



Notice is hereby given that a **MEETING** of the **COUNCIL OF THE BOROUGH OF GOSPORT** will be held in the **TOWN HALL, GOSPORT** on **WEDNESDAY** the **TENTH DAY** of **FEBRUARY 2016** at **6PM**, **AND ALL MEMBERS OF THE COUNCIL ARE HEREBY SUMMONED TO ATTEND TO CONSIDER AND RESOLVE THE FOLLOWING BUSINESS –**

1. To receive apologies from Members for their inability to attend the Meeting.
2. To confirm the Minutes of the Extraordinary Meeting of the Council held on 16th December 2015 and the Meeting of the Council held on 16th December 2015 (copy herewith).
3. To consider any Mayor's Communications.
4. To receive Deputations in accordance with Standing Order No 3.5 and to answer Public Questions pursuant to Standing Order No 3.6, such questions to be answered orally during a time not exceeding 15 minutes.

(**NOTE:** Standing Order No 3.5 requires that notice of a Deputation should be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON MONDAY, 8 FEBRUARY 2016** and likewise Standing Order No 3.6 requires that notice of a Public Question should be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON MONDAY, 8 FEBRUARY 2016**).

5. Questions (if any) pursuant to Standing Order No 3.4.

(**NOTE:** Members are reminded that Standing Order No 3.4 requires that Notice of Question pursuant to that Standing Order must be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON TUESDAY, 9 FEBRUARY 2016**).

PART I

6. Consideration of recommendations by Boards of the Council:

BOARD	DATE
Licensing Board	26 January 2016
Community Board (To Follow)	8 February 2016

7. To receive the following Part II minutes of the Boards of the Council:

BOARD	DATE	Minute No.
Economic Development Board	3 February 2016	To follow
Community Board	8 February 2016	To follow

8. Council Budget 2016/2017

To consider the report of the Borough Treasurer.

9. Treasury Management and Prudential Indicators 2016/2017

This report outlines the Council's prudential indicators for 2016/17 to 2018/19, together with the expected treasury operations for this period. It fulfils a key legislative requirement.

10. Election of Mayor and Deputy Mayor 2016/17

In accordance with Standing Order No 2.4 the Borough Solicitor and Deputy Chief Executive has written to Group Leaders and Members of the Council inviting them to submit Member nominations for the selection of Mayor-Elect and Deputy Mayor-Elect for the next Municipal Year. One nomination has been received by the Borough Solicitor and Deputy Chief Executive, Councillor L M Hook for Mayor-Elect and as no nominations for Deputy-Mayor Elect for the 2016/2017 Municipal Year have been received, nominations will be taken on the night of the meeting.

IAN LYCETT
CHIEF EXECUTIVE

TOWN HALL
GOSPORT

2 February 2016

FIRE PRECAUTIONS

(To be read by the Mayor if members of the public are present)

In the event of the fire alarm being activated, please leave the Council Chamber and Public Gallery immediately. Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

This meeting may be filmed or otherwise recorded. By attending this meeting, you are consenting to any broadcast of your image and being recorded.

MEMBERS ARE REQUESTED TO NOTE THAT:

(1) IF THE COUNCIL WISHES TO CONTINUE ITS BUSINESS BEYOND 9.30PM THEN THE MAYOR MUST MOVE SUCH A PROPOSITION IN ACCORDANCE WITH STANDING ORDER 4.11.18

(2) MOBILE PHONES SHOULD BE SWITCHED OFF OR SWITCHED TO SILENT FOR THE DURATION OF THE MEETING

AGENDA ITEM NO. 06(i)

REPORT TO: COUNCIL

DATE OF MEETING: 10 FEBRUARY 2016

REPORT BY: COUNCILLOR ALLEN (CHAIRMAN OF THE LICENSING BOARD)

At its meeting on 26 January 2016 the Licensing Board considered a joint report of the Head of Environmental Health on the following item and made the following recommendation to Full Council.

THE GAMBLING ACT 2005 STATEMENT OF PRINCIPLES 2016-2019 (APPENDIX L1)

RECOMMENDATION:

That the Statement of Principles be adopted with or without amendment.

Board/Committee:	Licensing Board
Date of meeting:	26 th January 2016
Title:	The Gambling Act 2005 Statement of Principles 2016-2019
Author:	The Head of Environmental Health
Status:	FOR RECOMMENDATION TO FULL COUNCIL

Purpose

The purpose of this report is to bring before the Licensing Board Appendix A: The final draft Gambling Act 2005 Statement of Principles 2016-2019 (the "Draft Statement") incorporating comments from consultation, where appropriate, for approval and recommendation to Full Council.

Recommendation

The Licensing Board consider any representations arising from the statutory consultation exercise, and recommend to Full Council that the Draft Statement be adopted with or without amendment.

1. Background

- 1.1 The Gambling Act 2005 (the "Act") introduced significant changes in the regulation of the Gambling Industry. The majority of these changes fell to the Gambling Commission, to implement. Local Authorities are required to act as the licensing authority in relation to the licensing of premises and the issuing of permits for certain activities:

- casinos
- betting offices and race tracks
- bingo premises
- adult gaming centres
- family entertainment centres

- 1.2 1. The Council is required to determine and publish every three years a Statement of Principles in relation to the exercise of its functions under the Act ("Statement of Principles"). The three year period to which the current Statement of Principles relates ends in January 2016.

- 1.3 The present five year period ends in January 2016 and therefore a Licensing Policy for 2016 – 2019 must be determined and published.
- 1.4 The Licensing Board approved a draft statement for consultation at its meeting of 1st December 2015. The Statutory consultation took place during December 2015. The two responses received are detailed as Appendix A and summarised as Appendix B together with the Head of Environmental Health's suggested response in each case.
- 1.5 In addition to the consultation the Council signed up to a Gambling Policy Review service offered by Philip Kolvin QC, the Country's leading Licensing Barrister. He has reviewed the draft document and made only some minor corrections to it, but suggested no substantive changes.
- 1.6 The small number of responses (2) have been considered by the Head of Environmental Health and considered it not necessary to amend the original draft statement, other than to include the minor amendments suggested by Philip Kolvin QC, so the final draft statement can be seen as Appendix C.at Appendix C.

2. Conclusion

- 2.1 This Council must adopt a three-yearly reviewed Gambling Act Statement of Principles issued under the Gambling Act 2005 for March 2016, which will become effective in March 2016.
- 2.2 The reviewed Gambling Act Statement of Principles will be presented to the meeting of the Full Council on 23 March 2016 with the recommendation of this Board.

Financial Services comments:	None
Legal Services comments:	Contained in the report
Crime and Disorder:	Gambling has the potential to be a source of Crime and Disorder, adopting a refreshed policy every 3 years assists applicants in preventing this.
Equality and Diversity:	The most vulnerable in society can be most at risk of getting into difficulties as a result of gambling, adopting a refreshed policy every 3 years assists applicants in preventing this.
Service Improvement Plan implications:	None

Corporate Plan	None
Risk Assessment	Included within report
Background papers:	Gambling Act 2005 and associated regulations and guidance.
Appendices/Enclosures:	Appendix A Comments Received Appendix B Consultation Comments and Suggested Responses Appendix C Final Draft Gambling Act Statement of Principles
Report author/Lead Officer:	Ian Rickman

APPENDIX A

From: Cranmer, David [<mailto:david.cranmer@gosport.gov.uk>]
Sent: 10 December 2015 15:16
To: Environmental Health Enquiries <EHenquiries@gosport.gov.uk>
Cc: Gore, Debbie <debbie.gore@gosport.gov.uk>
Subject: GAMBLING ACT 2005 - GOSPORT BOROUGH COUNCIL - REVISED DRAFT STATEMENT OF PRINCIPLES

Dear Helen,

Thank you for your e-mail. The development management team has no comments to make.

Regards,

David Cranmer
Deputy Head of Development Management
Gosport Borough Council

02392 545328
Town Hall, High Street, Gosport, Hampshire, PO12 1EB
www.twitter.com/GosportCouncil | www.facebook.com/gosportbc | www.gosport.gov.uk



Licensing Officer,
Gosport Borough Council,
Town Hall,
High Street,
PO12 1EB

29th December 2015

Dear Sir,

Consultation on Gosport Borough Council's Statement of Principles – Gambling Act 2005

Coral Racing Limited is most grateful to be given the opportunity to respond to this consultation exercise. Coral was one of the first national bookmakers to be licensed under the Betting and Gaming Act of 1960, and so has been operating the length and breadth of the UK for over 50 years. Its premises comprise locations in the inner city, on the high street, in suburbs and in rural areas, and in areas of both high and low deprivation. It now operates 1850 betting offices across Great Britain, which comprise about 20% of all licensed betting offices. It is, therefore, a highly experienced operator.

Coral Racing Limited are supportive of the document. It again notes that the Board when considering applications are still required to 'aim to permit gambling' where this is 'reasonably consistent with the licensing objectives', additionally noting that it should not take into account of any moral objections to gambling.

Coral Racing Limited recognise the requirement to supply risk assessments with future applications & variations following the consultation completion (requirement is from 6th April 2016) and whilst this detail is not currently included within the Statement, we would be pleased to contribute to a consultation when it is.

Coral's experience is that through all it does, it achieves an exemplary degree of compliance already, and attracts negligible evidence of regulatory harm. Through the additional local risk assessment to be introduced, Coral believe that these should be a) to assess specific risks to the licensing objectives in the local area, and b) to assess whether control measures going beyond standard control measures are needed. A number of Council's have created long lists of locations which by inclusion are required to be risk assessed & strict templates to be completed. Coral are of the opinion that as there is no evidence that the proximity of such locations causes harm to the licensing objectives, it is best left to the operators to provide their own risk assessments. For your information, we have recently been working with Westminster City Council in agreeing a suitable format for these risk assessments and are looking to use this across our estate.

If we can provide any further information, we would be pleased to do so.

Yours faithfully,

John Liddle
Director of Development – Coral Retail



Coral Racing Limited
One Stratford Place, Montfichet Road, London E20 1EJ
Registered Office: New Castle House, Castle Boulevard, Nottingham NG7 1FT
Registered in England No. 541600
Tel: 020 3288 7000 Fax: 020 3288 7050



1700+ shops



mobile



coral.co.uk



0800 842 232

coral company

APPENDIX B**Consultation Comments and Suggested Responses**

	Comment - GBC Development Management	Agreed/Disagreed
A.	GBC Development Management No comments	N/A
	Comment – Coral Racing Limited	Agreed/Disagreed
B.	Coral Racing Limited Supportive of document	N/A



Gambling Act 2005

Final Draft Statement of Principles

March 2016 – March 2019

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1. Introduction

- 1.1 Gosport Borough Council is the Licensing Authority for the Borough. The Authority will regulate gambling with integrity in the public interest.
- 1.2 We are committed to avoiding duplication with other legislation and regulatory regimes as far as possible, and will not replicate issues in this statement of principles, which are already legal requirements under other legislation such as health and safety and fire precautions.
- 1.3 This statement of principles has been developed after having regard to the statutory guidance from the Gambling Commission and having given appropriate weight to the views of persons and organisations consulted.
- 1.4 Section 349 of the Act requires the Licensing Authority to publish a statement of principles that we will apply in exercising our functions under the Act. This statement fulfils that statutory requirement.
- 1.5 This statement of Principles will be applied during the 3-year period from March 2016 until March 2019 and during that time will be kept under review and revised when and if appropriate, during that 3-year period.
- 1.6 This document should be read in conjunction with the Act, Regulations made under the Act and Guidance issued by the Gambling Commission. This statement is designed to be a strategic gambling policy, not an operational guide to the Act.
- 1.7 In exercising our functions under the Gambling Act 2005, Gosport Borough Council as a licensing authority will have regard to the statutory licensing objectives, which are;
 2. **Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime**
 3. **Ensuring that gambling is conducted in a fair and open way**
 - 4.
 5. **Protecting children and other vulnerable persons from being harmed or exploited by gambling.**
- 1.8 It should be noted that that the Gambling Commission has stated, "The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling".

- 1.9 The Authority is aware that Section 153 of the Act requires it, in making decisions concerning premises licences and temporary use notices, to aim to permit the use of premises for gambling in so far as we think fit;
- In accordance with any relevant code of practice issued by the Gambling Commission
 - In accordance with any relevant guidance issued by the Gambling Commission
 - Reasonably consistent with the licensing objectives (subject to the above) and
 - In accordance with this Statement of Principles (subject to the above).
- 1.10 Nothing in this statement of principles will override the right of any person to make an application under the Act and have that application considered on its individual merits. Equally, nothing in this policy will undermine the right of any person to make representations on an application, or seek a review of a licence where there is a legal power to do so.
- 1.11 Previous legislation required that the grant of certain gambling permissions should take account of whether there was an unfulfilled demand for gambling facilities. We acknowledge that under this legislation, unmet demand is not a criterion for a Licensing Authority in considering an application.
- 1.12 We appreciate that gambling can be an emotive subject but acknowledge that, in accordance with Gambling Commission Guidance for Local Authorities, "moral objections to gambling are not a valid reason to reject applications for premises licences".
- 1.13 We will therefore consider any application in accordance with the Act, on its individual merits without regard to demand or moral objection to gambling in general.

2. Profile of Gosport

- 2.1 Gosport is situated in the County of Hampshire and has an estimated population of 82,600, making it one of the smallest but most densely populated Council areas in the County. It is also smallest in size (2500 hectares) situated on a peninsular forming the western side of Portsmouth Harbour.

2.2 The population profile is illustrated below:

Population age profile

Age Group	2011 Census
All Ages	82,622
0-4	5,425
5-9	4,725
10-14	4,936
15-19	5,110
20-24	4,979
25-29	5,405
30-34	4,954
35-39	5,430
40-44	5,942
45-49	6,147
50-54	5,688
55-59	4,603
60-64	5,172
65-69	3,948
70-74	3,255
75-79	2,858
80-84	2,054
85-89	1,327
90+	664

Source: **Office for National Statistics**

- 2.3 The Borough has changed in recent years, with the contraction of military establishments and accommodation and the development of the waterfront areas and industry in the Borough.
- 2.4 The town centre of Gosport provides the commercial centre whilst there is another significant local commercial centre situated at Lee on the Solent.
- 2.5 The health of the people in Gosport is varied compared to the England Average and deprivation lower than average (Public Health England Health Profile 2014). Life expectancy for women is lower than the England average. Excess weight and smoking are the two health risks of concern.
- 2.6 The majority of Gambling authorisations in place are for betting shops and the number of these in the Borough has remained fairly constant in recent years, currently there are 9 in the Borough. These are mainly located within defined commercial centres.

