

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 13 January 2025

Portfolio:	Policy and Resources
Subject:	General Fund Revenue Budgets and Finance Strategy 2025/26
Report of:	Assistant Director (Finance & ICT)
Corporate Priorities:	All Corporate priorities apply

Purpose:

This report provides an update on the Council's 5-year financial forecasts and makes recommendations regarding the revised revenue budget for 2024/25 and base budget for 2025/26.

Executive summary:

The Executive recommended, and the Council approved, in February 2024, the base budget for 2024/25, for the General Fund Revenue Account services. This report sets out some revisions to the budget for 2024/25 and proposes a base budget for 2025/26 for the Committee's agreement and submission to the Council.

This report also gives the context to these budgets in the form of the latest five-year projections from the Medium-Term Financial Strategy.

[Revised General Fund Revenue Budget 2024/25](#)

The original general fund revenue budget for 2024/25 set, for £14,883,100, required a funding shortfall of £404,200 to be met from unallocated general reserves. The projected shortfall has now dropped to **£285,700**, with the revised budget of £14,410,200. This is mainly due to the savings that have been made through the Opportunities Plan and wider work in the year such as reducing the cost of Homelessness provision.

[Base General Fund Revenue Budget 2025/26](#)

The proposed general fund revenue budget for 2025/26 totals £14,839,100 which is a decrease of £43,900 against the original budget for 2024/25. There is a funding shortfall of **£62,600** which will need to be met from unallocated reserves.

[5-Year Financial Forecasts](#)

The 5-year financial forecasts for 2024/25 to 2028/29 is predicting future funding shortfalls, each year rising to **£1.3million** by 2026/27, which will be the last year that the shortfall can be met from unallocated General Reserves.

The Opportunities Plan work recommenced in 2023/24 and has served to delay the funding shortfall problem each year. Work will need to continue to expand and deliver the Opportunities Plan to help manage the Council's financial pressures and remain resilient. As the easier projects have now been delivered, there may be a need to make increasingly difficult decisions. Members have already started this work which will be built into the next Opportunities Plan.

Recommendation/Recommended Option:

It is recommended that the Executive:

- (a) approves the **revised 2024/25** general fund revenue budget, amounting to £14,410,210, as set out in Appendices A to C to the report;
- (b) approves the **base 2025/26** general fund revenue budget amounting to £14,839,000, as set out in Appendices A to C to the report;
- (c) notes the **five-year projections** from the Medium-Term Finance Strategy in Appendix D and the work planned to address the future funding gap; and
- (d) agrees to submit the updated Pay Policy, in Appendix E to Full Council for approval.

Reason:

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

The Five-year projections forecast a significant funding shortfall by 2026/27 which is the last year that can be covered by the Council's general reserves, so supports the continued action being taken to identify opportunities to reduce costs or increase income and funding.

Cost of proposals:

As detailed in the report.

Appendices:

A: Top Level Summary – Revised Budget 2024/25 and Base Budget for 2025/26

B: Summary by Committee and Portfolio - Revised Budget 2024/25 and Base Budget for 2025/26

C: Detailed Service Budgets by Committee and Portfolio - Revised Budget 2024/25 and Base Budget for 2025/26

D: Five-year Projections in the Medium-Term Finance Strategy 2024/25 to 2028/29

E: Pay Policy 2025/26

Background papers: None

Reference papers:

Report to the Executive - November 2024 General Fund Revenue Monitoring 2024-25

Report to the Executive – January 2024 Finance Strategy, Revenue Budget and Council Tax 2024-25

Medium-Term Finance Strategy 2024/25 to 2028/29

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	13 January 2025
Subject:	General Fund Revenue Budgets and Finance Strategy 2025/26
Briefing by:	Assistant Director (Finance & ICT)
Portfolio:	Policy and Resources

INTRODUCTION

1. This report brings together the revenue spending plans for the Council's services for the rest of the current year and for next year, as summarised in Appendix A and detailed in Appendices B and C. It should be noted that the format of these plans have been changed this year to try and make the information clearer, particularly in relation to the different funding sources used to pay for the Council Services. The net expenditure figures are therefore not directly comparable to previous years.
2. The report also provides an update on the financial forecasts for the next 5 years, as summarised in Appendix D, and makes recommendations on how the projected funding gaps can be mitigated.

