### **CONCLUSION**

46. This report outlines the financial position during 2020/21 for the General Fund and the Housing Revenue and Repairs Account including effects of the pandemic and how this could continue to influence spending in future financial years.
47. The General Fund is showing a movement to reserves of £1,195,868 against the revised budget. It is important not to underestimate the effect the pandemic could have on services in the 2021/22 financial year as well as future years once restrictions are lifted. With this in mind the balance from 2020/21 will be added to the general fund reserves to potentially offset further loss of income. The effect of this will be reviewed in the Medium-Term Finance Strategy later in 2021.
48. The combined balance on all Housing Revenue Account reserves is £12,142,100 which is a decrease of £746,834.
49. Members are asked to note the contents of the report and approve the carry forward balance and budgets in order that the agreed work can be completed in the current financial year.

### **Enquiries:**

For further information on this report please contact Neil Wood. (Ext 4509)

APPENDIX A

ACTUAL REVENUE EXPENDITURE TO 31 MARCH 2021

	Budget 2020/21 £	Actual 2020/21 £	Variation 2020/21 £
<b>Licensing &amp; Regulatory Affairs Committee</b>			
Hackney Carriage and Private Hire Vehicles	7,500	13,948	6,448
Licensing	-31,600	-26,061	5,539
Health and Safety	140,600	138,553	-2,047
Election Services	316,100	261,634	-54,466
	432,600	388,074	-44,526
Accounting Adjustments in service	0	30,082	30,082
	432,600	418,156	-14,444
<b>Planning Committee</b>			
Processing Applications	108,200	111,629	3,429
Planning Advice	204,300	192,152	-12,148
Enforcement of Planning control	140,700	136,680	-4,020
Appeals	145,800	259,008	113,208
	599,000	699,469	100,469
Accounting Adjustments in service	0	149,158	149,158
	599,000	848,627	249,627
<b>Leisure and Community</b>			
Community Grants	341,500	236,260	-105,240
Community Development	213,700	231,018	17,318
Ferneham Hall	117,700	129,712	12,012
Fareham Leisure Centre	468,600	418,496	-50,104
Holly Hill Leisure Centre	368,000	306,007	-61,993
Community Centres	155,900	128,761	-27,139
	1,665,400	1,450,254	-215,146
Accounting Adjustments in service	1,419,100	2,987,138	1,568,038
	3,084,500	4,437,392	1,352,892

	<b>Budget 2020/21 £</b>	<b>Actual 2020/21 £</b>	<b>Variation 2020/21 £</b>
<b>Health and Housing</b>			
Housing Grants and Home Improvements	30,000	10,108	-19,892
Housing Options	26,300	36,389	10,089
Housing Benefit Payments	50,300	56,826	6,526
Housing Benefit Administration	429,800	421,433	-8,367
Homelessness	551,900	681,618	129,718
Housing Advice	438,300	435,445	-2,855
Housing Strategy	228,400	196,311	-32,089
Local Land Charges	29,900	-24,194	-54,094
	<u>1,784,900</u>	<u>1,813,937</u>	<u>29,037</u>
Accounting Adjustments in service	29,100	296,142	267,042
	<u>1,814,000</u>	<u>2,110,079</u>	<u>296,079</u>
<b>Planning and Development</b>			
Flooding and Coastal Management	86,100	84,122	-1,978
Public Transport	36,600	36,104	-496
Tree Management	345,300	362,000	16,700
Conservation & Listed Building Policy	28,600	28,811	211
Sustainability & Biodiversity	500	2,884	2,384
Local Plan	1,167,800	899,948	-267,852
	<u>1,664,900</u>	<u>1,413,869</u>	<u>-251,031</u>
Accounting Adjustments in service	88,300	213,871	125,571
	<u>1,753,200</u>	<u>1,627,740</u>	<u>-125,460</u>
<b>Policy and Resources</b>			
Democratic Representation and Management	1,160,400	1,060,212	-100,188
Commercial Estates	-542,900	-573,643	-30,743
Investment Properties	-3,317,700	-3,398,193	-80,493
Solent Airport and Daedalus	-367,100	-472,516	-105,416
Public Relations, Comms and Consultation	492,900	407,914	-84,986
Unapportionable Central Overheads	-16,400	-20,106	-3,706
Corporate Management	864,400	645,242	-219,158
Economic Development	194,600	165,721	-28,879
Local Tax Collection	922,900	704,159	-218,741
	<u>-608,900</u>	<u>-1,481,211</u>	<u>-872,311</u>
Accounting Adjustments in service	1,116,800	7,669,458	6,552,658
	<u>507,900</u>	<u>6,188,247</u>	<u>5,680,347</u>