3. The Statement of Licensing Principles and Consultation

- 3.1 Gosport Borough Council is required by the Gambling Act 2005 to publish a Statement of the Principles, which we propose to apply when exercising our functions. This statement must be published every three years. The statement must also be reviewed from “time to time” and any amended parts re-consulted upon. The statement must be then re-published.
- 3.2 This statement of principles has been published following extensive consultation. A list of the persons we have sent this to is attached at Appendix A.
6. 3.3 The Gambling Act requires that the following parties be consulted by Licensing Authorities:
- The Chief Officer of Police
 - One or more persons who appear to the authority represent the interests of persons carrying on gambling businesses in the authority’s area
 - One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority’s functions under the Gambling Act 2005.
- 3.4 Our consultation will took place during December 2015 and we have followed the Guidance to Licensing Authorities (GLA) on consultations available at
- <http://www.gamblingcommission.gov.uk/Licensing-authorities/Information-for-licensing-authorities/Guidance-to-licensing-authorities.aspx>.
- 3.5 The full schedule of comments and amendments consequential to these comments is available by request to the Licensing Officer, Gosport Borough Council.
- 3.6 This statement of principles will not override the right of any person to make an application, make representations about an application, or apply for a review of a licence, as each will be considered on its own merits and according to the statutory requirements of the Gambling Act 2005.

4 Declaration

- 4.1 In producing the final statement of principles, this licensing authority declares that it has had regard to the licensing objectives of the Gambling Act 2005, the guidance issued by the

Gambling Commission, and any responses from those consulted on the statement of principles.

5. Responsible Authorities

- 5.1 Gosport Borough Council is required by regulations to state the principles that we will apply in exercising our powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise the authority about the protection of children from harm.
- 5.2 The principles we will use are:
- the need for the body to be responsible for an area covering the whole of the licensing authority's area
 - the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group etc.
- 5.3 In accordance with the Gambling Commission's Guidance for Licensing Authorities, we intend to designate the Hampshire County Council Child Protection Committee, Hampshire County Council for this purpose.
- 5.4 This body has countywide responsibility, is subject to democratic accountability and is currently the body that has become a responsible authority under the Licensing Act 2003.
- 5.5 The Responsible Authorities under the Gambling Act 2005 are:
- Gosport Borough Council Licensing Authority
 - The Gambling Commission;
 - The Chief Constable, Hampshire Constabulary
 - Hampshire Fire and Rescue Service
 - Gosport Borough Council Planning and Environmental Services Unit
 - Hampshire Child Protection Committee, Hampshire County Council Social Services Section
 - H.M. Revenue & Customs
- 5.6 Subject to any other person being prescribed in Regulations made by the Secretary of State. The contact addresses for these authorities are attached at Appendix 2.

6. Interested Parties

- 6.1 Interested parties can make representations about licence applications, or apply for a review of an existing licence. These parties are defined in the Gambling Act 2005 as follows:

"For the purposes of this Part a person is an interested party in relation to an application for or in respect of a premises licence if,

in the opinion of the licensing authority which issues the licence or to which the applications is made, the person :

- a) lives sufficiently close to the premises to be likely to be affected by the authorised activities,
- b) has business interests that might be affected by the authorised activities, or
- c) represents persons who satisfy paragraph (a) or (b)”

- 6.2 We are required by regulations to state the principles we will apply in exercising our powers under the Gambling Act 2005 to determine whether a person is an interested party.
- 6.3 Our principles will be that we will adopt the principles of natural justice and decide each case on its merits. We will not apply a rigid rule to our decision making but will apply local knowledge and integrity to each decision.
- 6.4 The Licensing Authority takes note of the Gambling Commission’s Guidance that interested parties may include trade associations, trade unions, residents’ and tenants’ associations, and that the types of organisations that may be considered to have business interests will be interpreted broadly to include, for example, partnerships, charities, faith groups and medical practices.
- 6.5 The licensing authority will not however generally view membership bodies as interested parties unless they have a member who can be classed as an interested person under the provisions of the Act.
- 6.6 Interested parties under Paragraph 6.1 (c) above can be persons who are democratically elected such as a ward Councillor, M.P. Etc. No specific evidence of being asked to represent an interested party will be required as long as the Councillor / M.P. Etc. represents the ward likely to be affected. Other than this, we will require any other person acting under Paragraph 6.1 (c) above to be nominated in writing by the appropriate interested parties at Paragraph 6.1 (a) or (b) above.
- 6.7 When considering whether persons are interested parties in relation to any individual application we will consider:
- the size of the premises;
 - the nature of the premises;
 - the distance of the premises from the location of the person making the representation;
 - the potential impact of the premises (number of customers, routes likely to be taken by those visiting the establishment); and

- the nature of the complainant. This is not the personal characteristics of the complainant, but the interests of the complainant, which may be relevant to the distance from the premises. For example, it could be reasonable for us to conclude that “sufficiently close to be likely to be affected” could have a different meaning for (a) a private resident (b) a residential school for children with truanting problems and (c) a residential hostel for vulnerable adults
- persons with business interests that could be affected

6.8 If individuals wish to approach Councillors to ask them to represent their views then care should be taken that the Councillors are not part of the Licensing Board dealing with the licence application. Those making representations should contact the Head of Environmental Health, Gosport Borough Council in the first instance rather than approach their Councillor directly.

7. Exchange of Information

- 7.1 We are required to include the principles to be applied by the authority in exercising the functions under sections 29 and 30 of the Act with respect to the exchange of information between ourselves and the Gambling Commission, and the functions under section 350 of the Act with the respect to the exchange of information between it and the other persons listed in Schedule 6 to the Act.
- 7.2 The principle that this licensing authority applies is that it will act in accordance with the provisions of the Gambling Act 2005 in its exchange of information which includes the provision that the Data Protection Act 1998 will not be contravened.
- 7.3 We will also have regard to the Guidance issued by the Gambling Commission to Licensing Authorities, as well as any future relevant regulations issued by the Secretary of State under the powers provided in the Gambling Act 2005.
- 7.4 Should any protocol on information exchange be established in the future, such protocols will be publicly available.

8. Enforcement

- 8.1 Licensing authorities are required by regulations under the Gambling Act 2005 to state the principles to be applied by the authority in exercising the functions under Part 15 of the Act with respect to the inspection of premises; and the powers under section 346 of the Act to institute criminal proceedings in respect of the offences specified.

- 8.2 This licensing authority's principles are that we will be guided by the Gambling Commission's Guidance for Local Authorities and our policy will endeavour to be:
- Proportionate: regulators should only intervene when necessary: remedies should be appropriate to the risk posed, and costs identified and minimised;
 - Accountable: regulators must be able to justify decisions, and be subject to public scrutiny;
 - Consistent: rules and standards must be joined up and implemented fairly;
 - Transparent: regulators should be open, and keep regulations simple and user friendly; and
 - Targeted: regulation should be focused on the problem, and minimise side effects
- 8.3 This licensing authority will also, as recommended by the Gambling Commission's Guidance for Local Authorities, adopt a risk-based approach. Generally given the profile of the local area this will be a light touch approach, however the Authority will investigate any complaints or issues brought to its notice as necessary given the circumstances in each case.
- 8.4 The main enforcement and compliance role for this licensing authority in terms of the Gambling Act 2005 will be to ensure compliance with the Premises Licences and other permissions that it authorises.
- 8.5 The Gambling Commission will be the enforcement body for Operator and Personal Licences. Concerns about manufacture, supply or repair of gaming machines will not be dealt with by the licensing authority but will be notified to the Gambling Commission for investigation.
- 8.6 This licensing authority will also keep itself informed of developments regarding the work of the Better Regulation Executive in its consideration of the regulatory functions of local authorities.
- 8.7 Any prosecution will only be commenced in accordance with the sufficiency of evidence and public interest criteria referred to in the Code for Crown Prosecutors issued in accordance with the Prosecution of Offences Act 1985.
- 8.8 Any such prosecution will be commenced and conducted by the Head of Environmental Health in accordance with the powers delegated to him by the Council.

9. Licensing Authority Functions

9.1 Licensing Authorities are required under the Act to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing Premises Licences
- Issue Provisional Statements
- Regulate members' clubs and miners' welfare institutes who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits
- Issue Club Machine Permits to Commercial Clubs
- Grant permits for the use of certain lower stake gaming machines at unlicensed Family Entertainment Centres
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) of the use of two or fewer gaming machines
- Grant Licensed Premises Gaming Machine Permits for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where more than two machines are required
- Register small society lotteries below prescribed thresholds
- Issue Prize Gaming Permits
- Receive and Endorse Temporary Use Notices
- Receive Occasional Use Notices
- Provide information to the Gambling Commission regarding details of licences issued (see Section 7 above on 'information exchange')
- Maintain registers of the permits and licences that are issued under these functions

9.2 We as the licensing authority will not be involved in licensing remote gambling. Regulation of such activity will be the responsibility of the Gambling Commission via Operator Licences.

9.3 In accordance with the Act and Guidance, this authority will:

- Refer the decision whether to make a resolution not to issue casino licences within the Borough to full Council.
- Refer approval of this three-year licensing policy to Full Council.
- Refer the power to set fees to the appropriate decision making body as directed by the Borough Solicitor.
- Delegate all decisions relating to premises licences to the licensing Board.

- Invite the Licensing Board to further delegate decision making to a Sub-Board or officers in accordance with the law and guidance.

PART B

10 Premises Licences

- 10.1 Premises Licences are subject to the permissions/restrictions set out in the Gambling Act 2005 and regulations, as well as specific mandatory and default conditions detailed in regulations issued by the Secretary of State.
- 10.2 We, as the licensing authority, will be able to exclude default conditions and also attach other conditions, where we believe it to be appropriate.
- 10.3 This licensing authority is aware that in making decisions about premises licences we should aim to permit the use of premises for gambling in so far as we think it is:
 - in accordance with any relevant code of practice issued by the Gambling Commission
 - in accordance with any relevant guidance issued by the Gambling Commission
 - reasonably consistent with the licensing objectives (subject to the above) and
 - in accordance with this statement of licensing policy (subject to the above).
- 10.4 We appreciate that gambling can be an emotive subject but acknowledge that, in accordance with Gambling Commission Guidance for Local Authorities, “moral or ethical objections to gambling are not a valid reason to reject applications for premises licences “.Nor is unmet demand a criterion for a Licensing Authority.
- 10.5 Premises are defined in the Act as “any place”. Different premises licences cannot apply in respect of single premises at different times. It is however possible for a single building to be subject to more than one premises licence, providing that each licence is for a different part of the building and such different parts can reasonably be regarded as different premises.

- 10.6 We will judge each case on its individual merits to decide as a matter of fact, whether different parts of a building can be properly regarded as being separate premises.
- 10.7 We note that the Gambling Commission, in their guidance, do not consider that areas of a building that are artificially or temporarily separate can be properly regarded as different premises. We support this view.
- 10.8 This licensing authority takes particular note of the Gambling Commission's Guidance for Local Authorities which states that:
- Licensing Authorities should take particular care in considering applications for multiple licences for a building and those relating to a discrete part of a building used for other (non-gambling) purposes. In particular, they should be aware that entrances and exits from parts of a building covered by one or more licences should be separate and identifiable so that the separation of different premises is not compromised and that people do not 'drift' into a gambling area.
 - This Licensing Authority also notes that there are different rules regarding access to licensed premises through other premises (which themselves may be licensed or unlicensed).
 - The Licensing Authority will pay particular attention to whether the proposed access is lawful and also whether it poses any risk to the licensing objectives, and in particular regarding access of children to gambling premises.
- 7.
- 10.9 Where an application is made for premises licence which have not yet been constructed, the Licensing Authority will consider the application in two stages. First, we will decide whether, as a matter of substance after applying the principles in s.153 of the Act, the premises ought to be permitted to be used for gambling; second, in deciding whether or not to grant the application we will consider if appropriate conditions can be put in place to cater for the situation that the premises are not yet in the state in which they ought to be before gambling takes place..
- 10.10 This licensing authority is aware that demand issues cannot be considered in relation to the location of premises but that considerations made in terms of the licensing objectives can be considered.
- 10.11 We will, in accordance with the Gambling Commission's Guidance for local authorities, pay particular attention to the

protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder.

- 10.12 This authority has not adopted any specific policy in relation to areas where gambling premises should not be located. Should any such policy be decided upon, as a result of this consultation or otherwise, regarding such areas where gambling premises should not be located, this policy statement will be updated.
- 10.13 It should be noted that any such future policy will not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant to show how any potential concerns can be overcome.
- 10.14 This authority will seek to avoid any duplication with other statutory / regulatory systems where possible, including the statutory planning regime.
- 10.15 This Council acting as a licensing authority will not consider whether a licence application is likely to be awarded planning permission or building regulations approval in its consideration of an application for a Premises Licence.
- 10.16 We will though, carefully consider any concerns about licensing conditions which are not able to be met by licensees due to planning restrictions, should such a situation arise.
- 10.17 The Planning Department is a responsible authority under this Act and have the opportunity to make representations should they desire, otherwise the two regimes will be properly separated.
- 10.18 This authority will however listen to, and consider carefully, any concerns about conditions that are not able to be met by licensees due to planning restrictions, should such a situation arise.
- 10.19 Premises licences granted must be reasonably consistent with the licensing objectives. In promoting these objectives, we have considered the Gambling Commission's Guidance to local authorities and make the following observations:

Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- 10.20 The Gambling Commission's guidance envisages that the licensing authority should pay attention to the proposed

location of gambling premises in terms of this licensing objective.

- 10.21 Therefore, where an area has known high levels of organised crime, we will consider carefully whether gambling premises are suitable to be located there and whether conditions may be suitable, such as the provision of door supervisors. Responsible authorities would however have the right to make representations with regard to such premises.
- 10.22 We are aware of the distinction between disorder and nuisance and will consider factors such as whether police assistance was required and how threatening the behaviour was to those who could see it, so as to make that distinction. It should be noted that nuisance is not a Gambling Act licensing objective.
- 10.23 In considering licence applications, the Council will particularly take into account the following:
- The design and layout of the premises;
 - The training given to staff in crime prevention measures appropriate to those premises;
 - Physical security features installed in the premises. This may include matters such as the position of cash registers or the standard of CCTV that is installed;
 - Where premises are subject to age-restrictions, the procedures in place to conduct age verification checks;
 - The likelihood of any violence, public order or policing problem if the licence is granted.

Ensuring that gambling is conducted in a fair and open way

- 10.24 This licensing authority is aware that the Gambling Commission has stated that it would generally not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way as this will be addressed by the operator and personal licensing system. It is acknowledged that there is a greater role for the Licensing Authority in track gambling which is explained in Section 16 below.

Protecting children and other vulnerable persons from being harmed or exploited by gambling

- 10.25 We note the Gambling Commission Guidance to Local Authority's states that this objective relates to preventing children from taking part in gambling as well as restriction of

advertising so that gambling products are not aimed at, or are particularly attractive, to children.