GENERAL FUND REVENUE BUDGETS

Revised Revenue Budget 2024/25

3. Members will be aware that since 2019/20 the Council has been needing to draw down from its unallocated general reserves in order to balance the budget spend each year (in 3 out of the 5 years since).
4. The base net revenue budget set for 2024/25 set was £14,883,100, This was part funded by a council tax increase of 2.99% which was the maximum allowable by the Government before a local referendum was needed. In setting the 2024/25 base budget it was anticipated that **£404,200** would be drawn from unallocated general reserves in order to balance the budget.
5. The revised budgets are indicating an improved position for the year. The revised net revenue budget has therefore reduced to £14,410,210 and only **£285,700** will now need to be drawn from unallocated general reserves.

The main reasons for the change are detailed below.

Savings

6. The following other changes in expenditure and income have improved the budget position:
- Last year it was highlighted that there was a significant budget pressure in relation to **bed and breakfast expenses for the homeless** which was increasing costs by over £2million. The Housing team have since been carrying out a rigorous holistic review of this service and as a result have managed to significantly cut the cost of providing the service by £885,000 a year.
 - A significant project from the Opportunities Plan has been progressed to look at the Council's **Trade Waste service**. A separate report on the findings of this review will be presented to the January meeting of the Executive. Provisional net income budget changes of £39,000 for 2024/25 and £124,000 have been included in the budgets on the back of this work.
 - Another project from the Opportunities Plan to increase marketing of the **Garden Waste service** has been completed resulting in increased net income budgets of £185,400 for 2024/25 and £163,900 for 2025/26.
 - There has been a change to the fee structure and policy for **Hackney Carriage and Private Hire Vehicles** which has resulted in an increase in the number and value of licence income by over £40,000.
 - There has been an increase in the level of **Service specific other grants and reimbursements** expected for 2024/25 including: Election Expenses (£350k), Housing Grants from Hampshire County Council (£290k) and funding for the Strategic Environmental Planning Team (£300k). However, some of this income will be offset by increased spend against other headings.
 - The **pay award** for 2024/25 was agreed in October and resulted in an average increase across the Council of between 2.50% and 5.82%. Budgets had been set assuming a 3.5% rise and overall the cost of the pay award was less than the budget set.
 - The total savings that have resulted from further work on the **Opportunities Plan** during 2024/25 have seen the plan bring in a reduction to budgets of almost £1,762,000 to date. These are detailed further in the report.

Pressures

7. The value of the savings have slightly been offset by a number of other pressures on expenditure and income. Significant changes include:
- The budgets have been updated by £142,000 to reflect the increase in consultants and legal costs arising from **Planning Appeals**.
 - There has been a continued downward trend in **Planning Application Income**. The budget has been further reduced by £130,000 to reflect the latest estimates in income.
 - There has been a significant increase in **ICT recharges** to the services due to increased cloud costs, an increase in the cost of existing software and data lines along with an increase in depreciation. This has been offset via grant income but overall has resulted in a significant increase in the net costs by £208,300.

- The Council's Capital Strategy has highlighted an increased cost to its vehicle replacement and ICT development plans. The **Revenue Contributions to Capital** are therefore being increased from 2024/25 by £225,000 to £1.35 million a year, to help pay for this programme.
- There has been a net increase to the **establishment** due to the addition of posts that generate income/savings such as in the Asset Management team, or for services that are needed to deliver the Council's priorities or new responsibilities such as in Regeneration or Housing.
- Additional budget provision of £25,000 has been added into both 2024/25 and 2025/26 to accelerate the production of the Council's **Environment Strategy**. This strategy will then inform future budget provisions needed.

Revenue Base Budget 2025/26

8. The proposed General Fund base budget for 2025/26 totals £11,139,100 for service budgets along with other expenditure of £3,700,000 giving an overall budget of £14,839,100 which is a decrease of £43,900 against the original budget for 2024/25.
9. There is a smaller shortfall in funding of **£62,600** which will need to be met from the unallocated general reserves.
10. Key assumptions and provisions that have been used to set the budget are detailed below:
 - **General Government Funding** - Although the Government has announced additional funding for local authorities of 3.2%, the government has indicated that this will all be targeted for Adult Social care and areas of deprivation. The announcement of the local government settlement is imminent. In the meantime the budgets have been produced using estimates provided by the local government financial advisors. These indicate that Fareham Borough Council is likely to have a drop in government funding by over £300,000. This includes New Homes Bonus payments which are likely to be for the last year.
 - **Extended Producer Responsibility Payment (pEPR)** – The Government have, however, already announced the pEPR allocations for authorities as part of the Waste Strategy reforms: Fareham's allocation has been £704,000. This is additional funding for one year. Officers are currently working through the implications of the funding and what additional costs may also be involved.
 - **Portchester Crematorium Partnership Contribution** – This contribution is expected to cease from 2025/26. This was worth £100,000 in 2024/25.
 - **National Insurance Contributions (NIC)** – the increase in NIC has been built into the budget projections for 2025/26. These amount to approximately £310,000 for the General Fund. Although the Government have announced this will not be a cost to local authorities for directly salaried employees, they have not yet announced the mechanism to refund the cost. No provision has therefore been built in for this repayment, yet, in case it is netted off against other Government grants.
 - **Homelessness Support** – Increasing Homelessness costs are recognised as the biggest cost pressures for District Councils. There has currently been no indications of additional Government support available to meet these costs. The

budgets have therefore assumed to remain at the same level as 2024/25, but continuing to benefit from the cost reductions achieved from the Housing Service.