	<b>Budget 2020/21 £</b>	<b>Actual 2020/21 £</b>	<b>Variation 2020/21 £</b>
<b>Public Protection</b>			
Pest Control	45,400	34,526	-10,874
Dog Control	24,600	24,227	-373
Food Safety	132,300	128,972	-3,328
Air Quality and Pollution	191,500	187,051	-4,449
Community Safety	346,800	347,908	1,108
Emergency Planning	42,000	52,659	10,659
Clean Borough Enforcement	126,600	120,397	-6,203
Off-Street Parking	139,100	530,592	391,492
Building Control	201,100	155,972	-45,128
	<u>1,249,400</u>	<u>1,582,303</u>	<u>332,903</u>
Accounting Adjustments in service	17,900	-334,220	-352,120
	<u>1,267,300</u>	<u>1,248,083</u>	<u>-19,217</u>
<b>Streetscene</b>			
Cemeteries & Closed Churchyards	-53,200	-142,753	-89,553
Parks, Open Spaces and Grounds			
Maintenance	1,654,000	1,497,281	-156,719
Outdoor Sport and Recreation	134,300	113,173	-21,127
Countryside Management	173,100	177,097	3,997
Allotments	8,300	1,366	-6,934
Street Cleansing	945,300	900,512	-44,788
Public Conveniences	230,800	221,364	-9,436
Household Waste	949,200	1,031,534	82,334
Trade Refuse	-7,300	-113,237	-105,937
Recycling	915,800	939,266	23,466
Garden Waste Collection	423,600	431,756	8,156
Street Furniture	63,200	44,052	-19,148
	<u>5,437,100</u>	<u>5,101,411</u>	<u>-335,689</u>
Accounting Adjustments in service	1,009,500	1,812,034	802,534
	<u>6,446,600</u>	<u>6,913,445</u>	<u>466,845</u>

## DETAILED HOUSING REVENUE AND REPAIRS ACCOUNT TO 31 MARCH 2021

	Actual	Revised Budget	Actual
	2019/20	2020/21	2020/21
	£'000	£'000	£'000
<b>Income</b>			
Rents - Dwellings	-10,720	-10,662	-10,938
Rents – Garages	-330	-330	-333
Rents – Other	-20	-20	-20
Service Charges (Wardens, Extra Assistance, Heating)	-657	-634	-619
Cleaning	-191	-177	-171
Grounds Maintenance	-109	-112	-116
Other Fees and Charges	-39	-61	-41
Leaseholder Service Charges and Insurance	-61	-57	-62
Service Charges Repairs	-146	-210	-215
Other income	-10		-62
	<b>-12,283</b>	<b>-12,263</b>	<b>-12,577</b>
<b>Management and Finance</b>			
General Administrative Expenses	1,936	1,920	2,292
Sheltered Housing Service	516	542	519
Grounds Maintenance	229	235	256
Communal Cleaning	225	230	203
Communal Heating Services	129	105	97
Communal Lighting	42	35	42
Rents, Rates and Other Taxes	172	183	181
Corporate and Democratic Core	68	68	67
Corporate Management	71	89	70
Unapportioned Overhead	0	20	21
Bad Debts Provision	66	65	37
Bad Debts Written off	53	60	22
Debt Management Expenses	27	35	33
Interest Payable and Similar Charges	1,818	1,795	1,823
Interest Earned on Internal Balances	-118	-98	-134
Pension Fund Adjustments	-277		-374
	<b>4,957</b>	<b>5,284</b>	<b>5,155</b>
<b>Revenue Repairs</b>	<b>2,759</b>	<b>2,096</b>	<b>2,362</b>