- 10.26 We will therefore consider, as suggested by the Gambling Commission's Guidance, whether specific measures are required at individual premises to promote the licensing objectives.
- 10.27 Appropriate measures may include supervision of access points, segregation of areas etc.
- 10.28 We will also take account of the Codes of Practice regarding this objective in relation to specific types of premises.
- 10.29 In reference to the term "vulnerable persons" we note that the Gambling Commission or statute law is not seeking to offer a definition but the Commission states that "it will for regulatory purposes assume that this group includes:
- people who gamble more than they want to;
 - people who gambling beyond their means;
 - and people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, alcohol or drugs."
- 10.30 This licensing authority will consider promotion of this licensing objective on a common sense, case by case basis. Should a practical definition prove possible in future then this policy statement will be updated with it, by way of a revision.

Conditions on Premises Licences

- 10.31 Any conditions we attach to licences will be proportionate and will be:
- relevant to the need to make the proposed building suitable as a gambling facility
 - directly related to the premises and the type of licence applied for;
 - fairly and reasonably related to the scale and type of premises: and
 - reasonable in all other respects.
- 10.32 The authority is aware that the mandatory and default conditions imposed by the Gambling Commission will normally be sufficient to regulate gambling premises. In exceptional cases where there are specific risks or problems associated with a particular locality, specific premises or class of

premises, the authority may consider attaching individual conditions related to the licensing objectives

- 10.33 There are specific observations made in this regard under each of the licence types below. This licensing authority will also expect the licence applicant to offer their own suggestions as to way in which the licensing objectives can be met effectively.
- 10.34 We will, where considered necessary, also consider specific measures for buildings which are subject to multiple premises licences. Such measures may include the supervision of entrances, segregation of gambling and non-gambling areas frequented by children and the supervision of gaming machines in non-adult gambling specific premises to promote the licensing objectives, in accordance with Gambling Commission Guidance.
- 10.35 We will also ensure that where Category A to C gaming machines are on offer in premises to which children are admitted, other than premises licensed for the supply of alcohol under the Licensing Act 2003;
- All such machines are located in an area of the premises which is separated from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance
 - Only adults are admitted to the area where these machines are located
 - Access to the area where these machines are located is supervised
 - The area where these machines are located is arranged so that it can be observed by the staff or the licence holder, and
 - At the entrance to and inside any such areas there are prominently displayed notices indicating that access to the area is prohibited to persons under 18 years of age.
- 10.36 These considerations will apply to premises including buildings where multiple premises licences are applicable.
- 10.37 We are aware that tracks may be subject to one or more than one premises licence, provided that each licence relates to a specified area of the track.
- 10.38 We will, in accordance with the Gambling Commission's Guidance, consider the impact upon the third licensing objective and the need to ensure that the entrances to each type of premises are distinct from each other and that children

are excluded from gambling areas where they are not permitted by law or condition, to enter

10.39 It is noted that there are conditions which the licensing authority cannot by law attach to premises licences which are:

- any condition on the premises licence which makes it impossible to comply with an operating licence condition
- conditions relating to gaming machine categories, numbers, or method of operation;
- conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated) and
- conditions in relation to stakes, fees, winning or prizes

10.40 The Gambling Commission advises in its Guidance that licensing authorities may consider whether there is a need for door supervisors in terms of the licensing objectives of protection of children and vulnerable persons from being harmed or exploited by gambling, and also in terms of preventing premises becoming a source of crime.

10.41 Door supervisors at bingo premises who are contract staff are required to be licensed by the Security Industry Authority; however, in house supervisors are exempt from this requirement.

10.42 This licensing authority therefore has specific requirements for door supervisors working at bingo premises which are that a book is maintained in which is recorded;

- the identity of the door staff deployed
- the time they commenced duty and left duty, and
- any incidents that they dealt with each day, and such a book shall be maintained and available for inspection for a period of 3 months from the date of the record entry.

11 Adult Gaming Centres

11.1 This licensing authority will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that persons under 18 years of age do not have access to the premises.

12 (Licensed) Family Entertainment Centres

- 12.1 We will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas.
- 12.2 We will expect applicants as part of their application to initially offer their own measures to promote the licensing objectives, however appropriate measures licence conditions may cover issues such as:
- CCTV
 - Supervision of entrances / machine areas
 - Physical separation of areas
 - Location of entry
 - Notices / signage
 - Specific opening hours
 - Self Barring Schemes
 - Provision of information leaflets / helpline numbers for support organisations such as GamCare
 - Measures / training for staff on how to deal with suspected truant school children on the premises
- 12.3 We will, in accordance with the Gambling Commission's guidance, refer to the Commission, and be aware of any conditions that apply to operating licences covering the way in which the area containing the Category C or higher machines, should be delineated.

13 Bingo Premises

- 13.1 This licensing authority notes that the Gambling Commission Guidance states; "For bingo and FEC premises, it is a mandatory condition that under-18s should not have access to areas where category B and C gaming machines are located and this is achieved through further mandatory conditions that require the area to be:
- separated from the rest of the premises by a physical barrier which is effective to prevent access other than by an entrance designed for that purpose
 - supervised at all times to ensure that under-18s do not enter the area, and supervised by either:
 - one or more persons whose responsibilities include ensuring that under-18s do not enter the areas
 - CCTV monitored by one or more persons whose responsibilities include ensuring that under-18s do not enter the areas

- arranged in a way that ensures that all parts of the area can be observed.

A notice must be displayed in a prominent place at the entrance to the area stating that no person under the age of 18 is permitted to enter the area.”

- 13.2 We note that under the Act, children and young persons (anyone up to the age of 18) cannot be employed in providing any facilities for gambling on bingo premises, and children (under 16) cannot be employed, in any capacity, at a time when facilities for playing bingo are being offered. However, young persons, aged 16 and 17, may be employed in bingo premises (while bingo is being played), provided the activities on which they are employed are not connected with the gaming or gaming machines.
- 13.3 We will consider restrictions that apply to such premises in the Gambling Commission codes of practice.

14 Betting Premises

- 14.1 We note that the Act contains a single class of licence for betting premises. However, within this single class of licence, there will be different types of premises which require licensing. This Section of our policy discusses off-course betting, that is betting that takes place other than at a track in what is currently known as a licensed betting office. Tracks are discussed in the following Section. It should be noted that there are also betting offices on tracks, that have a separate premises licence from the track licence.
- 14.2 It is noted that the Gambling Commission’s Guidance for local authorities states “Section 181 contains an express power for licensing authorities to restrict the number of betting machines, their nature and the circumstances in which they are made available by attaching a licence condition to a betting premises licence.
- 14.3 We will, in accordance with the Gambling Commission guidance, when considering whether to impose a condition to restrict the number of betting machines in particular premises, amongst other things, take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines by vulnerable persons.”

- 14.4 This licensing authority will give sympathetic consideration to re-sites within the same locality and extensions in order to enhance the quality of the facility provided for the benefit of the betting public

15 Tracks

- 15.1 Tracks are sites (including horse racecourses and dog tracks) where races or other sporting events take place. Betting is a major gambling activity on tracks, both in the form of pool betting (often known as the “totalisator” or “tote”), and also general betting, often known as “fixed-odds” betting.
- 15.2 There is no special class of betting premises licence for a track, but the Act does contain rules which apply specifically to premises licences granted in respect of a track.
- 15.3 Special rules apply to applicants for a premises licence in relation to a track. Most importantly, as noted above, the applicant need not hold an operating licence. That is because, unless the occupier of the track wishes to offer pool betting (or general betting) facilities himself (for which he will need a licence), the betting that is provided upon the track will not be provided by him, but will be provided by other operators who come on-course. Since those people will require the necessary operating licences, the Act allows the track operator to obtain a premises licence without also having to hold an operating licence.
This track premises licences then authorises anyone upon the premises with an operating licence to offer betting facilities.
- 15.4 We are aware that tracks are different from other premises in that there may be more than one premises licence in effect, each covering a specified area of the track. In accordance with the Gambling Commission guidance, this authority will especially consider the impact of the third licensing objective.
- 15.5 There may be some specific considerations with regard to the protection of children and vulnerable persons from being harmed or exploited by gambling and the need to ensure entrances to each type of premises are distinct and that children are excluded from gambling or betting areas where they are not permitted to enter.
- 15.6 We will expect the premises licence applicants to demonstrate suitable measures to ensure that children do not have access to adult-only gaming facilities.
- 15.7 Children and young persons will by law be permitted to enter track areas where facilities for betting are provided on days when dog-racing and/or horse racing takes place, although

they are still prevented from entering areas where gaming machines (other than category D machines) are provided.

15.8 Appropriate licence conditions may include:

- Proof of age schemes
- CCTV
- Door supervisors
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- The location of gaming machines
- Self barring Schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare

Gaming Machines on Tracks

15.9 We still await further guidance from the Gambling Commission addressing where such machines may be located on tracks and any special considerations that should apply to promote for example, the third licensing objective.

15.10 We note the Commissions guidance that licensing authorities therefore need to consider the location of gaming machines at tracks, and applicants for licences at tracks will need to demonstrate that, where the applicant holds a pool betting operating licence and is going to use the entitlement to 4 gaming machines, these machines will be located in areas from which children are excluded. Children and young persons will not however be excluded from playing Category D gaming machines on a track.

Betting machines

15.11 Licensing authorities have a power under the Gambling Act 2005, to restrict the number of betting machines, their nature and the circumstances in which they are made available, by attaching a licence condition to a betting premises licence.

15.12 The Gambling Commission's Guidance will be noted in that it states: "When considering whether to impose a condition to restrict the number of SSBTs in particular premises, the licensing authority, amongst other things, should take into account the ability of employees to monitor the use of the machines by children and young persons or by vulnerable people".

- 15.13 Similar considerations may apply in relation to tracks, where the potential space for such machines may be considerable, bringing with it significant problems in relation to the proliferation of such machines, the ability of track staff to supervise them if they are scattered around the track and the ability of the track operator to comply with the law and prevent children betting on the machine.

Condition on Rules Being Displayed

- 15.14 The Gambling Commission has advised in its Guidance for local authorities that "...licensing authorities should attach a condition to track premises licences requiring the track operator to ensure that the rules are prominently displayed in or near the betting areas, or that other measures are taken to ensure that they are made available to the public. For example, the rules could be printed in the race-card or made available in leaflet form from the track office."

16. Travelling Fairs

- 16.1 We note that we as the licensing authority are required to decide whether, where category D machines and / or equal chance prize gaming without a permit is to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.
- 16.2 The licensing authority will also consider whether the applicant falls within the statutory definition of a travelling fair.
- 16.3 It has been noted that the 27-day statutory maximum for the land being used as a fair, is per calendar year, and that it applies to the piece of land on which the fairs are held, regardless of whether it is the same or different travelling fairs occupying the land. This licensing authority will work with other departments of the Council and its neighbouring authorities to ensure that land which crosses our boundaries is monitored so that the statutory limits are not exceeded.

17. Provisional Statements

- 17.1 This licensing authority notes the Guidance for the Gambling Commission which states that "It is a question of fact and degree whether premises are finished to a degree that they can be considered for a premises licence" and that "Requiring

the building to be complete ensures that the authority could, if necessary, inspect it fully”.

- 17.2 In terms of representations about premises licence applications, following the grant of a provisional statement, no further representations from relevant authorities or interested parties can be taken into account unless they concern matters which could not have been addressed at the provisional statement stage, or they reflect a change in the applicant's circumstances. In addition, the authority may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:
- a) which could not have been raised by objectors at the provisional licence stage; or
 - b) which is in the authority's opinion reflect a change in the operator's circumstances.
- 17.3 This authority has noted the Gambling Commission's Guidance that “A licensing authority should not take into account irrelevant matters.... One example of an irrelevant matter would be the likelihood of the applicant obtaining planning permission or building regulations approval for the proposal.”

18. Reviews

- 18.1 A premises licence may be reviewed by the licensing authority of its own volition or following the receipt of an application for a review, which is essentially a request by a third party to the licensing authority to review a particular licence.
- 18.2 Section 200 of the Act provides that licensing authorities may initiate a review in relation to a particular class of premises licence or in relation to particular premises. Officers may be involved in the initial investigations of complaints leading to a review, or may try informal mediation or dispute resolution techniques prior to a full-scale review being conducted, but the review itself, if necessary will be heard by elected members.
- 18.3 Requests for a review of a premises licence can be made by interested parties or responsible authorities, however, it is for the licensing authority to decide whether the review is to be carried-out.
- 18.4 An application for a review may be (but need not be) rejected if the licensing authority thinks that the grounds on which the review is sought:

- a) are not relevant to the principles that must be applied by the licensing authority in accordance with section 153. If the application raises issues that are not relevant to the Commission guidance/codes of practice, this policy statement, or the licensing objectives, then we may reject it. In addition, if the application raises general objections to gambling as an activity, that is likely to be irrelevant to the principles in section 153, given that we are required to permit the use of premises for gambling in so far we think that permission is in accordance with the matters set out in that section. Examples that are likely to be irrelevant include demand for gambling premises, issues relating to planning, public safety, and traffic congestion;
- b) the grounds are frivolous;
- c) the grounds are vexatious;
- d) the grounds “will certainly not” cause the authority to revoke or suspend a licence or to remove, amend or attach conditions on the premises licence;
- e) are substantially the same as the grounds cited in a previous application for review relating to the same premises. In these circumstances we will take into account how much time has passed since the earlier application in reaching a judgement about whether it is reasonable to rely on this as a reason not to review the licence; or
- f) are substantially the same as representations made at the time the application for a premises licence was considered. In these circumstances we will take into account the period of time that has passed since the representations were made, but the underlying requirement is that we should not review the licence on the basis of the same arguments considered on the grant of the premises licence.

PART C

19 Unlicensed Family Entertainment Centre Gaming Machine Permits

- 19.1 Family entertainment centres (FECs) will perhaps be most commonly located at seaside resorts, in airports and at motorway service centres, and will cater for families, including unaccompanied children and young persons.
- 19.2 Unlicensed FECs will be able to offer only category D machines in reliance on a gaming machine permit. Any number of category D machines can be made available with

such a permit. Permits cannot be issued to vessels or vehicles.