- **External Audit Fees** – These are expected to rise again by 10.2 % to £156,700 for the 2025/26 audit.
- The **pay award** for April 2025 has not yet been agreed but budget provision has been built in for similar level to 2024/25. Employer pension contributions remain at the same level.
- The total savings that have resulted from further work on the **Opportunities Plan** during 2024/25 have seen the plan bring in a reduction to the 2025/26 budgets of almost £1,904,469 to date.

11. The budget takes into account the predicted level of other **core funding** resources that will be available for the year and builds in provisions for expected increases and decreases in expenditure and income in the year. It also assumes that Council Tax increases will again be increased by 2.99%.
12. The budget also takes into account decisions made by the Executive during the year and the opportunities and pressures arising in the Council's key services.
13. Possible risks and opportunities identified, that have not currently been built into the budgets, which could affect the budgetary position are listed in the table below:

Things that could HELP the budget position	Things that could WORSEN the budget position
<p>National or local increases in planning fees</p> <p>Funding provided for National Insurance Contribution increases</p> <p>Efficiencies arising from round balancing in the waste collection service</p>	<p>Impact of Insurance retenders (current cost £590,000)</p> <p>Increased costs of implementing Simpler Recycling (not met from new burdens and transition funding).</p> <p>Increased costs of recycling disposal to meet the requirements of the County, not covered by contributions.</p>

FIVE YEAR PROJECTIONS

14. The Council's Medium-Term Finance Strategy, sets out the broad principles on which the management of the Council's finances are based and provides background information regarding the level of resources, the revenue budget and capital programme.
15. The Council's main priorities are to produce sustainable spending plans, maintain adequate reserves and to continue to minimise increases in the net revenue budget, such that increases in Fareham's proportion of the council tax are not excessive. Consequently, strict budget guidelines must be maintained.
16. The document focuses on the various issues that will impact on the Council's financial position, now and in the future. In the light of these issues, the current financial position has been reviewed and gives the projected position in future years, up to 2028/29. This takes into account the sources of core funding likely to be available to the Council across the 5 years.

17. The Medium-Term Finance Strategy for 2023/24 predicted a funding gap of £2.4million by 2025/6. Action was subsequently taken. The Strategy for 2024/25 predicted a latest funding gap to be £1.9million by 2026/27.
18. Based on existing spending plans and taking account of the known variations and revenue budget pressures in future years, the projected revenue budget for the life of this year's Strategy would indicate a funding gap of **£1.3 million** by 2026/27 even if Council Tax is increased by 2.99% each year, and by 2027/28 there will no longer be unallocated general reserves available to address the shortfall. These projections are summarised in Appendix D.
19. Key assumptions contributing to the projections include:
- Reduction in financial settlement following the Fair Funding Review, such that the Council no longer receives any Government General Grants or New Homes Bonus from 2026/27, and instead moves into negative Revenue Support Grant funding (resulting in a payment back to the Government).
 - Increases in costs from third parties due to the National Insurance Contribution increases and inflationary pressures.
 - Reduction in future income from Fareham Commercial Assets.
20. Possible risks and opportunities identified, that have not currently been built into the forecasts, which could affect the financial position are listed in the table below:

Things that could HELP the financial position	Things that could WORSEN the financial position
<p>Decrease in pension contributions from 2026/27 after the 3 yearly review.</p> <p>Expansion of the Building Control partnership</p>	<p>Impact of HCC savings programme</p> <p>Migration of benefit claimants to Universal Credit</p> <p>Funding requirements for projects in the Corporate Strategy and Environment strategy</p> <p>Cost of a new Operator at Solent Airport</p> <p>Impact of preparations for Devolution</p> <p>Impact of Business rates reset</p> <p>Population increases and demand on Council services</p>

OPPORTUNITIES PLAN AND FURTHER SAVINGS

21. The Council continues to respond proactively to any anticipated funding shortfalls. Ideas of ways to reduce expenditure or increase income or funding sources are continually generated and recorded in the Council's Opportunities Plan. Any efficiencies identified are examined well in advance of need to ensure that they are sufficiently reliable before being included in budgets, and to allow the full consequences of such changes to be considered and consulted upon where appropriate.
22. A new Opportunities Plan was developed in 2023/24 capturing ideas generated from officers and members. In the 2023/24 revised budget £498,500 of opportunity

savings were used to reduce the need to draw on reserves to balance the budget. In addition £391,200 of savings were fed into the base budget for 2024/25.