**Capital Improvements**

Depreciation	2,639	2,693	2,690
Revenue Contribution to Capital	2,006	3,144	2,767
Transfer to Debt Repayment Fund	1,140	1,140	1,140
Transfer to Leaseholder Reserve			74
Contribution from Capital Development Fund	-714	-2,094	-1,392
<b>Surplus(-)/Deficit for Year</b>	<b>504</b>	<b>0</b>	<b>219</b>

# FAREHAM

## BOROUGH COUNCIL

### **Presentation to Policy and Resources Scrutiny Panel**

**Date:** 28 June 2021

**Report of:** Deputy Chief Executive Officer

**Subject:** PRESENTATION ON ADDITIONAL RESTRICTIONS GRANT – WIDER  
BUSINESS SUPPORT SCHEME

#### **SUMMARY**

To receive a presentation by the Deputy Chief Executive Officer on the additional restrictions grant – wider business support scheme which was considered by the Executive at its meeting on 7 June 2021.

#### **RECOMMENDATION**

It is recommended that Members consider the contents of the presentation and make any comments or raise any questions for clarification.



# FAREHAM

## BOROUGH COUNCIL

### Report to Policy and Resources Scrutiny Panel

**Date**                **28 June 2021**

**Report of:**        **Deputy Chief Executive Officer**

**Subject:**           **EXECUTIVE BUSINESS**

#### **SUMMARY**

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

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

The relevant notices for decisions taken are attached for consideration.

#### **RECOMMENDATION**

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



# FAREHAM

## BOROUGH COUNCIL

2020/21  
Decision No.  
2260

### Record of Decision by Executive

Monday, 1 March 2021

<b>Portfolio</b>	Policy & Resources
<b>Subject:</b>	<b>Citizens of Honour Nominations 2021</b>
<b>Report of:</b>	Director of Leisure and Community
<b>Corporate Priority:</b>	Strong, safe, inclusive and healthy communities

**Purpose:**

As a direct response to the unprecedented events caused by the Covid-19 Pandemic, this report proposes an alternative to the annual Citizen and Young Citizen of Honour Awards for 2021.

Established in 1996, the Citizen and Young Citizen of Honour Awards have honoured 107 residents of the Borough over the past 23 years with nominations being received from all areas of Fareham.

With regard to last year's awards, (2020), a decision was taken by the Executive to reduce the number of winners to just one for each of the two categories. This was due to the closure of Ferneham Hall, which is usually used for the annual Mayor Making ceremony each year, including the Citizen of Honour awards, and the intention to hold the event in a smaller venue. To date the Mayor Making ceremony has not been able to take place due to Covid-19 restrictions, and the two winners for 2020 have yet to receive their awards.

It is proposed that, when current Covid-19 restrictions are relaxed and small groups of people are allowed to meet, a small reception is held with the Mayor within the Civic Offices for the two 2020 Citizen of Honour winners and a guest to receive their awards.

For 2021, in order to recognise the people and businesses who have played a key role in the Borough's response to the pandemic, it is proposed that the Council replaces the Citizen of Honour and Young Citizen of Honour Awards, for one year only, with 'Fareham's Covid heroes'. It is proposed that the public nominate adults (over 18), young people (under 18) and organisations who have acted above and beyond to help individuals, charitable organisations and businesses during the Covid-19 pandemic.

Everyone nominated for the award would receive a certificate of appreciation, signed by the Mayor and the Executive Leader of the Council, as a gesture of thanks, which

would be sent to each recipient by post.

There would also be up to five selected winners for each category of adult, young person and organisation, chosen by the Executive. All winners would receive a medal and entry into the Council roll of honour.

The Citizen of Honour and Young Citizen of Honour awards will resume in 2022 but would cover the period 2021-2022 to ensure that any nominations received in 2021 can still be considered. As a result, it is proposed to increase the number of winners from one to two for each category.