- 19.3 Where a premises does not hold a premises licence but wishes to provide gaming machines, it may apply to the licensing authority for this permit. It should be noted that the applicant must show that the premises will be wholly or mainly used for making gaming machines available for use as required by Section 238.
- 19.4 The application for a permit can only be made by a person who occupies or plans to occupy the premises to be used as an unlicensed FEC and, if the applicant is an individual, he must be aged 18 or over. Applications for a permit cannot be made if a premises licence is in effect for the same premises.
- 19.5 The Gambling Act 2005 states that a licensing authority may prepare a *statement of principles* that they propose to consider in determining the suitability of an applicant for a permit and in preparing this statement, and/or considering applications, it need not (but may) have regard to the licensing objectives and shall have regard to any relevant guidance issued by the Commission under section 25.
- 19.6 The Gambling Commission's Guidance for local authorities also states: "In their three year licensing policy statement, licensing authorities may include a statement of principles that they propose to apply when exercising their functions in considering applications for permits...., licensing authorities will want to give weight to child protection issues."
- 19.7 The Guidance also states: "...An application for a permit may be granted only if the licensing authority is satisfied that the premises will be used as an unlicensed FEC, and if the chief officer of police has been consulted on the application....Licensing authorities might wish to consider asking applications to demonstrate: a full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed FECs;
- that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act); and
 - that staff are trained to have a full understanding of the maximum stakes and prizes.
- 19.8 We note that a licensing authority can grant or refuse a licence but cannot attach conditions to this type of permit.
- 19.9 This licensing authority will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations.

- 19.10 The efficiency of such policies and procedures will each be considered on their merits. However, they may include appropriate measures / training for staff as regards suspected truant school children on the premises, measures / training covering how staff would deal with unsupervised very young children being on the premises, or children causing perceived problems on / around the premises

20. (Alcohol) Licensed Premises Gaming Machine Permits

- 20.1 There is provision in the Act for premises licensed under the Licensing Act 2003 for the sale of alcohol for consumption on the premises, to automatically have 2 gaming machines, of categories C and/or D. Licence holders merely need to notify the licensing authority.
- 20.2 The licensing authority can remove the automatic authorisation in respect of any particular premises if:
- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
 - gaming has taken place on the premises that breaches a condition of section 282 of the Gambling Act (i.e. that written notice has been provided to the licensing authority, that a fee has been provided and that any relevant code of practice issued by the Gambling Commission about the location and operation of the machine has been complied with); the premises are mainly used for gaming; or
 - an offence under the Gambling Act has been committed on the premises.
- 20.3 If a premises licence holder wishes to have more than 2 machines, then they need to apply for a permit and the licensing authority must consider that application based upon the licensing objectives, any guidance issued by the Gambling Commission under Section 25 of the Gambling Act 2005, and *“such matters as they think relevant.”*
- 20.4 This licensing authority considers that “such matters” will be decided on a case by case individual basis, but generally there will be regard to the need to protect children and vulnerable persons from being harmed or exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult-only gaming machines.

- 20.5 Measures which will satisfy the authority that there will be no access may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18. Notices and signage on the machines or in the premises may also be help. As regards the protection of vulnerable persons, applicants may wish to consider the provision of information leaflets / helpline numbers for organisations such as GamCare.
- 20.6 It is recognised that some alcohol licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would normally need to be applied for, and dealt with, as an Adult Gaming Centre premises licence.
- 20.7 It should be noted that we as the licensing authority can decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. Conditions (other than these) cannot be attached to a permit.
- 20.8 It should also be noted that the holder of a permit must comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machine.

21. Prize Gaming Permits

- 21.1 The Gambling Act 2005 states that a licensing authority may “prepare a statement of principles that they propose to apply in exercising their functions under this Schedule” which “may, in particular, specify matters that the licensing authority propose to consider in determining the suitability of the applicant for a permit”.

- 21.2 This licensing authority has prepared a Statement of Principles which is that the applicant should set out the types of gaming that he or she is intending to offer and that the applicant should be able to demonstrate:
- a) that they understand the limits to stakes and prizes that are set out in Regulations;
 - b) and that the gaming offered is within the law.
- 21.3 In making its decision on an application for this permit the licensing authority does not need to have regard to the licensing objectives but must have regard to any Gambling Commission guidance.
- 21.4 It should be noted that there are conditions in the Gambling Act 2005 with which the permit holder must comply, but that the licensing authority cannot attach conditions. The conditions in the Act are:
- The limits on participation fees, as set out in regulations, must be complied with;
 - all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
 - the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
 - participation in the gaming must not entitle the player to take part in any other gambling.

22. Club Gaming and Club Machines Permits

- 22.1 Bona Fide Members Clubs and miners' welfare institutes may apply for a Club Gaming Permit and such clubs and institutes and commercial clubs may apply for a Club Gaming machine permit.
- 22.2 The Club Gaming Permit will enable the premises to provide 3 gaming machines of categories B, C or D, equal chance gaming and games of chance as set-out in regulations still to be published.
- 22.3 A Club Gaming machine permit will enable the premises to provide 3 gaming machines of categories B, C or D.
- 22.4 Gambling Commission Guidance states: "Members clubs must have at least 25 members and be established and conducted "wholly or mainly" for purposes other than gaming,

unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968.

- 22.5 A members' club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men's clubs, branches of Royal British Legion and clubs with political affiliations."
- 22.6 The Commission Guidance also notes that "licensing authorities may only refuse an application on the grounds that:
- a) the applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied
 - b) the applicant's premises are used wholly or mainly by children and/or young persons;
 - c) an offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
 - d) a permit held by the applicant has been cancelled in the previous ten years; or
 - e) an objection has been lodged by the Commission or the police.
- 8.
- 22.7 There is also a 'fast-track' procedure available under the Act for premises which hold a Club Premises Certificate under the Licensing Act 2003 (Schedule 12 paragraph 10).
- 22.8 The Gambling Commission's Guidance for local authorities states: "Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the ground upon which an authority can refuse a permit are reduced." and "The grounds on which an application under the process may be refused are:
- a) that the club is established primarily for gaming, other than gaming prescribed under schedule 12;
 - b) that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
 - c) that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled."
- 9.
- 22.9 There are statutory conditions on club gaming permits that no child uses a category B or C machine on the premises and that the holder complies with any relevant provision of a code

of practice about the location and operation of gaming machines.

23. Temporary Use Notices

- 23.1 Part 9 of the Act sets out the position in relation to temporary use notices. These allow the use of premises for gambling where there is no premises licence but where a gambling operator wishes to use the premises temporarily for providing facilities for gambling. Premises that might be suitable for a temporary use notice would include hotels, conference centres, and sporting venues.
- 23.2 There are a number of statutory limits as regards temporary use notices. Gambling Commission Guidance is noted. As with "premises", the definition of "a set of premises" will be a question of fact in the particular circumstances of each notice that is given.
- 23.3 We will apply the Gambling Commission Guidance which states: "In the Act "premises" is defined as including "any place". In considering whether a place falls within the definition of "a set of premises", licensing authorities will need to look at, amongst other things, the ownership/occupation and control of the premises. A large exhibition centre, for example, would be likely to come within the definition as it is properly one premises, and should not be granted a temporary use notice for 21 days in respect of each of its exhibition halls. But in relation to other covered areas, such as shopping centres, the licensing authority will need to consider whether different units are in fact different "sets of premises", given that they may be occupied and controlled by different people.

24. Occasional Use Notices:

We have very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. This licensing authority will, however, consider the definition of a 'track' and whether the applicant is permitted to avail him/herself of the notice.

APPENDIX 1

SCHEDULE OF CONSULTEES TO THIS POLICY STATEMENT

- All Elected Councillors, Gosport Borough Council
- Head of Development Management, Gosport Borough Council
- Legal Section Gosport Borough Council
- The Head of Environmental Health, Gosport Borough Council
- The Gambling Commission Headquarters Policy Section
- The Gambling Commission Regional Inspector (Hampshire)
- The Chief Constable, Hampshire Police
- Hampshire Fire and Rescue Service Authority
- Head of Child Protection, Hampshire County Council
- H.M. Revenue & Customs
- Neighbouring Authorities
- The National Casino Industry Forum.
- Casino Operators' Association of the UK
- Business In Sport & Leisure
- Racecourse Association Limited
- British Amusement Catering Trade Association
- British Holiday & Home Parks Association
- Community Trade Union
- Association of British Bookmakers
- All persons who hold Betting Office and Bookmakers Permits in Gosport Borough
- Representatives of persons who hold Society Lottery Registrations in Gosport Borough
- Clubs and Institute Union
- Gaming Machine Suppliers who regularly apply for Gaming Permits in Gosport Borough
- Society of Independent Brewers
- Representatives of Premises Licence Holders in Gosport
- Representatives of Club Premises Certificate holders in Gosport
- Hampshire County Council Trading Standards
- GamCare
- Responsibility in Gambling Trust

- Gam – Anon
- Residents Associations and Tenant Groups.
- Philip Kolvin QC
- General advertisement on the Council's website.

APPENDIX 2

SCHEDULE OF RESPONSIBLE AUTHORITIES GAMBLING ACT 2005

Hampshire Constabulary

Chief Officer of Police
Town Hall
Gosport
Tel: 0845 045 45 45 (central number)

Hampshire Fire & Rescue Service

Service Delivery (Community Safety Delivery)
Protection Department
Southsea Fire Station
Somers Road
Southsea
PO5 4LU

Tel: 023 92855180
Email: : Csprotection.admin@hantsfire.gov.uk
www.hantsfire.gov.uk

Fax: 023 92885175
Website:

Pollution & Environmental Protection Team

Pollution & Environmental Protection Team
Gosport Borough Council
Town Hall
High Street
Gosport
Tel: 02392584242
Email: licensing@fareham.gov.uk
www.gosport.gov.uk

Website:

Health & Safety Team

Health & Safety Team
Gosport Borough Council
Town Hall
High Street
Gosport
Tel: 02392584242
Email: health@fareham.gov.uk
www.gosport.gov.uk

Website:

Planning Authority
Department of Strategic Planning and Environment
Fareham Borough Council
Civic Offices
Civic Way
Fareham
PO16 7AZ

Tel: 01329 236100
Website: www.fareham.gov.uk
The Local Weights and Measures Authority
Head of Safety & Standards
The Trading Standards Service
Montgomery House
Monarch Way
Winchester
SO22 5PW

Fax:01329 821500

Tel 01962 833620
liquor.licensing@hants.gov.uk

Email:

Website: www.hants.gov.uk

Safeguarding Unit Children's' Services
HCC CSD Safeguarding Unit
Falcon House
Monarch Way
Winchester
SO22 5PL

Tel: 01962 876222
child.protection@hants.gov.uk

Email:

Website: www.hants.gov.uk

The Licensing Team
Fareham Borough Council
Civic Offices
Civic Way
Fareham
PO16 7AZ

Tel: 01329 236100
Email: licensing@fareham.gov.uk
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Fax:01329 821755

Website:

Public Health Licensing Manager
Public Health Department
1st Floor, Room 153
Elizabeth II Court, South
Hampshire County Council
Winchester
SO23 8TG

Tel: 01329 236100

Use Fax no. 01962 847644
and address fax exactly as
follows (including email
address):

Email: publichealth.licensing@hants.gov.uk

**EXTRACT FROM THE MINUTES OF THE LICENSING BOARD MEETING
– 26 JANUARY 2016**

35. THE GAMBLING ACT 2005 STATEMENT OF PRINCIPLES 2016-2019

Consideration was given to a report of the Head of Environmental Health presenting to the Board the draft Gambling Act 2005 Statement of Principles 2016-2019 (the “Draft Statement”) incorporating comments from consultation, for approval and recommendation to Full Council

Members welcomed the consultation response and positive reaction to the Statement of Principles .

RESOLVED: That the Licensing Board recommend to Full Council that the Draft Statement of Principles be adopted with or without amendment.

AGENDA ITEM NO. 06(ii)

REPORT TO: COUNCIL

DATE OF MEETING: 10 FEBRUARY 2016

REPORT BY: COUNCILLOR ALLEN (CHAIRMAN OF THE LICENSING BOARD)

At its meeting on 26 January 2016 the Licensing Board considered a joint report of the Head of Environmental Health on the following item : following recommendation to Full Council.

REVIEW OF THE DRAFT LICENSING ACT 2003 POLICY – OUTCOMES OF CONSULTATION (APPENDIX L1)

RECOMMENDATION:

That the Draft Licensing Policy be adopted without amendment subject to the minor alterations identified.

Board/Committee:	Licensing Board
Date of meeting:	26 th January 2016
Title:	Review of the Draft Licensing Act 2003 Policy - Outcomes of Consultation
Author:	The Head of Environmental Health
Status:	FOR RECOMMENDATION TO FULL COUNCIL

Purpose

The purpose of this report is to inform the Licensing Board of the outcome of the statutory consultation exercise in respect of the draft the Licensing Act 2003 Policy for 2016-2021 appended to this report as Appendix C (the “Draft Licensing Policy”)

Recommendation

The Licensing Board having considered the responses arising from the statutory consultation exercise recommends to Full Council at its meeting on 26th March 2016 that The Draft Licensing Policy be adopted without amendment.

1. Background

- 1.1 The Licensing Act 2003 took effect on 25 November 2005 and provided a unified system of regulation for the sale of alcohol, the provision of regulated entertainment and late night refreshment. Most significantly it transferred to the local authority, as part of these new provisions, liquor licensing, which was previously carried out by the Magistrates’ Court. The Council is the licensing authority in its area for the discharge of licensing functions under the Licensing Act 2003.
- 1.2 Section 5 of the Licensing Act 2003 requires each licensing authority to publish a statement of policy in respect of its licensing functions at the beginning of each five year period following a statutory consultation exercise (the “Licensing Policy”).

- 1.3 The present five year period ends in January 2016 and therefore a Licensing Policy for 2016 - 2021 must adopted by the Council. And Published.
- 1.4 The Licensing Board approved the Draft Licensing Policy for the purposes of statutory consultation at its meeting of 20th October 2015. The statutory consultation exercise has been completed. The responses are detailed as Appendix A and summarised as Appendix B.
- 1.5 The responses (3) have been considered by the Head of Environmental Health and it is considered not necessary to amend the Draft Licensing Policy as no comments have been made in respect of the substance of the Draft Licensing Policy.

2. Conclusion

- 2.1 This Council must adopt a Licensing Policy at the beginning of each five year period.
- 2.2 Statutory consultation has been undertaken in respect of the Draft Licensing Policy and no comments were received in respect of the substance of the policy.
- 2.3 The Full Council is required to adopt a Licensing Policy for the period 2016-2021.

Financial Services comments:	None
Legal Services comments:	Contained in the report.
Crime and Disorder:	Alcohol has the potential to be a source of Crime and Disorder, adopting a refreshed policy every 5 years assists applicants in preventing this.
Equality and Diversity:	The most vulnerable in society can be most at risk of getting into difficulties as a result of alcohol, adopting a refreshed policy every 5 years assists applicants in preventing this.
Service Improvement Plan implications:	None

Corporate Plan	None
Risk Assessment	Included within report
Background papers:	Licensing Act 2003 and associated regulations and guidance.
Appendices/Enclosures:	Appendix A Comments Received Appendix B Consultation Comments and Suggested Responses Appendix C Final Draft Licensing Policy
Report author/Lead Officer:	Ian Rickman

APPENDIX A

From: Bryan Gurling [<mailto:bryan@gurling.co.uk>]
Sent: 26 November 2015 15:36
To: Environmental Health <ehs@gosport.gov.uk>
Cc: Paul@adamspaul.co.uk
Subject: Consultation of draft Policy - Licensing Act 2003

I have read the document which is most comprehensive and I have no comments.
We comply with the requirements stated.