23. Further to the Opportunities Plan projects, a number of wider activities have been added to the work plan to deal with the forecast budget gap. These have included:
- A review of all vacant posts in the establishment
 - Enhanced clearance by senior officers of requests to fill any additional posts that becoming vacant
 - Enhanced monitoring of establishment changes by the Statutory Officers
 - Enhanced budget monitoring by the Senior Leadership Team
 - Deep dive on costs of services and cost recovery values by the Senior Leadership Team
 - A review of all budgets that are consistently underspent
 - Management workshops on budgetary control and contract management
 - An Executive member workshop on policy options to reduce costs or increase income.
24. The table below summarises the tangible budget savings that have been built into the revised 2024/25 and base 2025/26 budgets as a result of the project delivery during 2024/5:

	Additional Savings 2024/25 Revised	Savings 2025/26 Base Budget
Opportunity Plan Projects	323,640	447,130
Vacant Post Review	425,839	425,839
Unspent budget review	147,700	146,500
Senior Leadership Team targeted monitoring	885,000	885,000
	1,782,179	1,904,469

25. Given the financial projections, work will need to continue to expand and deliver the Opportunities Plan to help manage the Council's financial pressures and remain resilient. As the easier projects have now been delivered, there may be a need to make increasingly difficult decisions.
26. Executive members have already started this work which will be built into the next Opportunities Plan, to be brought to the Committee in February / March 2025. Workshops are also planned with all the Scrutiny Panels to revisit the Opportunities Plan projects and refresh it for future years.

PAY POLICY

27. The annual **Pay Policy** update has been completed and is attached as Appendix E. The policy is reviewed every year to take into account changes that have happened during the year and will also look forward to any known changes such as pay awards and triennial pension fund contribution changes. The policy needs to be approved by Full Council before 1 April each year.
28. It should be noted that the lowest spinal column points of the local pay scales is currently below the new National Minimum Wage announced in the Autumn Statement. These scales will be adjusted up once the next pay award is agreed. In the meantime, no appointments will be made on this pay point.

ENVIRONMENTAL CONSIDERATIONS/CARBON IMPACT ASSESSMENT

29. The subject matter of this report is not anticipated to have an impact on the Council's carbon footprint, nor is it expected to have a detrimental or beneficial impact to the wider environment.

RISK ASSESSMENT

30. While all spending plans can be met from within existing resources for the next two years, a drawdown from unallocated reserves is required to balance the budget. Growing financial pressures increase the risk that spending plans exceed desirable levels of council tax.
31. Also, the budget reflects the implications of the changing funding position from central Government as well as other more local budget pressures. These changes will continue to affect the Council's finances and it remains an important part of the overall Medium-Term Finance Strategy to retain sufficient balances to cater for the unexpected in these uncertain times.
32. The council should continue to explore opportunities to increase income and funding sources for the Council as well as review efficiency plans in order that balanced budgets can be made in future years.
33. In considering the budgets and forecasts, there are a number of risks and uncertainties as set out above.
34. The Executive has previously agreed that the balance on the spending reserve should equate to at least 7.5% of gross revenue expenditure to help protect the Council from extraordinary events. The forecasts in this report expect this level not to fall below 5% which is the minimum acceptable level in accordance with the guidance from the Chartered Institute of Public Finance and Accountancy (LAAP77).
35. Actions including increased monitoring will continue to be taken to protect the council's financial position.
36. The Government's expectation and associated funding levels indicate that they believe that Fareham will raise council tax by up to 2.99% next year with a spending review detailing future proposals commencing in 2026/27.