**Options Considered:**

At the invitation of the Executive Leader, Councillor L Keeble addressed the Executive on this item.

As recommendation.

**Decision:**

RESOLVED that the Executive agrees that:

- (a) the citizen of Honour and Young Citizen of Honour Awards are rested for one year;
- (b) a new one-year initiative be approved to identify 'Fareham's Covid Heroes' which would have three categories: adult (over 18), young person (under 18) and organisations;
- (c) all those nominated will receive a Certificate of Appreciation, signed by the Mayor and the Executive Leader;
- (d) there will be five selected winners for each category; and
- (e) when the Citizen of Honour and Young Citizen of Honour awards resume in 2021, nominations can be made for non Covid-19 related actions or deeds that have occurred during the preceding two years (2020 and 2021).

**Reason:**

Whilst the Citizen of Honour and Young Citizen of Honour Awards are valuable initiatives for rewarding local residents, this has been an unprecedented year that has seen national lockdowns, tiers and restrictions. As a result, many vulnerable residents have needed, and received, help on an unprecedented scale, and many residents and organisations have responded wholeheartedly to meet this need.

A 'Covid Heroes' campaign will enable the Council to recognise many more of the community than the current award scheme allows.

**Confirmed as a true record:**

Councillor SDT Woodward (Executive Leader)

Monday, 1 March 2021

# FAREHAM

## BOROUGH COUNCIL

2020/21  
Decision No.  
2259

### Record of Decision by Executive

Monday, 1 March 2021

<b>Portfolio</b>	Policy & Resources
<b>Subject:</b>	<b>Future of 42/44 West Street, Fareham</b>
<b>Report of:</b>	Director of Planning and Regeneration
<b>Corporate Priority:</b>	Dynamic, prudent and progressive Council; Maintain and extend prosperity; Providing housing choices

**Purpose:**

The purpose of this report is to seek approval for the marketing of 42/44 West Street ("the Property") on the basis of a Freehold as well as a Leasehold disposal depending on interest received to ensure best value is obtained for the Council.

The Property comprises retail accommodation on the ground floor and offices on the upper floors. The ground floor has been vacant since the end of 2019 and the Leasehold interest in the ground floor has been advertised since mid-2019. The upper floors are currently let on a monthly tenancy agreement.

**Options Considered:**

As recommendation.

**Decision:**

RESOLVED that the Executive agrees to:

- (a) commence marketing the Property on a Freehold basis as well as continuing to advertise the Leasehold interest in the property; and
- (b) delegates authority to the Director of Planning and Regeneration, following consultation with the Executive Member for Policy and Resources, to complete a Freehold or Leasehold disposal of the Property in the event of receiving an acceptable offer.

**Reason:**

The Property is management intensive and not considered to be a strong investment property on a Leasehold basis, particularly in the current economic climate. A better value could be achieved in the current market by disposing of the Freehold. If authority is given to market the Freehold interest in the property as well as the Leasehold interest, then it enables the Council to ensure that best value is obtained. If a Freehold disposal is completed, then the capital receipt achieved from the sale of the Property will contribute towards future projects in the Council's capital programme.

**Confirmed as a true record:**

Councillor SDT Woodward (Executive Leader)

Monday, 1 March 2021

# FAREHAM

## BOROUGH COUNCIL

2020/21  
Decision No.  
2258

### Record of Decision by Executive

Monday, 1 March 2021

<b>Portfolio</b>	Policy & Resources
<b>Subject:</b>	<b>Southampton and Fareham Legal Services Partnership Review</b>
<b>Report of:</b>	Leigh Usher
<b>Corporate Priority:</b>	Dynamic, prudent and progressive Council

**Purpose:**

This report provides an update on the Southampton and Fareham Legal Services Partnership and asks the Executive to consider extending the existing arrangements for a further two-year period.