Bryan Gurling
Director
Gosport Masonic Hall
Clarence Road

From: Cranmer, David [<mailto:david.cranmer@gosport.gov.uk>]
Sent: 18 November 2015 12:35
To: Environmental Health Enquiries <EHenquiries@gosport.gov.uk>
Subject: Statement of Licensing Policy

Dear Sir/Madam,

Thank you for your consultation on the proposed Statement of Licensing Policy. I can confirm that the Development Management team has no comments.

Regards,

David Cranmer
Deputy Head of Development Management
Gosport Borough Council

From: Louise Clarke [<mailto:152.smops@waitrose.co.uk>]
Sent: 06 November 2015 12:48
To: Environmental Health <ehs@gosport.gov.uk>
Cc: Liam Mooney <209.branchmanager@waitrose.co.uk>
Subject: Gosport Waitrose Licensing Act 2003

Hello,

We have received a document of a consultation of draft policy.

In reference to this, no changes have been made to our licence, we do offer hot drinks but not between the hours of 11pm-5am

If you require any further assistance please contact either myself or Liam Mooney on the telephone number below.

Regards

Louise Clarke

--

Louise Clarke
Section Manager Operations
Waitrose Gosport
02392511266

APPENDIX B

Consultation Comments and Suggested Responses

	Comment - Bryan Gurling GBC Masonic Hall	Agreed/Disagreed
A.	Bryan Gurling GBC Masonic Hall No comments	N/A
	Comment - GBC Development Management	Agreed/Disagreed
	David Cranmer - GBC Development Management No comments	N/A
	Comment – Waitrose, Gosport	Agreed/Disagreed
	Waitrose Gosport No comments	N/A
	Comment -	Agreed/Disagreed



GOSPORT
Borough Council

Licensing Act 2003

Draft Statement of Licensing Policy

March 2016 – March 2021

1. Introduction

- 1.1 The Licensing Act 2003 requires licensing authorities to publish a "statement of licensing policy" every five years, which sets out how they intend to exercise their functions. The policy sets out a general approach to making licensing decisions. Each application will be considered on its own individual merits. The discretion of the licensing authority in relation to applications is only used if relevant representations are made
- 1.2 The Policy relates to all those licensing activities identified as falling within the provisions of the Act (Part 1 Section 1) namely:
- Retail sale of alcohol;
 - Supply of alcohol to club members;
 - The supply of hot food and/or drink from any premises between 11 p.m. and 5 a.m.;
 - Provision of "Regulated Entertainment" – to the public, to club members or with a view to profit. "Regulated Entertainment" is defined as:
 - A performance of a play
 - An exhibition of a film;
 - An indoor sporting event;
 - Boxing or wrestling entertainment;
 - A performance of live music;
 - Any playing of recorded music;
 - A performance of dance;
 - Provision of facilities for making music;
 - Provision of facilities for dancing.
- 1.3 The Legislative Reform (Entertainment Licensing) Order 2014 and the Deregulation Act 2015 provide significant exemptions to some of the activities. These include licensed premises music exemptions.
- 1.4 The licensing authority has a duty under the Act to carry out its functions with a view to promoting the four licensing objectives, which are:
- Prevention of crime and disorder
 - Public safety
 - Prevention of public nuisance
 - Protection of children from harm

- 1.5 The Authority must also have regard to this Statement of Licensing Policy and any statutory guidance issued by the Secretary of State. That does not mean that it has to follow the policy and guidance slavishly. It can depart from it if, having properly taken it into account, it has to have good reason to do so and where it is appropriate to do so to promote one or more of the licensing objectives.
- 1.6 In promoting the licensing objectives the licensing authority has a number of key aims and purposes which should be principal aims for everyone involved in licensing work and are therefore integral to the Policy. They include:
1. Protecting the public and local residents from crime, anti-social behaviour and noise nuisance caused by irresponsible licensed premises;
 2. Giving the police, licensing officers and responsible authorities the powers they need to effectively manage and police the night-time economy and take action against those premises that are causing problems;
 3. Recognising the important role which licensed premises play in our local communities and economy by minimizing the regulatory burden on business, encouraging innovation and supporting responsible premises;
 4. Providing a regulatory framework for alcohol which reflects the needs of local communities and empowers local authorities to make and enforce decisions about the most appropriate licensing strategies for their local area; and
 5. Encouraging greater community involvement in licensing decisions and giving local residents the opportunity to have their say regarding licensing decisions that may impact upon them.

Consultation

- 1.7 In accordance with section 5 of the Act and prior to the publication of this Policy the licensing authority consulted with:
- Chief Officer of Police for the area (Hampshire Police)
 - Hampshire Fire and Rescue Authority
 - Persons/bodies representative of local holders of premises licences;
 - Persons/bodies representative of local holders of club premises certificates;
 - Persons/bodies representative of local holders of personal licences;

- 1.8 This Policy will come into effect on 9 February 2016 and remain in force for a period of five years. During this time the policy will be subject to regular review.

2. Profile

- 2.1 Gosport Borough is located in South Hampshire on the western side of Portsmouth Harbour opposite the city of Portsmouth. The Borough is a peninsula of 2,750 hectares surrounded on three sides by The Solent and Portsmouth Harbour with almost 39 kilometres of coastline. It is predominately urban in character and contains two principal settlements, Gosport and Lee-on-the-Solent, separated by the Alver Valley.
- 2.2 The population of the Borough in 2011 was 82,600 persons. The Borough is also one of the most densely populated areas in the South East Region, with an urban density of 32.6 people per hectare. There are approximately 35,400 households.

3. The Impact of Alcohol on Gosport

- 3.1 Figures from Public Health England do not show Gosport as a separate entity. Hampshire figures are significantly lower than those for Portsmouth, Southampton and the England average in all the groups measured in the Local Alcohol profile.
- 3.2 Public Health England state “Alcohol consumption is a contributing factor to hospital admissions and deaths from a diverse range of conditions. Alcohol misuse is estimated to cost the NHS about £3.5 billion per year and society as a whole £21 billion annually.

4. Licensing Process

- 4.1 Applicants are strongly encouraged to seek advice at the earliest possible stage from the licensing authority and other responsible authorities before making an application.
- 4.2 Applicants will need to comply with the statutory requirements or risk their application being invalid.
- 4.3 The licensing authority will expect individual applicants to address the licensing objectives in their operating schedule, having regard to the type of premises (which includes a vessel i.e. ship or boat), the licensable activities to be provided, the operational procedures, the nature of the location and needs of the local community.

- 4.4 It is recommended that applicants obtain planning permission and building regulation approval along with all other necessary permissions and licences for the premises prior to an application being submitted.
- 4.5 When formulating their operating schedule applicants will be expected to make themselves aware of any relevant planning and transportation policies, tourism and cultural strategies or local crime prevention strategies and to have taken these into account where appropriate.
- 4.6 When determining applications the licensing authority will have regard to any guidance issued by the Government. In particular, account will be taken of the need to encourage and promote live music, dancing and theatre for the wider cultural benefit of the community as a whole. If representations are made concerning the potential for limited disturbance in a particular neighbourhood, the licensing authority's consideration of those representations will be balanced against the wider benefits to the community.
- 4.7 When determining applications the only conditions which should be imposed on a premises licence or club premises licence are those that are appropriate and proportionate for the promotion of the licensing objectives. In particular, regard will be had to any local crime prevention strategies.

Operating Schedules

- 4.8 The operating schedule must form part of the completed application form for a premises licence. It should include information, which is necessary to enable a responsible authority or other person to assess whether and what steps have been taken or are proposed in order to promote the licensing objectives.
- 4.9 As and when appropriate the applicant should provide in the operating schedule such further relevant additional information/evidence where there is an apparent departure from the promotion of the licensing objectives.
- 4.10 It is strongly recommended that applicants and/or their legal advisors discuss with Council officers and representatives of responsible authorities the draft operating schedule before it is formally submitted. This will help ensure it properly addresses all relevant issues that might give rise for concern. This may avoid the necessity for a hearing if the application otherwise passes without representation.

Representations

- 4.11 There is a prescribed period during which the licensing authority can receive a written representation to an application. This is usually 28 days from the date the licensing authority receives the application but varies depending on the type of application under consideration.
- 4.12 “Relevant representations” can include positive, supportive representations as well as objections.

Decision Making Process

- 4.13 It will be the licensing authority’s policy to provide an efficient and cost effective service to all parties involved in the licensing process. With the exception of the approval and review of this Policy, decisions on licensing matters will be taken in accordance with an approved scheme of delegation.
- 4.14 In accordance with DCMS Guidance the licensing authority has delegated licensing functions to sub-committees or in appropriate cases, to officials supporting the licensing authority as follows:

Matter to be dealt with	Board	Officers
Application for personal licence	If a police objection	If no objection made
Application for person licence with unspent convictions	All cases	
Application for premises licence/club premises certificate	If a relevant representation made	If no relevant representation made
Application for provisional statement	If a relevant representation made	If no relevant representation made
Application to vary premises licence/club premises certificate	If a relevant representation made	If no relevant representation made
Application to vary designated premises supervisor	If a police objection	All other cases
Request to be removed as designated premises supervisor		All cases
Application for transfer of premises licence	If a police objection	All other cases
Applications for interim authorities	If a police objection	All other cases
Application to review premises licence/club premises certificate		All cases
Decision on whether a complaint is irrelevant frivolous vexatious etc.		All cases
Decision to object when local authority is a consultee and not		All cases

Matter to be dealt with	Board	Officers
the relevant authority considering the application		
Determination of a police objection to a temporary event notice		All cases
Determination of application to vary premises licence at a community premises to include alternative licence condition	If a police objection	All other cases
Decision whether to consult other responsible authorities on minor variation application		All cases
Determination of minor variation application		All cases

- 4.15 If no relevant representations are received then the authorisation will be issued automatically with, in the case of a premises licence or club premises certificate, such conditions attached as are mandatory or are consistent with the operating schedule accompanying the application. The licensing authority will have no conditions attached to the licence.
- 4.16 Where relevant representations are made and not withdrawn, the licensing authority must hold a hearing before the Licensing Board who will take such of the following steps as it considers appropriate for the promotion of the licensing objectives.
- 4.17 The steps are:
- grant the licence subject to the operating schedule modified to such extent as the Board considers appropriate for the promotion of the licensing objectives, and subject to the relevant mandatory conditions;
 - exclude from the scope of the licence any of the licensable activities to which the application relates;
 - to refuse to specify a person in the licence as the premises supervisor;
 - reject the application.

Applications for Large Events

- 4.18 Events that the Council believe may require a co-ordinated approach to manage may be subject to a Safety Advisory Group (SAG) process. This will be at the discretion of the Council. Applicants will need to demonstrate to the members of the SAG they are supporting the licensing objectives.
- 4.19 An Event Management Plan needs to be submitted at least 6 months prior to the event to allow for the SAG process to be undertaken before any required licensing process.

Shops Selling Alcohol (Off Licences)

- 4.20 In 2013 the British Beer and Pub Association estimated that twice as much alcohol is bought in off-licensed premises as from pubs or other licensed premises. This was after years of seeing a steady increase in the amount of alcohol sold in off licences. Pre-loading with alcohol before a night out is much more frequent. This change in habit has the potential to negatively impact on the licensing objectives with on-licensed premises most at risk of the consequences. There are additional increased potential risks such as easier access to alcohol by children (given that consumption is not monitored / regulated), theft, increased street drinking and an increase in crime and disorder.
- 4.21 To address theft and access by children to alcohol the layout of premises, CCTV, where alcohol will be displayed and what steps will be undertaken to support the licensing objectives will be considered.

Temporary Event Notices (TENS)

- 4.22 The Licensing Act 2003 enables certain organised events for fewer than 500 people to take place following notification to the licensing authority, the Police and Environmental Health.
- 4.23 Guidance on giving Notice can be found in the Home Office Fact Sheet. www.gov.uk/government/publications/temporary-events-notices-factsheet.
- 4.24 Although the statutory legal minimum time required for the notification of a temporary event to the licensing authority, Police and Environmental Health is ten working days, or five working days for a late temporary event, it is essential that proper consideration of the proposed event is given. Statutory guidance allows the licensing authority to publicise its preferred timescale for notification.

- 4.25 The licensing authority will encourage bona fide community events. Giving TENs for existing licensed premises will not be encouraged where the proposal is simply to regularly extend the existing hours of operation.
- 4.26 The licensing authority expects those who have given notice of a temporary event to have identified any particular issues having regard to their type of premises and/or activities, and to have in place written policies for addressing issues such as drunkenness, crime/disorder and drugs on their premises and for ensuring staff are trained on these policies.

5. Management of Premises

Designated Premises Supervisor

- 5.1 Any premises where alcohol is sold under a premises licence must have a designated premises supervisor (DPS). The DPS will be named in the premises licence, a summary of which must be displayed on the premises. A DPS must be a personal licence holder. Every sale of alcohol must be made or authorised by a person who holds a personal licence (or must be made or authorised by the management committee in the case of community premises).
- 5.2 The Licensing Act 2003 does not require a DPS or any other personal licence holder to be present on the premises at all times when alcohol is sold. However, the DPS and the premises licence holder remain responsible for the premises at all times.
- 5.3 The licensing authority will normally expect the DPS to have been given the day-to-day responsibility for running the premises and as such it is expected that the DPS would usually be present at the licensed premises on a regular basis. The Authority expects that this will be in excess of 50% of a seven-day week.
- 5.4 The premises licence holder will be expected to ensure that the DPS has experience commensurate with the size, capacity, nature and style of the premises and licensable activities to be provided.
- 5.5 Within all licensed premises, whether or not alcohol is to be sold, the licensing authority will expect there to be proper management arrangements in place which will ensure that there is an appropriate number of responsible, trained/instructed persons at the premises to ensure the proper management of the premises and of the activities taking place, as well as adherence to all statutory duties and the terms and conditions of the premises licence.

Door Supervisors

- 5.6 The premises licence holder and DPS should ensure that their premises do not increase the fear of crime as well as actual crime in their locality. To this end they should ensure, so far as is possible, that customers do not cause nuisance or disorder outside the premises and that measures to ensure the safety of customers and prevention of nuisance are in place. Door supervisors have an important role in managing customers, not only on the doors but also in the immediate area of premises.

Dispersal Policies

- 5.7 The licensing authority accepts that licensed premises can have a diffuse impact. People can cause disturbance when returning to residential areas from later-opening premises elsewhere and people who use off-licences may locate to a remote spot to drink. These problems may not be within the direct control of any particular licensed premises. However, premises licence holders are generally expected to take measures to encourage people to leave their premises quietly and considerately. The Licensing Authority would encourage premises to adopt a dispersal policy where appropriate.