Enquiries:

For further information on this report please contact Elaine Hammell 01329 824344

Top Level Summary – Revised Budget 2024/25 and Base Budget for 2025/26

	Budget 2024/25 £	Revised 2024/25 £	Budget 2025/26 £	Variation Base to Rev £	Variation Base to base £
REVENUE BUDGETS					
Service Subjective Expenditure					
Employees	12,672,800	13,395,000	14,504,700	722,200	1,831,900
Premises-Related Expenditure	5,115,500	5,256,800	5,043,300	141,300	-72,200
Supplies and Services	8,596,400	8,436,710	7,610,623	-159,690	-985,777
Third Party Payments	3,306,100	3,474,900	3,310,500	168,800	4,400
Transfer Payments	13,137,500	13,586,800	13,586,800	449,300	449,300
Transport Payments	1,689,700	1,694,700	1,708,300	5,000	18,600
Support Services	3,952,400	3,637,300	3,442,500	-315,100	-509,900
Gross Service Expenditure	48,470,400	49,482,210	49,206,723	1,011,810	736,323
Service specific Government Grants	-14,158,800	-14,791,200	-14,597,723	-632,400	-438,923
Service specific other Grants & Reimbursements	-2,958,100	-3,998,200	-3,770,600	-1,040,100	-812,500
Sales, Fees and Charges	-10,310,800	-10,381,300	-10,260,200	-70,500	50,600
Rents	-9,141,100	-9,219,600	-9,139,000	-78,500	2,100
Recharges to other accounts	-280,300	-300,100	-300,100	-19,800	-19,800
Gross Service Income	-36,849,100	-38,690,400	-38,067,623	-1,841,300	-1,218,523
Net Service Expenditure	11,621,300	10,791,810	11,139,100	-829,490	-482,200
Other Expenditure					
Service accounting adjustments	4,474,400	4,845,700	4,845,700	371,300	-371,300
Non-service specific budgets	-4,094,400	-4,243,100	-4,243,100	-148,700	-148,700
Minimum Revenue Provision	1,756,700	1,665,800	1,747,400	-90,900	-9,300
Revenue contribution to capital	1,125,000	1,350,000	1,350,000	225,000	225,000
Total Other Expenditure	3,261,700	3,618,400	3,700,000	356,700	438,300
NET REVENUE EXPENDITURE	14,883,000	14,410,210	14,839,100	-472,790	-43,900
FUNDING SOURCES					
General Government Grants	-672,400	-680,000	-368,400	-7,600	304,000
Extended Producer Responsibility Payment (pEPR)	0	0	-704,000	0	-704,000
Retained Business Rates and S31 grants	-4,472,639	-4,250,049	-4,530,081	222,590	-57,442
Return on Financial Investments	-468,400	-332,100	-357,300	136,300	111,100
Other Funding Sources	-100,000	-100,000	0	0	100,000
Use of ear marked reserves	-331,900	-241,100	-209,800	90,800	122,100
Use of allocated general reserves	-220,700	-308,500	-70,400	-87,800	150,300
Draft Council Tax Proposal	-8,212,761	-8,212,761	-8,536,519	0	-323,758
Total Funding Available	-14,478,800	-14,124,510	-14,776,500	354,290	-297,700
Transfer from (-) or to (+) unallocated general reserves	-404,200	-285,700	-62,600		

Notes to the Summary Table in Appendix A

Service accounting adjustments	Capital charges to services – depreciation and impairment
Non service specific budgets	Capital charges income from services to the General Fund Bad Debt Provision
Minimum Revenue Provision	Charge for repayment of Council debt
Revenue contribution to Capital	Revenue funding to be put aside to fund capital expenditure
General Government Grants	Revenue Support Grant Minimum Funding Guarantee Other Services Grant New Homes Bonus
Other Funding Sources	Contributions from Portchester Crematorium
Ear marked reserves	Reserves and Receipts in advance received for a specific purpose
Allocated General reserves	General Reserves put aside by the Council for a specific purpose

Summary by Committee and Portfolio
Revised Budget 2024/25 and Base Budget 2025/26

	2024/25 Base Budget (£)	2024/25 Revised Budget (£)	2025/26 Base Budget (£)
Non- Executive Committees			
Licensing and Regulatory Affairs	699,100	593,200	619,900
Planning	578,100	915,900	800,600
Executive Committee			
Health & Public Protection	352,100	414,300	471,700
Housing	2,598,300	1,837,400	1,928,800
Leisure and Community	148,600	194,800	-85,200
Planning and Development	1,221,200	888,100	1,010,000
Policy and Resources	-682,900	-545,100	-541,800
Streetscene	6,706,800	6,493,200	6,935,100
NET SERVICE EXPENDITURE	11,621,300	10,791,800	11,139,100
Total Service Accounting Adjustments	4,474,400	4,845,700	4,845,700
Total Cost of Services	16,095,700	15,637,500	15,984,800
Additional Other Budgets	-1,212,700	-1,227,300	-1,145,700
Net Revenue Expenditure	14,883,000	14,410,200	14,839,100