Due to the success of the Partnership and following detailed discussions between senior officers of both Councils, it is proposed that the Southampton and Fareham Legal Services partnership be extended. Following the resource challenges experienced by both Councils during 2020 in response to the Covid-19 pandemic, it is suggested that a full review of the partnership be carried out during the 2 year period which may result in a revised and updated Deed of Delegation, should the recommendation be to continue with the partnership.

**Options Considered:**

At the invitation of the Executive Leader, Councillor L Keeble addressed the Executive on this item.

As recommendation.

**Decision:**

RESOLVED that the Executive agrees:

- (a) to continue the partnership arrangements for the Southampton and Fareham Legal Services Partnership for an interim period of two years, with a full review of the partnership to be carried out by March 2023, which may result in a revised and updated Deed of Delegation; and
- (b) to delegate authority to the Chief Executive Officer, following consultation with the Executive Leader, to enter into such arrangements as are necessary and on such term as are reasonable.

**Reason:**

To continue to provide a robust and resilient legal service at an affordable cost to Fareham Borough Council.

**Confirmed as a true record:**

Councillor SDT Woodward (Executive Leader)

Monday, 1 March 2021

# FAREHAM

## BOROUGH COUNCIL

2020/21  
Decision No.  
2261

### Record of Decision by Executive

Monday, 12 April 2021

<b>Portfolio</b>	Policy & Resources
<b>Subject:</b>	<b>Irrecoverable Debts</b>
<b>Report of:</b>	Deputy Chief Executive Officer
<b>Corporate Priority:</b>	Dynamic, prudent and progressive Council

**Purpose:**

This report proposes the approval of the write of off certain debts over £5,000 which are considered to be irrecoverable.

The confidential Appendix A to the report lists the debts that are considered irrecoverable. Every effort has been made to recover the debts and there is no further legal action that can be taken, where it is applicable. No debts, arising as the result of the pandemic, are included for write off at this time.

**Options Considered:**

As recommendation.

**Decision:**

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

**Reason:**

There is no further legal action that can be taken to collect the debt.

**Confirmed as a true record:**

Councillor SDT Woodward (Executive Leader)

Monday, 12 April 2021



# FAREHAM

## BOROUGH COUNCIL

2020/21  
Decision No.  
2270

### Record of Decision by Executive

Monday, 17 May 2021

<b>Portfolio</b>	Policy & Resources
<b>Subject:</b>	<b>Levelling Up Fund</b>
<b>Report of:</b>	Director of Leisure and Community
<b>Corporate Priority:</b>	Dynamic, prudent and progressive Council; Leisure opportunities for health and fun

#### **Purpose:**

To provide an overview of the Government's Levelling up Fund and the Council's proposed bid for funding to support the Ferneham Hall and Osborn Road Car Park projects.

The Government announced the launch of the £4.8 billion Levelling Up Fund at the 2020 Spending Review. The fund will invest in local authority infrastructure projects that support:

- The regeneration of town centres and high streets
- Upgrading local transport
- Cultural and heritage assets

A bid is being developed that focusses on delivering enhanced, modern and accessibly cultural facilities in the Borough, that improve the vibrancy and vitality of the town, and represent the first major step of the town centre regeneration vision:

- Construction of Fareham Live, a new arts and entertainment venue
- Modernisation of the adjacent Osborn Road Multi-Storey Car Park

Funding of £13.1m will be sought from the Levelling Up Fund, with the Council providing an additional £4.7m, already secured through Community Infrastructure Levy (CIL) contributions.

A successful bid would mean that the capital and financial burden to the Council, as well as the use of future Community Infrastructure Levy (CIL) receipts would be significantly reduced.

#### **Options Considered:**

As recommendation.

**Decision:**

RESOLVED that the Executive approves the submission of an application from the Government's Levelling Up Fund, including letters from support from both MPs, seeking a contribution of £13.1m towards the capital costs of the Fareham Live and Osborn Road projects.

**Reason:**

To ensure that an application can be submitted to the Government's Levelling Up Fund.