Risk Assessment

- 5.8 The licensing authority will expect that appropriate and satisfactory general and technical risk assessments, management procedures and documentation have been made available to the relevant responsible authorities and to the licensing authority, that demonstrate that the public will be safe within and in the vicinity of the premises.
- 5.9 As a minimum the following matters must be taken into consideration:
- Whether the premises already have a licence which specifies the maximum number of people that can be present and, whether a risk assessment has been undertaken as to the maximum number of people who can be present in various parts of the premises, so that they can be operated safely and can be evacuated safely in the event of an emergency.
 - Whether there are procedures in place to record and limit the number of people on the premises with opportunities for “pass outs” and readmission.
 - Whether patrons can arrive at and depart from the premises safely.

- Whether there may be overcrowding in particular parts of the premises;
- Whether music and dance venues and performance venues will use equipment or special effects that may affect public safety (e.g. moving equipment, vehicles, pyrotechnics, strobe lights, smoke machines).
- Whether there are defined responsibilities and procedures for medical and other emergencies and for calling the emergency services.

Promoters

- 5.10 The premises licence holder, DPS and personal licence holders remain responsible for activities taking place on premises when promotions take place. In addition the licensing authority will expect premises licence holders to have in place written agreements to ensure that when hiring out venues to promoters, the responsibility for the management of the premises is clear. The Promoter and its employees or agents, shall comply in all respects with all conditions, requirements and regulations of the local authority, licensing authority, police authority and fire authority and have regard to good practice for licensed premises.

Takeaway Premises (Late Night Refreshment Houses)

- 5.11 The Licensing Authority considers that it will normally be inappropriate to grant a premises licence permitting the sale of alcohol at premises which are principally used for selling hot food for consumption off the premises ("takeaway" premises).
- 5.12 It is recognised that takeaway premises open late at night can be associated with disorder as persons under the influence of alcohol having left, or in some cases being ejected from, late night venues congregate there. Applicants are recommended to have clear written policies for dealing with disorder and nuisance.
- 5.13 Operators of takeaway premises (including mobile units) must have suitable arrangements in place for the containment and disposal of their waste in accordance with the Environmental Protection Act 1990 and subsidiary regulations. Operators of premises where food or drink is provided in disposable containers for consumption elsewhere than on the premises are expected to consider the potential for litter near their premises and take steps to actively reduce the amount of litter generated from their premises. Applicants are also asked to consider the type of packaging container, whether it is always necessary and whether it can be sourced from sustainable materials.

- 5.14 Where the Licensing Authority considers it appropriate, it may impose conditions on a premises licence to require the operator of premises serving customers with hot food or drink to provide litter bins in the vicinity of the premises in order to prevent the accumulation of litter from its customers. It may require the proprietor to service those litter bins as part of their own waste management arrangements.

External Areas

- 5.15 The introduction of the requirement for smoke free public places under the Health Act 2006 has led to an increase in the number of people outside licensed premises. The provision of tables and chairs outside premises can enhance the attractiveness of a venue, but regard should be had to the need to ensure that the use of such areas will not cause nuisance to the occupiers of other premises in the vicinity. In particular, those with authorisations are expected to manage persons smoking in the vicinity of premises so they do not impede access to the premises and do not cause disturbance. In addition they are expected to provide secure ash trays or wall mounted cigarette bins for patrons so as to minimise litter.
- 5.16 Licensees should also be aware of the possibility of breakages of drinking glasses and glass bottles in outside areas. Consideration should therefore be given to the use of toughened or “plastic” drinking vessels and other management controls to avoid or lessen the likelihood of broken glass in these areas.
- 5.17 The licensing authority has a number of concerns with respect to the development of external areas to licensed premises, and will consider imposing conditions to improve the management of the outside area or prohibiting or restricting the use of these areas in order to promote the public nuisance objective.

Vehicles

- 5.18 Under the Act, alcohol may not be sold on or from a moving vehicle and therefore any application for such will be refused. However, applications for Premises Licences will be considered for the sale of alcohol from parked or stationary vehicles relating solely to the place where the vehicle is parked and the sale of alcohol will take place.

6. Cumulative Impact/Special Saturation Policy

- 6.1 The licensing authority will not take the “need” for an establishment into account when considering an application, as this is a matter for the market. The licensing authority however recognises that the cumulative impact of the number, type and density of licensed premises in a given area, may lead to serious problems of nuisance and disorder in the vicinity of the premises.
- 6.2 If representations are received from a responsible authority or other persons suggesting that an area has become saturated with licensed premises, such degree of concentration making it a focal point for large groups of people to gather in surrounding areas, possibly away from the premises themselves, the licensing authority will consider on an evidential basis if this impact has an adverse effect on the promotion of the licensing objectives in addition to that created by the individual premises.
- 6.3 In these circumstances, the licensing authority will assess whether the imposition of conditions can address these problems or if the adoption of a special policy of refusing applications for new Premises Licences or Club Premises Certificates is needed because the area is saturated with licensed premises and that granting of any more would undermine at least one of the licensing objectives.
- 6.4 When considering whether to adopt a special saturation policy the Licensing Authority will consider a range of issues including the following:
- Evidence of identification of concern about crime and disorder or public nuisance;
 - Where it can be demonstrated that nuisance and/or disorder is arising as a result of customers from licensed premises, identifying the area from which problems are arising and the boundaries of that area;
 - Following consultation and subject to that consultation, inclusion of a special policy about future Premises Licence or Club Premises Certificate applications from that area; and
 - Publication of the special policy.
- 6.5 If a special policy is adopted it creates a rebuttable presumption that licence and certificate applications or material variations will normally be refused if relevant representations are received. Accordingly applicants will need to address the special policy issues in their operating schedules in seeking to rebut the presumption. Applicants would need to demonstrate that the operation of the premises involved would not add to the cumulative impact already being experienced.

- 6.6 If implemented, the licensing authority would regularly review any special saturation policies to see whether they have had the intended effect and are still required.
- 6.7 The licensing authority will not normally use special saturation policies solely;
- As grounds for removing a licence when representations are received about problems with existing licensed premises, or;
 - To refuse modifications to a licence, except where the modifications are directly relevant to the policy, for example where the application is for a significant increase in the capacity limits.
- 6.8 The licensing authority also recognises that, within this policy, it may be able to approve licences that are unlikely to add significantly to the saturation, and will consider the circumstances of each individual application having regard to the licensing objectives.
- 6.9 The licensing authority, having regard to the evidence currently available, considers that at present there is no particular part of the district where a cumulative impact exists, leading to an adverse impact upon the fulfilment of the licensing objectives. However, the cumulative impact of licensed premises will be kept under review.
- 6.10 Other mechanisms, both within and outside the licensing regime that are available for controlling cumulative effect are:
- Planning controls;
 - Positive measures to create a safe and clean environment in partnership with local businesses, transport operators and other Local Authority services;
 - Application of the powers of the Council to designate parts of the area as places where alcohol may not be consumed publicly;
 - Police enforcement of the normal law concerning disorder and anti-social behaviour, including the issue of fixed penalty notices;
 - The prosecution of any holder of a Personal Licence or member of staff at such premises who is selling alcohol to people who are drunk;
 - The confiscation of alcohol from adults and children in designated areas;
 - Application of Police powers to close for up to 24 hours, any licensed premises or temporary event on the grounds of disorder, the likelihood of disorder, or excessive noise emanating from the premises; and
 - Application of Police powers, other Responsible Authorities, local residents or businesses to seek a formal review of a licence/certificate.

7. Children

- 7.1 A child is anyone under the age of 18 years unless otherwise stated.
- 7.2 This statement of licensing policy does not seek to limit the access of children to any premises unless it is necessary for the prevention of physical, moral or psychological harm.
- 7.3 When considering applications for premises licences, the licensing authority will take into account the history of a particular premises and the nature of the activities proposed to be provided when considering any options appropriate to prevent harm to children. The relevant matters include premises:
- where there have been convictions for serving alcohol to minors or with a reputation for underage drinking;
 - with a known association with drug taking or dealing;
 - where there is a strong element of gambling on the premises;
 - where entertainment of an adult or sexual nature is commonly provided;
 - where the supply of alcohol is the exclusive or primary purpose of the service at the premises.
 - in these circumstances, conditions may be attached to any licence to:
 - limit the hours when children may be present;
 - restrict the age of persons on premises;
 - exclude children from all or part of the premises when certain activities may take place;
 - require an adult to accompany a child;
 - set out a requirement for the presence of adult staff according to a set adult/child ratio where children are attending regulated entertainment;
 - exclude people under 18 from the premises when any licensable activities are taking place.
- 7.4 Where no licensing restriction is considered necessary, however, it is at the discretion of the premises licence holder or club to decide whether or not to admit children; however the licensing authority strongly supports the use of Challenge 25 policies, the recording of all refusals and training on all age restricted activity.
- 7.5 Where premises give film exhibitions, licensees must ensure that children are prevented from viewing age-restricted films classified according to the British Board of Film Classification.

- 7.6 Except as in 7.2 above the authority will not impose conditions restricting the admission of children to any premises believing this should remain a matter of discretion of the licence holder. The licensing authority encourages family friendly policies. It will take strong measures to protect children where any licence holder is convicted of serving alcohol to children, where premises have or acquire a known association with drug taking or dealing, where gambling takes place on the premises or where entertainment of an adult or sexual nature is commonly provided. In such circumstances while it may sometimes be necessary to impose a complete ban on the admission of children this would be rarely imposed, it would be more likely to require conditions as referred to above.
- 7.7 Where a large number of children are likely to be present on any licensed premises, for example, a children's show or pantomime, then conditions will be imposed requiring the presence of an appropriate number of adult staff to ensure public safety and their protection from harm including control of access and egress and consideration may be given to include conditions concerning child/adult ratios
- 7.8 The licensing authority recognises the great variety of premises for which licences may be sought. These will include theatres, cinemas, restaurants, pubs, nightclubs, cafes, takeaways, community halls and schools. Access by children to all types of premises will not be limited in any way unless it is considered appropriate to do so in order to protect them from harm
- 7.9 In the case of premises which are used for film exhibitions conditions will be imposed restricting access only to those who meet the required age limit in line with any certificate granted by the British Board of Film Classification or, in a specific case where there are very good local reasons a certificate given to the film by the licensing authority itself.
- 7.10 Where no restriction or limitation is imposed the issue of access will remain a matter for the discretion of the individual licensee or club.
- 7.11 The wide range of premises that require licensing means that children can be expected to visit many of these, often on their own, for food and/or entertainment.
- 7.12 The Act details a number of offences designed to protect children in licensed premises and the licensing authority will work closely with the police and other appropriate agencies to ensure the appropriate enforcement of the law, especially relating to the sale and supply of alcohol to children.

8. Enforcement

- 8.1 It is essential that premises are maintained and operated so as to ensure the continued promotion of the licensing objectives and compliance with the approved operating schedule, the specific requirements of the 2003 Act and any licence conditions imposed. The licensing authority, in partnership with the responsible authorities, will make arrangements to monitor premises.
- 8.2 The licensing authority will work closely with the police, trading Standards and the other responsible authorities, liaising on a regular basis to establish enforcement protocols and concordats to ensure an efficient deployment of resources engaged in enforcing licensing law and inspecting licensed premises, in order to ensure that resources are targeted at problem and high-risk premises.
- 8.3 The Act details a number of offences designed to protect children in licensed premises and the licensing authority will work closely with the police, Trading Standards and other appropriate agencies to ensure the appropriate enforcement of the law, especially relating to the sale and supply of alcohol and tobacco products to children.
- 8.4 The premises licence holder is responsible to ensure the four licensing objectives are upheld:
- Prevention of crime and disorder
 - Public Safety
 - Prevention of public nuisance
 - Protection of children from harm
- 8.5 Where there is evidence to suggest the licensing objectives are being undermined, enforcement action will be taken in accordance with the principles of better regulation and the Regulator's Compliance Code. The aim is to have well run premises operating in our borough. Problems at premises will be identified by the relevant authorities and the licence holder will have responsibility to resolve the problem. Failure to address or respond to problems or isolated serious failures will normally result in a review application.

**EXTRACT FROM THE MINUTES OF THE LICENSING BOARD MEETING –
26 JANUARY 2016**

**36. REVIEW OF THE DRAFT LICENSING ACT 2003 POLICY -
OUTCOMES OF CONSULTATION**

Consideration was given to a report of the Head of Environmental Health inform the Licensing Board of the outcome of the statutory consultation exercise in respect of the draft the Licensing Act 2003 Policy for 2016-2021 appended to this report as Appendix C (the “Draft Licensing Policy”)

Members sought clarification and it was confirmed that the Licensing –Sub Board would determine any application for a review of a premises licence or club premises certificate, not an Officer as stated. The tables of delegations in the appendix will be amended accordingly to reflect this.

RESOVLED: That the Licensing Board recommends to Full Council that The Draft Licensing Policy be adopted without amendment subject to the minor alterations identified.

Board/Committee:	FULL COUNCIL
Date of Meeting:	10 FEBRUARY 2016
Title	COUNCIL BUDGET 2016/17
Author:	BOROUGH TREASURER
Status:	FOR DECISION

1.0 PURPOSE OF REPORT

- 1.1 To recommend budget levels for General Fund services for 2016/17 and help determine, in due course, the level of Council Tax to be levied in the Borough. (The Council Tax level for 2016/17 will be set by Council on 25 February 2016 when precepting authorities' requirements are known).
- 1.2 The Local Government Act 2003 requires the Council to consider whether its budget is balanced with appropriate levels of reserves. The proposed budget is balanced and any proposed amendments must be considered in this context. In particular, any changes to the budget or reserves may have an impact on the forecasts for future years and affect the Council's ability to maintain adequate service levels and fund the proposed capital programme.
- 1.3 The report outlines the financial situation of the Council's General Fund in the current year and, after consideration of the main factors affecting the outlook for 2016/17 including Exchequer support and reserve levels, recommends a budget level for that year. The proposed budget is expected to result in an increase in the Borough's share of the Council Tax of 1.99% after taking account of reserve and tax collection fund balances. This increase equates to an extra 6p per week Council Tax for an average Gosport property (Band B).

RECOMMENDATIONS

It is recommended that the Council approve:

- 1) A revised 2015/16 budget totalling £10,466,250 and a budget for 2016/17 totalling £9,320,620.**
- 2) The Pay Policy Statement (Appendix 3) and Member's Allowances Scheme (Appendix 4) for 2016/17 are set out in Section 8 of this report.**

2.0 BUSINESS RATE RETENTION

- 2.1 The 2013/14 Local Government Finance Settlement brought the most radical changes to the financing of Local Government for over 30 years.