**Detailed Service Budgets by Committee and Portfolio
Revised Budget 2024/25 and Base Budget 2025/26**

	2024/25 Base Budget (£)	2024/25 Revised Budget (£)	2025/26 Base Budget (£)
Licensing & Regulatory Affairs Committee			
Hackney Carriage and Private Hire Vehicles	100	-40,900	-38,700
Licensing	4,300	8,200	12,700
Health and Safety	155,000	168,500	175,300
Election Services	539,700	457,400	470,600
	699,100	593,200	619,900
Planning Committee			
Processing Applications	152,500	397,000	399,200
Planning Advice	194,300	136,100	149,700
Enforcement of Planning Control	127,300	136,100	144,300
Appeals	104,000	246,700	107,400
	578,100	915,900	800,600
Health and Public Protection			
Pest Control	67,700	75,700	80,000
Food Safety	148,200	154,300	160,800
Air Quality and Pollution	187,900	194,700	207,700
Community Safety	204,500	175,600	188,200
Emergency Planning	61,900	58,700	60,000
Clean Borough Enforcement	320,500	285,600	321,800
Off-Street Parking	-482,100	-500,800	-534,700
Coastal Parking	-242,500	-242,500	-247,400
Cemeteries & Closed Churchyards	-70,100	3,100	19,400
Local Land Charges	-21,400	-12,200	-7,000
Building Control	177,500	222,100	222,900
	352,100	414,300	471,700

	2024/25 Base Budget (£)	2024/25 Revised Budget (£)	2025/26 Base Budget (£)
Housing			
Housing Grants and Home Improvements	-856,200	-855,700	-855,700
Housing Options	45,200	44,500	47,500
Housing Benefit Payments	45,500	40,000	40,000
Housing Benefit Administration	465,100	488,800	500,000
Homelessness	1,893,400	1,230,500	1,269,500
Housing Advice	819,200	659,900	703,500
Housing Strategy	186,100	229,400	224,000
	2,598,300	1,837,400	1,928,800
Leisure and Community			
Community Grants	204,700	210,000	210,900
Community Development	174,400	264,100	281,500
Leisure Centres	-1,010,100	-1,121,500	-1,162,400
Fareham Live	640,700	684,600	418,400
Community Centres	138,900	157,600	166,400
	148,600	194,800	-85,200
Planning and Development			
Flooding and Coastal Management	95,500	94,600	140,500
Transportation Liaison	33,500	35,400	35,400
Conservation & Listed Building Policy	67,900	68,300	80,400
Environmental Strategy	46,800	66,700	76,100
Local Plan	977,500	623,100	677,600
	1,221,200	888,100	1,010,000
Policy and Resources			
Democratic Representation and Management	1,212,600	1,214,700	1,235,200
Commercial Estates	-1,116,600	-1,044,500	-1,037,900
Investment Properties	-2,515,100	-2,585,400	-2,492,700
Solent Airport	442,400	500,000	441,200
Daedalus (Non-Airside)	-915,500	-890,400	-903,000
Fareham Shopping Centre	-990,800	-1,077,100	-1,052,200
Public Relations, Comms and Consultation	691,900	681,200	708,300
Unapportionable Central Overheads	148,600	138,600	138,600
Corporate Management	925,700	801,600	875,400
Economic Development	135,500	136,800	156,700
Regeneration	170,200	383,100	95,700
Local Tax Collection	1,128,200	1,196,300	1,292,900
	-682,900	-545,100	-541,800

	2024/25 Base Budget (£)	2024/25 Revised Budget (£)	2025/26 Base Budget (£)
Streetscene			
Parks, Open Spaces and Grounds Maintenance	2,368,600	2,465,200	2,493,500
Countryside Management	213,400	211,600	216,500
Street Cleansing	1,122,700	1,054,100	1,207,200
Public Conveniences	297,000	310,400	304,600
Household Waste	1,284,300	1,250,400	1,311,300
Trade Refuse	-62,400	-101,700	-186,600
Recycling	1,423,600	1,401,000	1,648,000
Garden Waste	-496,100	-681,500	-660,000
Tree Management	479,700	503,500	520,000
Street Furniture	76,000	80,200	80,600
	6,706,800	6,493,200	6,935,100
Total Service Accounting Adjustments	4,474,400	4,845,700	4,845,700
Total Cost of Services	16,095,700	15,637,500	15,984,800

Forecasts for the next 5 Years

2024/25 Revised	2025/26	2026/27	2027/28	2028/29
000s	000s	000s	000s	000s

SERVICE EXPENDITURE**Gross Expenditure on Services**

Base Budget
Changes for Pay and Pensions
Changes for Spend Pressures and Opportunities
Changes for Cost of Living Spend Pressures
Revised Budget

£49,482	£49,207	£49,207	£49,497	£49,787
£0	£0	£275	£275	£275
£0	£0	-£280	-£392	-£391
£0	£0	£150	£300	£450
£49,482	£49,207	£49,352	£49,680	£50,121