**Confirmed as a true record:**

Councillor SDT Woodward (Executive Leader)

Monday, 17 May 2021

# FAREHAM

## BOROUGH COUNCIL

2021/22  
Decision No.  
2281

### Record of Decision by Executive

Monday, 7 June 2021

<b>Portfolio</b>	Policy & Resources
<b>Subject:</b>	<b>Additional Restrictions Grant - Wider Business Support Scheme</b>
<b>Report of:</b>	Director of Planning and Regeneration
<b>Corporate Priority:</b>	Dynamic, prudent and progressive Council; Maintain and extend prosperity; Strong, safe, inclusive and healthy communities

**Purpose:**

To seek approval to establish a framework for Wider Business Support to use Additional Restrictions Grant (ARG) funding to provide advice and training for Fareham businesses to support their transition and growth out of the Covid-19 pandemic.

The Covid-19 pandemic has caused unprecedented difficulties for many businesses throughout the last year. Whilst some businesses have managed to expand through this period, many businesses are having to seek grants, advice and training to help them through the changes experienced.

The Council has received ARG allocations to date of £3,357,164 and the Executive has already approved to spend a significant proportion of this on wider support, (£464,932).

This report proposes the Wider Business Support scheme which will run from June 2021 to March 2022. The scheme is informed by a business consultation with the Chamber of Commerce, Federation of Small Businesses, several Fareham businesses and the results of a recent online survey relating to the impacts of Covid on local businesses.

The report provides details of the recent procurement exercise to establish a framework of business support and training organisations and seeks approval to award the contract and establish the framework.

**Options Considered:**

As recommendation.

**Decision:**

RESOLVED that the Executive:

- (a) approves the award of contracts and the establishment of a framework for Wider Business Support Scheme to deliver a range of Wider Business Support;
- (b) approves the establishment of a separate voucher scheme for legal and financial support; and
- (c) agrees that the Director of Planning and Regeneration, following consultation with the Executive Member for Policy and Resources, be authorised to make any necessary changes to the WBSS following early reviews of the scheme and informed by levels of uptake by potential participants.

**Reason:**

To utilise government funding to support businesses during and after the Covid-19 pandemic.

**Confirmed as a true record:**

Councillor SDT Woodward (Executive Leader)

Monday, 7 June 2021

# FAREHAM

## BOROUGH COUNCIL

2021/22  
Decision No.  
2280

### Record of Decision by Executive

Monday, 7 June 2021

<b>Portfolio</b>	Policy & Resources
<b>Subject:</b>	<b>Welcome Back Fund</b>
<b>Report of:</b>	Director of Planning and Regeneration
<b>Corporate Priority:</b>	Dynamic, prudent and progressive Council; Maintain and extend prosperity; Strong, safe, inclusive and healthy communities

**Purpose:**

The purpose of this report is to agree the Council's approach to spending the Welcome Back Fund.

The Council has been allocated £168,270 from the Government's Welcome Back Fund for projects to help boost the look and feel of high street and coastal areas to support their re-opening as Covid-19 restrictions are lifted.

This funding is for Council projects to support a safe return and welcome to residents and visitors. The funding builds on the Re-Opening High Streets Safely fund, for which the spend was agreed as part of the Economic Recovery Plan agreed in September 2020. Guidance is available with which the Council's activity plan must match, including on eligible projects, procurement routes and publicity requirements. This additional fund can support activities until March 2022.

Following cross-service discussions, a proposed activity list is included in the report for Executive consideration and approval. The proposed activity list focusses on events and activities to support the re-opening of high streets and green spaces across the Borough and is intended to fully maximise the funding available.

**Options Considered:**

As recommendation.

**Decision:**

RESOLVED that the Executive:

- (a) approves the Welcome Back Fund Activity Plan for submission to Government; and
- (b) agrees that the Director of Planning and Regeneration, following consultation with the Executive Member for Policy and Resources, be authorised to make any necessary changes to the Activity Plan in order to ensure compliance with the funding requirement, and subject to further feasibility work, in relation to confirming the final costs.

**Reason:**

To agree how the Council will spend the £168,270 allocation for the Welcome Back Fund.

**Confirmed as a true record:**

Councillor SDT Woodward (Executive Leader)

Monday, 7 June 2021