- 2.2 The primary change was in relation to Business Rate income. Under the previous system business rates were collected by Councils on behalf of the government and paid into a central Treasury pot. This was then redistributed back to local authorities using a complex needs based formula. The Government considered that this did not provide an incentive for Councils to increase the business base in their area as no extra reward would be received by the Council as a result of such growth.
- 2.3 As a result of the above concerns Business Rate Retention was introduced from 1 April 2013 which enables Councils to retain a proportion of any business rates collected above a target level. The current system is complex and in the first instance a baseline funding level (funding that is assumed to be provided through the business rates retention scheme) is calculated. This is determined by the Government as part of the Council's Settlement Funding Assessment, the other element of which is the funding provided through the Revenue Support Grant.
- 2.4 The business rates collected are initially apportioned between Central Government and the billing authorities with the Government currently retaining 50%.
- 2.5 The Billing Authority business rate baseline (the Government's estimate of the business rates collectable in the Borough after deducting the Central Government share of 50%) has been split in two tier areas between the billing authorities and the major precepting authorities on the basis of 80% to the billing authorities (i.e. GBC) with the remaining 20% to the precepting authorities. The resulting individual authority business rate baselines are then either reduced or increased by applying a tariff or top-up respectively so they equal the baseline funding level.
- 2.6 In order to prevent any authority either gaining or losing excessively under the new arrangements the Government have included a levy arrangement whereby some authorities will be required to pay a levy if they collect more than their Individual Authority Business Rate Baseline. Levy rates are individually set for each Council using a formula with this Council's levy rate being 0.50. Therefore for every pound collected above the Individual Authority Baseline Funding Level 50 pence will be payable to the Government.
- 2.7 The proceeds from the Levy are then used to fund a safety net to provide support to Councils whose business rate receipts fall by more than 7.5% below their baseline funding level.
- 2.8 The current funding arrangements do therefore represent a significant transfer of risk (both positive and negative) from Central Government to Local Government. There are potential benefits under the current system but the arrangements whereby Councils bear a substantial proportion (40% in the case of this Council) of the cost of any future successful rating appeals and rate reliefs results in a real possibility

that the Council could be more than 7.5% below baseline funding and therefore would trigger a safety net payment.

- 2.9 While the new business rates system has been generally welcomed, it has also been subject to ongoing regulatory changes and clarifications that have 'fine-tuned' it to meet the government's national objectives and to clarify administrative and operational procedures.
- 2.10 It is a feature of the system that the tariffs, top ups, safety nets, levies and grant reliefs for national budget initiatives have resulted in complex funding streams and timings that blur transparency and inter-year comparisons.
- 2.11 The business rate listings, which are central to the new system, are managed by the local Billing Authorities who have no direct control over some of the key elements – i.e. the various reliefs and appeals, This is further detailed in section 3 to this report.
- 2.12 As detailed in paragraph 3.2 the Business Rate Retention system is currently under review by Central Government with significant changes to the system anticipated by the end of the Parliament. In particular the Government has stated that local government will retain 100% of business rate revenues by that date.

3.0 LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17

- 3.1 The Government published the provisional Local Government Finance Settlement 2016/17 in December 2015 and as widely predicted it highlights significant reductions in Central Government financial support to Councils over the term of the Parliament. The speed of the phasing out of Revenue Support Grant under the proposals is quicker than had been anticipated in the Council's Medium Term Financial Strategy with the last year that the grant will be received being 2018/19 rather than 2019/20.
- 3.2 The Settlement reaffirms the Government's intention to allow Council's to retain 100% of Business Rate revenues by the end of the Parliament although it should be noted that it is planned that this will be cash neutral to the Exchequer. This will be achieved by the phasing out of a number of Central Government grants paid for specific services in addition to the transfer of additional responsibilities to Councils. The transfer of the responsibility for funding the administration of Housing Benefit for pensioners and an increased role for Councils to support older people with care needs are two such areas currently under consideration.
- 3.3 The impact on individual Councils of these proposals is impossible to predict at this stage and will be determined by the mechanism for allocating resources under the new arrangements. The Government has publicised an intention to review the 'needs element' of the mechanism and this will be instrumental in determining the impact of the new arrangements on each council.

- 3.4 The proposals include a number of measures to support those Council's with responsibility for adult social care including an increase of 2% in the flexibility on their current council tax referendum limit and transfer of resource from the New Homes Bonus Scheme (NHB).
- 3.5 The New homes Bonus scheme is the subject of an ongoing consultation and whilst funding for the scheme has been maintained for 2016/17 this is likely to be substantially reduced in 2017/18. Measures under consideration include reducing the payments from 6 years to 4 years which could (particularly if applying to existing payments) impact adversely on current revenue budget projections. It is important to note that this Council's NHB receipt forms a key component of the base budget.
- 3.6 The provisional Settlement gives indicative levels of support for each Council for the four year period from 2016/17 to 2019/20. The Government will offer those Councils who wish to take it a four year funding settlement to 2019/20. The Settlement consultation states *'this would provide funding certainty and stability to enable a more proactive planning of service delivery and support strategic collaboration with local partners, Councils should also use their multiyear settlements to strengthen financial management and efficiency, including by maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents'*.
- 3.7 The Government has stated that Councils wishing to take the four year settlement offer will need to publish an efficiency plan although exactly what this will entail is still unclear. The implications of accepting or not accepting this offer are currently also very unclear although it is hoped that further details will be published as part of the Final Settlement.

4.0 THE LOCAL FINANCIAL SITUATION

- 4.1 The headline figures for this Council in relation to the final grant settlements for 2014/15 and 2015/16 and the provisional 2016/17 grant settlement are as follows:-

	2013/14	2014/15	2015/16	2016/17
	£,000	£,000	£,000	£,000
Revenue Support Grant	3,289	2,557	1,824	1,176
Baseline Funding Level*	<u>2,188</u>	<u>2,231</u>	<u>2,274</u>	<u>2,292</u>
Start Up Funding Assessment	5,477	4,788	4,098	3,466

* Funded from Business Rate receipts

- 4.2 The above table highlights the very significant reduction (approximately £2M) in Central Government funding between 2013/14 and 2016/17.
- 4.3 In addition to the funding through the Start Up Funding Assessment the Council has received New Homes Bonus which is payable as a result of net growth in the Council Tax Base. A total sum of £985,453 is payable to the Council in 2016/17 including £227,053 in respect of 2012/13, £271,309 for 2013/14, £165,757 for 2014/15, £131,920 for

2015/16 and £189,414 for 2016/17. Each phase of New Homes Bonus was originally deemed payable for 6 years although the current consultation on reforms to the New Homes Bonus Scheme suggests that this may be changed both in respect of new and existing tranches.

- 4.4 The Baseline Funding Level now assumes that the Council will collect business rates receipts at target level. The revised estimate 2015/16 is that actual receipts (after Tariff and the levy payable) will be £3,344,030 (including direct grant for additional rate relief granted). This has increased from the original estimate of £3,172,930 and is £1,070,505 above the target level of £2,273,525 and £1,241,120 above the safety net threshold of £2,103,010.
- 4.5 The estimate of Business Rate Receipts 2016/17 (in accordance with the NNDR1 return to Central Government) is £2,708,450 (including direct grant for additional rate relief granted and the levy payable) which is £415,979 above the target level of £2,292,471 and £587,915 above the safety net threshold of £2,120,535. Whilst this reflects the best estimate on the information currently available significant risk remains that final income received will vary significantly and could even fall to that guaranteed by the safety net.
- 4.6 It must be stressed that the estimation of business rate receipts under the current grant system is extremely complex with many of the factors outside this Council's control. This is particularly true in the case of a business rate appeals and claims for rate relief (including Mandatory) whereby any granted will be funded 50% by Central Government, 40% by this Council and 10% by the other precepting authorities. The Valuation Office Agency will both determine whether a rating appeal is successful and the level of reduction granted with the Council having no right of challenge.
- 4.7 A Stability and Resilience Reserve was established In order to help mitigate against the risks outlined above. This reserve helps safeguard against the significant increase in risk and volatility arising from the introduction of Business Rate Retention Scheme and Council Tax Support Scheme together with the uncertainties in future levels of Central Government support. The proposed budget provides for a contribution to the reserve of £1,047,390 for 2015/16 with the reserve estimated to be £1,338,830 by 31 March 2016 which will greatly assist the Council by giving it more time to adjust to the reductions in funding anticipated in the next four years.
- 4.8 Council Tax Freeze Grant has been offered by Central Government since 2011/12 as a reward to those Council's not increasing their element of the council tax in a given year. The draft settlement for 2016/17 does not include any provision for the payment of Council Tax Freeze Grant and the Government's calculation of the change in Council's spending power assumes an increase in Council Tax.
- 4.9 The provisional Settlement for 2016/17 has resulted in a further significant decrease (approximately £632,000) in the level of Central Government support (Revenue Support Grant and Business Rate

Income) that this Council is estimated to receive. To achieve a balanced budget a transfer of £191,530 from the Revenue Financing Reserve has been assumed although further efficiency reviews will be undertaken in 2016/17 which should enable this transfer to be reduced. The final grant settlement figures should be available by early February and it is intended that any variation should be dealt with initially by adjusting the contribution to reserves.

5.0 BUDGET RISK ASSESSMENT

- 5.1 Conclusions about the adequacy of the Council's proposed budget are based on a risk assessment (Appendix 1).
- 5.2 The new financial arrangements that were introduced from 1 April 2013 result in a major shift in risk from Central to Local Government. The new system of Business Rate Retention whilst providing a possibility of reward when Business Rate Receipts exceed the Baseline Funding Level also results in significant risk of a reduction in funding received by this Council. Whilst some of this risk is associated with the Council's performance on rate collection and the development of the Business base within the Borough other major risk factors are out of this Council's control. Examples of such factors include rating appeals, claims for mandatory relief and indeed the financial health of the Country as a whole. The legislative and accounting arrangements relating to the scheme produce significant additional complexity and risk with any given year's income potentially being significantly affected by previous years. Since the introduction of the scheme further complexities have been introduced as a result of the changes in business rate reliefs. The Stability and Resilience Reserve helps mitigate against this risk.
- 5.3 The current ongoing review of the business rates system with a move to 100% retention of business rates by Local Authorities by the end of the Parliament is an area of great uncertainty when trying to forecast future funding levels, The Government has expressed the intention for any changes to remain cost neutral to the Exchequer with the additional income retained being offset by existing grant foregone and additional responsibilities and services being transferred to Councils. As part of the move to the new system the Government has expressed the intention to conduct a fundamental review of the needs element of the system which could lead to significant redistribution of the grant and business rate income retained by each Council.
- 5.4 A further area of additional risk being borne by this Council results from the Council Tax Support Scheme which replaced Council Tax Rebates which were totally funded by Central Government. The Government transferred the responsibility for providing a locally determined Council Tax Support Scheme to Local Government while reducing the funding from Central Government to approximately 90% of the cost of the previous Council Tax Rebate Scheme. From 2013/14 the grant funding for this scheme has been included within the overall grant settlement and whilst some allowance may be made this Council will bear a

substantial proportion of the risk associated with the cost of the scheme in particular arising from any significant increase in take up.

- 5.5 As detailed in paragraph 3.3 the Council is estimated to receive a total New Homes Bonus of £985,453 in 2016/17 which is fully utilised to support the Council's Revenue Budget. The government is currently consulting on options for changes to the New Homes Bonus including the possibility of reducing the number of years in which current and future payments are made. Any changes arising from this consultation will take effect from 2017/18 so that the New homes Bonus payable for 2016/17 is not under threat, however any significant reduction in New Homes Bonus payable in the future will impact adversely on the budget projection for 2017/18-2020/21 (Appendix 2).
- 5.6 It can be seen from the considerable risks and uncertainties identified it is essential that a prudent approach is taken to budgeting and the level of reserves.

6.0 RESERVES

- 6.1 General Fund provisions available for general use comprise a Working Balance and the Revenue Financing Reserve (RFR). The Working Balance enables the Council to meet unexpected demands on its resources such as increased inflation or demand for statutory services and provides a cushion against uneven cash flows. RFR is used to ensure that fluctuations in annual maintenance requirements can be met, to underwrite uninsured risks and for funding spend-to-save revenue and capital initiatives.
- 6.2 As detailed in paragraph 4.7 a new reserve, the Stability and Resilience Reserve was established in 2014/15 to help safeguard against the significant increase in risk and volatility arising from the introduction of Business Rate Retention Scheme and Council Tax Support Scheme together with the uncertainties in future levels of Central Government support.
- 6.3 As a result of savings achieved in the actual expenditure compared to the budget in 2014/15 (partly the result of savings arising from revenue budget carry forwards of £174,880) a higher contribution to RFR of £598,450 rather than the original estimate of £25,610 was possible. As a result the RFR carry forward into 2015/16 totalled £2,665,460 The original budget 2015/16 included a contribution of £150,000 to be applied from the fund to support regeneration projects within the Borough in accordance with the RFR's objective to support spend to save revenue and capital initiatives. The revenue carry forwards have been largely offset by savings in the revised budget resulting in only £14,120 additional contribution above the £150,000 original estimate being required i.e. £164,120.
- 6.4 The original budget 2015/16 includes provision for a contribution to the Stability and Resilience Reserve of £876,290. As a result of current estimates relating to business rate income this has been increased to £1,047,390 in the revised budget. As stated previously in this report future Business Rate income is open to great variation and uncertainty

with many of the factors such as the number and success of appeals and Central Government Reform are outside this Council's control. The Stability and Resilience Reserve is seen as essential to helping this Council mitigate against the risk and uncertainties arising from the business rate retention system.

- 6.5 As detailed in paragraph 4 the grant settlement for 2016/17 is substantially lower than 2015/16 with further significant reductions being indicated for future years which have been incorporated into the projected general fund for the years 2017/18 to 2020/21 (appendix 2).
- 6.6 In view of the challenges that the Council is likely to face in the next 4 years and the additional risks identified it is seen as essential that reserve levels are maintained at as high a level as possible. These funds will not only cover against such risks but also help provide essential invest to save funding to enable the Council to fully utilise the opportunities for efficiencies in the future.

7.0 THE PROPOSED BUDGET

7.1 REVENUE

- 7.1.1 The revised 2015/16 budget totals £10,466,250 and represents an increase of £171,100 (1.7%) on the original budget of £10,295,150. The draft budget book contains a list of variations that have arisen between the Council's original spending plans for the current year and the latest estimate of expenditure and income.
- 7.1.2 The total proposed net budget for 2016/17 is £9,320,620 and represents a decrease of £974,530 (9.5%) on the original budget for the current year.
- 7.1.3 The budget totals detailed above are reported after allowing for contributions to and from balances and reserves in each year. The revised total net expenditure (before transfers) of £9,582,980 represents an increase of £14,120 on the original budget but after taking into account the revenue expenditure brought forwards totalling £174,880 a saving of £160,760 has been achieved.
- 7.1.4 Summary reports on the budgets for each of the Boards including information relating to main budget variations are attached (Appendix 5).