Gross Income for Services

Base Budget
Changes for Income Pressures and Opportunities
Revised Budget

-£38,690	-£38,068	-£38,048	-£38,048	-£38,048
£0	£0	-£238	-£87	-£212
-£38,690	-£38,068	-£38,286	-£38,135	-£38,260

Net Cost of Services

£10,792	£11,139	£11,066	£11,545	£11,861
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NON-SERVICE SPECIFIC BUDGETS

Contribution to capital spend - RCCO
Provision to repay borrowing (MRP)
Increase In Bad Debt Provision
Accounting Adjustments
Total Non-Service Budgets

£1,350	£1,350	£1,350	£1,350	£1,350
£1,666	£1,747	£1,798	£1,850	£1,903
£0	£0	£0	£0	£0
£603	£603	£603	£603	£603
£3,619	£3,700	£3,751	£3,803	£3,856

NET BUDGET REQUIREMENT

£14,411	£14,839	£14,817	£15,348	£15,717
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SOURCES OF FUNDING**Core Funding**

Government General Grants
New Homes Bonus
Retained Business Rates
Collection Fund Balance
Total Core Funding

-£615	-£356	£0	£0	£0
-£65	-£12	£0	£0	£0
-£4,250	-£4,530	-£4,028	-£4,204	-£4,389
	£0	£0	£0	£0
-£4,930	-£4,898	-£4,028	-£4,204	-£4,389

Other Funding Sources

Income from Financial Investments
Contributions from Partnerships
Contributions from Govt
Total Other Funding

-£332	-£357	-£357	-£357	-£357
-£100	£0	£0	£0	£0
£0	-£704	£0	£0	£0
-£432	-£1,061	-£357	-£357	-£357

Use of Reserves

Ear marked for specific use

-£550	-£280	-£211	-£149	-£151
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COUNCIL TAX REQUIREMENT

£8,499	£8,600	£10,221	£10,638	£10,820
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Council Tax					
Projection of Retained Council Tax at current level	£8,213	£8,213	£8,289	£8,423	£8,594
Additional Council Tax for new properties	£0	£76	£135	£170	£197
Council Tax available at no increase	£8,213	£8,289	£8,423	£8,594	£8,791
Projected shortfall with no increase	-£286	-£311	-£1,798	-£2,044	-£2,029
Council Tax available with 3% increase per year	£8,213	£8,537	£8,935	£9,388	£9,891
Projected shortfall with 3% increase per year	-£286	-£63	-£1,286	-£1,250	-£929
Unallocated Spending Reserve Availability	£286	£63	£1,286	£114	£0
Percentage of shortfall to net budget	1.98%	0.43%	8.68%	8.14%	5.91%

FAREHAM BOROUGH COUNCIL PAY POLICY STATEMENT

FINANCIAL YEAR 2025 - 26

1. Purpose

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

This Pay Statement sets out Fareham Borough Council’s pay policies relating to its workforce for the financial year 2025-26, including the remuneration of its Chief Officers, lowest paid employees and the relationship between its Chief Officers and that of its employees who are not Chief Officers.

2. Definitions

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

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

3. Pay Framework and Remuneration Levels

3.1 General approach

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

With a diverse workforce the Council recognises that its Pay Policy needs to retain sufficient flexibility to cope with a variety of circumstances that may arise that might necessitate the use of market supplements or other such mechanisms for individual

categories of posts where appropriate. The decision to apply a market premium or similar mechanism will be approved by the Assistant Chief Executive Officer and endorsed by the Chief Executive Officer.

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

3.2 Responsibility for decisions on pay structures

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

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

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

3.3 Pay scales and grading framework

The **mainstream pay structure** for all employees below the level of Heads of Service was determined through a local process based on the outcome of a job evaluation scheme. The pay structure from 1 April 2024 consists of a pay spine of 44 points, comprising 11 grades containing 5 spinal column points with the exception of grade 1. Grade 1 is the lowest grade and 11 the highest. Each employee will be on one of the 11 grades based on their job evaluated role.

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

The pay structure for **Chief Officers and Heads of Service** was determined through a local process that took into account market alignment with District Councils in Hampshire and the outcome of a job evaluated process. It followed the same principles as applied for the mainstream pay structure and consists of one pay grade for Chief Officers and three pay grades for Heads of Service with all grades containing 5 points (with 4 additional points relating to responsibility for statutory posts).

The National Minimum Wage applies to those under 21 (with effect from 1 April 2024) and the National Living Wages which was introduced in 2016 applies to those aged 21 and over but Fareham's pay scales are not aged biased. Delays to the implementation of pay awards can lead to the lowest scale point being below the NLW. In cases where this delay does occur the minimum rate of pay will match the NLW.

Details of the Council's pay structures are published on the Council's website and a copy as at 1st April 2024 is appended to this Statement (at [Annex A](#)).

3.4 Pay Awards and National Pay Awards

Pay awards are considered annually for all employees. The outcome of national consultations by the Local Government Employers in negotiation with the Trade Unions in relation to the settlement of the annual pay award is normally applied. The pay award for April 2024 was settled in October 2024 with a cash sum of £1,290 applied to each scale point subject to a minimum increase of 2.50%. This resulted in a pay award of between 2.50% and 5.82% on the mainstream grades. The pay award with effect from April 2025 will be negotiated between the employers and the Unions.

The pay award for the Chief Executive and Chief Officers was agreed at 2.50%.

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

4. Remuneration – level and element

4.1 Salaries of Chief Officers and Deputy Chief Officers

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

- a) Chief Executive Officer, as Head of Paid Service will be paid a salary within the grade range £128,859 to £148,822.
- b) Statutory and Non-Statutory Chief Officers will be paid a salary within the grade range £81,291 to £105,394 (£109,142 to £121,208 for statutory posts).

“**Deputy Chief Officers**” who are **Heads of Service** are all paid within the Council’s pay structures and will be paid a salary within grade ranges £61,635 to £81,291.

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

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

4.2 “Lowest paid employees”

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

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

4.3 Bonuses and Performance related pay

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

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

4.4 Other pay elements – Statutory Officers

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

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

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

4.5 Charges, fees or allowances

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

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

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

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

4.6 Benefits in kind

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

4.7 Pension

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

4.8 Severance payments

The Council already publishes its policy on discretionary payments on early termination of employment and flexible retirement as well as publishing its policy on increasing an

employee's total pension. These policies are applied in support of efficient organisational change and transformation linked to the need for efficiencies and expenditure reduction.

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

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

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

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

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

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

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

4.9 New starters joining the Council

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

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

This relates to the ratio of the Council's highest paid employee (falling within the definition of "Chief Officers") and the median earnings across the whole workforce as a pay multiple. By definition, the Council's highest paid employee is the Chief Executive Officer. The median average pay has been calculated on all taxable earnings for the financial year 2024-25, including base salary, allowances, etc.

Highest paid employee	£143,832
Median earnings for remainder of workforce	£30,559
Ratio	4.71

Fareham Borough Council - Pay Scales as at 01/04/2024

Chief Executive Grades & Salary		Directors Grades & Salary	
Spinal Column Point	Annual Salary	Spinal Column Point	Annual Salary
1	£128,259	1	£92,027
2	£133,851	2	£94,915
3	£138,841	3	£98,2858
4	£143,832	4	£101,774
5	£148,822	5	£105,394

Senior Management Grades & Salary scales								
Grade	Spinal Column Point	Annual Salary	Grade	Spinal Column Point	Annual Salary	Grade	Spinal Column Point	Annual Salary
	1	£81,291		1	£70,765		1	£61,635
	2	£84,065		2	£73,257		2	£63,798
1	3	£86,934	2	3	£75,840	3	3	£66,038
	4	£89,474		4	£78,516		4	£68,359
	5	£92,026		5	£81,291		5	£70,765

Local Pay Scales					
GRADE	SPINAL COLUMN POINT	ANNUAL SALARY (APRIL 2024)	GRADE	SPINAL COLUMN POINT	ANNUAL SALARY (APRIL 2024)
1	3	£23,473			
	4	£23,656			
	5	£24,027			
2	5	£24,027	7	26	£38,460
	6	£24,404		27	£39,462
	7	£24,790		28	£40,498
	8	£25,183		29	£41,562
	9	£25,584		30	£42,648
3	9	£25,584	8	30	£42,648
	10	£25,992		31	£43,777
	11	£26,409		32	£44,929
	12	£26,835		33	£46,127
	13	£27,269		34	£47,254
4	13	£27,269	9	34	£47,254
	14	£28,163		35	£48,417
	15	£29,093		36	£49,559
	16	£30,060		37	£50,824
	17	£30,559		38	£51,948
5	18	£31,586	10	38	£51,948
	19	£32,115		39	£53,154
	20	£32,983		40	£54,435
	21	£33,893		41	£55,737
	22	£34,751		42	£56,041
6	22	£34,751	11	42	£56,041
	23	£35,642		43	£57,632
	24	£36,556		44	£58,879
	25	£37,500		45	£60,155
	26	£38,460		46	£61,467