7.2 CAPITAL

- 7.2.1 A separate report dealing with the Council's Treasury Management Strategy for the coming year is on the Agenda for this meeting.
- 7.2.2 The Council's Capital Programme for the 4 years to 2018/19 amounts to over £23M primarily funded from the Major Repairs

Reserve, HRA revenue contributions and borrowing as approved by Policy and Organisation Board on 23rd September 2015.

- 7.2.3 There is a direct impact on revenue budgets arising from the capital programme and, where expenditure is not supported by Government grant, the resulting financing cost is included within the budget. The amount of discretionary capital expenditure in the capital programme continues to be strictly controlled as the Council should only borrow to fund new capital investment if it can be demonstrated that the revenue consequences are affordable in line with the prudential code

7.3 COUNCIL TAX

- 7.3.1 The proposed budget of £9,320,620 for 2016/17 will result in a 1.99% increase in Gosport's share of the Council Tax. The Band D Council Tax will therefore increase to £206.85 for 2016/17. This represents a £4.04 p.a. increase on the current level of £202.81 and equates to just under 8 pence per week for a Band D property.

7.4 COUNCIL TAX BASE

- 7.4.1 The projected Council tax Base for 2016/17 is shown below:-

Calculation of adjusted tax base:

Adjusted Tax Base (before Losses to Collection)	26,329.40
Less Losses on collection	<u>-383.50</u>
Adjusted Tax Base	<u>25,945.90</u>

8.0 BEYOND 2016/17

- 8.1 A 4-year projection of revenue commitments (Appendix 2) indicates significant pressures on budgets between 2017/18 and 2020/21.

- 8.2 Savings required are currently projected as follows:-

Year	Estimated Savings Required (Year on Year)
2017/18	£728,000
2018/19	£483,000
2019/20	£402,000
2020/21	£-29,000

- 8.3 It is currently Council policy to restrict Council Tax increases for its own requirements to no more than 2.5% although it is presently the case

that a referendum is required by any Council wishing to increase its Council Tax by 2% or more.

- 8.4 The current ongoing Central Government reviews of New Homes Bonus payments and the Business Rate Retention Scheme make this a particularly challenging time to forecast the Council's finances over the medium term so that the position outlined in the four year projection may be subject to major variation.

9.0 OTHER ISSUES

- 9.1 The Council is required to consider and publish its Pay Policy and Member's Allowances Scheme that will apply next financial year before the end of March. They are attached as Appendices 3 & 4 for approval by Council. The financial consequences of these are included in the proposed budget and reflect a continuation of existing policy.

10.0 CONCLUSION

- 10.1 The proposed 2016/17 budget of £9,320,620 is balanced and will result in a 1.99% increase in the level of Council Tax required for the Borough Council's purposes. The outlook for 2017/18 and beyond is that significant reductions in Exchequer Support will be forthcoming so it is essential that further reviews of services are undertaken and efficiencies and new sources of income are identified. The Council's Budget Strategy for 2017/18 will further address this when it is considered during autumn 2016.
- 10.2 A budget book containing the budget as finally approved will be circulated by April and a revised Medium Term Strategy will be prepared shortly thereafter.

Financial Implications:	Council's General Fund Budget and Council Tax level for 2016/17
Legal Implications:	The Council has to set a balanced budget and is also under an obligation to carry out its functions effectively, efficiently and economically. It also has to determine and publish both its Pay Policy Statement and Member's Allowances Scheme in advance of the new financial year.
Service Improvement Plan implications:	The budget submissions reflect both service improvement plans and the corporate plan.
Corporate Plan:	Ditto.
Risk Assessment:	See Appendix 1
Background papers:	Draft Budget Book Budget working papers Capital Programme 2016/17
Appendices/Enclosures:	1. Risk Assessment 2. 4 year projection of Revenue

	Commitments 3. Pay Policy Statement 2015/16 4. Member's Allowances Scheme. 5. Summary of Service Board Budgets 2015/16
Report Author/Lead Officer	Julian Bowcher

BUDGET RISK ASSESSMENT (GENERAL FUND)

Budget Area	Risk	Budget £'000	Likelihood	Revenue Impact	Comment
Business Rate Retention Scheme/ Government Grants	Uncertainty regarding Collection Rates/Appeals/Mandatory Relief Grant Data//Policy change	-6,359	H	H	Considerable uncertainty regarding the impact of outstanding appeals will have on future NNDR income. Both positive and negative risk. Negative risk partly mitigated by 'Safety Net'/Prudent Budgeting. Increased risk due to current Government Review.
Council Tax Support Scheme	Increased costs due to take up etc.	4,200	H	M	Any increased costs relating to take up of the scheme are likely to be at least partly borne by this Council. The Government support for the scheme is no longer separately identified and is now included within the overall grant settlement.
Capital Programme	Failure to raise necessary financing (capital receipts 2015-19)	-1,615	H	M	Economic climate may not facilitate the raising of the new capital receipts required in future years
Housing Benefits	Overpayment rates &/or demand increase, grant formula change.	30,480	H	H	Major uncertainty still exists regarding the timing relating to the introduction of Universal Credit and the impact of future changes to the benefit system.
Homelessness	Additional demand.	2,554	H	M	
General Income	Shortfall due to unpredicted demand changes.	2,487	H	H	
Maintenance	Unforeseen urgent works.	732	M	M	Essential expenditure has been provided for.
Interest Rates	Interest rates are higher than forecast	353	M	H	The economic climate remains highly volatile making the prediction of future interest rate levels subject to uncertainty.
Government Grants (including New Homes Bonus)	Future levels of Revenue support grant and New Homes Bonus Payments.	2,160	H	H	Increase uncertainty regarding the level of New homes Bonus as a result of the current review.
Regional Growth Fund	Central Government Grant Clawback	>£3M	L	H	Risk likelihood considered low due to controls and procedures in place

NOTES

- 1 Assessment takes account of past trends and budget monitoring.
- 2 Likelihood: High = most years, Medium = Occasional, Low = rare.

3. Impact: High = over £100,000; Medium = £50 – 100,000; Low = less than £50,000

APPENDIX 2

PROJECTED GENERAL FUND FOR THE YEARS TO 2020/21 (at current prices)				
	(£'000)			
	2017/18	2018/19	2019/20	2020/21
A 2016/17 Base Budget	9,321	9,321	9,321	9,321
B Budget Increases				
Crematorium (income down)	25	25	25	25
Pensions ERS	43	46	51	24
Inflation (inc pay award)	120	240	360	480
MRP	41	54	20	(30)
Transfer from Reserves	180	180	180	180
New Homes Bonus income	(63)	101	309	412
Apprenticeships Levy	20	20	20	20
	366	666	965	1,111
C Less Budget Decreases				
Elections	(55)	0	(55)	0
Transfer to Reserves				
	(55)	0	(55)	0
D PROJECTED BUDGET TOTALS (A+B+C)	9,632	9,987	10,231	10,432
E FUNDING				
Revenue Support Grant / Tariff Reduction	(612)	(264)	124	124
Collection Fund (Surplus) / Deficit - Council Tax	0	0	0	0
Business Rates income	(2,802)	(2,902)	(3,002)	(3,102)
	(3,414)	(3,166)	(2,878)	(2,978)
F GBC COUNCIL TAX LEVY (D-F)	(6,218)	(6,821)	(7,353)	(7,454)
G COUNCIL TAX BASE	26,020.9	26,095.9	26,170.9	26,245.9
H ESTIMATED COUNCIL TAX INCOME	(5,490)	(5,610)	(5,740)	(5,870)
I SAVINGS REQUIRED	728	1,211	1,613	1,584

GOSPORT BOROUGH COUNCIL

PAY POLICY STATEMENT **2016/17**

1. Purpose

This statement is produced in accordance with Section 38(1) of the Localism Act 2011, and sets out the Council's policies relating to the pay of its workforce for the financial year 2015/16, and 2016/17, and in particular:

- the remuneration of its Chief Officers
- the remuneration of its "lowest paid employees"
- the relationship between the remuneration of its Chief Officers and those who are not Chief Officers.

2. Definitions

For the purpose of this pay policy statement, the following definitions apply.

2.1 Pay, in addition to salary, includes any charges, fees, allowances, benefits in kind, increases in/enhancements to pension entitlements, and termination payments.

2.2 Chief Officer refers to the following roles within the Council:

Chief Executive, as Head of Paid Service, Borough Solicitor and Deputy Chief Executive (who is also the Council's Monitoring Officer), Borough Treasurer, Housing Services Manager. In addition, in accordance with the definition set out in the Localism Act and the Government's statutory guidance, this term for this purpose also refers to those officers who report directly to the statutory or non-statutory officers, i.e. the following Section Heads:

Head of Economic Prosperity, Tourism and Culture, Head of Policy and Community Safety, Head of Personnel, Head of IT, Head of Accountancy, Head of Pay and Central Services, Head of Local Taxation, Head of Benefits Services, Head of Internal Audit, Head of Housing Operational Services, Head of Property Services, Head of Housing Finance, Head of Housing Options, Head of Legal and Democratic Services, Head of Conservation and Design, Head of Development Control, Head of Planning Policy, Head of Building Control, Head of Streetscene, Transport and Traffic Liaison Officer.

2.3 Lowest paid employees refers to those staff employed at the lowest grade level (scp 6) of the Council's pay framework. This definition has been adopted because this is the lowest pay level in the Council – with effect from 1st April 2016, the lowest point will be scp 9, since scp's 6 to 8 will be deleted from that date.

2.4 Employees who are not Chief Officers refers to all staff who are not covered by the Chief Officer group indicated at 2.2.

3. Pay framework and remuneration levels

3.1 General Approach

The Council recognises the need to exercise the greatest care in managing scarce public resources. The level of remuneration is a very important factor in both recruitment and retention of high quality employees dedicated to fulfilling the Council's business objectives and delivering services to the public, but this has to be

balanced by ensuring remuneration is not, nor seen to be, unnecessarily excessive. Each council faces its own unique challenges and retains flexibility to cope with various circumstances.

Gosport Borough Council is aware that its pay levels for the Chief Executive and statutory and non-statutory Chief Officers are low in comparison with the other authorities in the region, and nationally. The situation is kept under regular review. The Government considers that large salary packages for new appointments, which should be considered by full Council, are those above the threshold of £100,000. In accordance with the revised guidance issued in February 2013, a lower threshold of £95,000 is used for this Council.

3.2 Responsibility for decisions on remuneration

Statutory and non-statutory Chief Officers of this Council are covered by the Joint National Council for Local Authorities' Conditions of Service for Chief Executives and Chief Officers; the JNC terms and conditions are incorporated in contracts of employment.

Any corporate changes to pay or grading for these officers are considered by the Council's Policy and Organisation Board.

Section Heads as listed at 2.2 and employees who are not Chief Officers are covered by the NJC for Local Authorities' Services Conditions of Service. The level of pay is determined in accordance with national pay scales. Any changes to the formally agreed terms or conditions for all staff are considered by the Council's Policy and Organisation Board.

3.3 Salary Grades and Grading Structure

The Council's grading structure for Section Heads and all employees who are not Chief Officers consists of one spot point salary and 12 grades – grades within the pay scales are allocated to posts through the national job evaluation scheme, thus ensuring fairness and equality in the application of pay. The allocation of a spot salary or grade depends on the nature and complexity of the job and the consequent need for a learning curve, and progression within grades is normally by annual increments, subject to satisfactory performance.

Section Heads listed at 2.2, who report directly to statutory and non-statutory Chief Officers also listed in that paragraph, are responsible for a particular function, with some staff at a lower level (e.g. secretarial) also reporting direct to statutory or non-statutory Chief Officers. Grades for Section Heads vary from grade 10 to grade 12 within the structure (attached), depending on the level of duties and responsibilities of each post and as evaluated in accordance with the national scheme. The average differential between the pay of Chief Officers and the most senior staff reporting to them is 12%.

Grade	Salary from 1.4.13 to 31.12.14	Salary with effect from 1.1.15
Fixed point	£12,266 (£12,435 wef 1.10.13)	£13,614
1	£12,435 to £13,321	£13,614-£13,871
2	£13,725 to £15,598	£14,075-£15,941
3	£15,882 to £16,998	£16,231-£17,372

4	£17,333 to £19,317	£17,714-£19,742
5	£19,817 to £21,734	£20,253-£22,212
6	£22,443 to £24,892	£22,937-£25,440
7	£25,727 to £28,922	£26,293-£29,558
8	£29,528 to £33,998	£30,178-£34,746
9	£34,894 to £38,422	£35,662-£39,267
10	£39,351 to £42,032	£40,217-£42,957
11	£42,916 to £45,567	£43,860-£46,569
12	£46,475 to £49,318	£47,497-£50,403

The lowest paid staff within the authority, i.e. those whose posts have been evaluated at the lowest grade, are Cleaners on a fixed point which is currently £13,614 per annum, rising to £14,075 per annum from 1st April 2016. The Council has for several years been involved in apprenticeships, providing the work experience element rather than directly employing apprentices.

The highest paid staff are statutory and non-statutory Chief Officers (£57,263 to £66,349), the Chief Executive (£92,892 to £100,948), Deputy Chief Executive and Borough Solicitor/Monitoring Officer (£68,715 to £79,621) and Borough Treasurer (£62,989 to £72,985). The comparison between the lowest paid salary and the highest paid is 7.4:1.

The highest paid salary, at the top of the grade, is 5.2 times the median average salary of the whole workforce. This is considered to be a fair and reasonable pay multiple, striking an appropriate balance which recognises the need to adequately recompense the different levels of duties and responsibilities.

Increases in pay are made consequent on national negotiations; there are separate negotiations for statutory and non-statutory Chief Officers. A 2.2% pay increase was awarded to all other staff effective from 1st January 2015, in consequence of the national negotiations (a larger sum applied to the lowest paid). This was the first increase applied for several years, the last being 1% from 1st April 2013 (with higher percentage for lowest paid). Negotiations are taking place nationally for a pay increase from 1st April 2016, an offer having been made covering a two year period at 1% each year for most of the points on the pay spine, with a higher percentage at the lower grades, in particular to take account of the national living wage.

3.4 Remuneration – level and elements

In considering pay, the Council takes into account market rates, individual performance and the need for equality and consistency in the way grades are applied.

Chief Officers

Reviews of statutory and non-statutory Chief Officer salaries (i.e. Chief Executive, Deputy Chief Executive and Borough Solicitor, Borough Treasurer and Housing Services Manager) are carried out from time to time by the Council's Policy and Organisation Board; a review was undertaken in 2014 (the first since 2003) by the Policy and Organisation Board, for which purpose information was collected on the pay and benefits package across the South East region, and in other councils across the country of a similar size. That review identified Gosport Borough Council's package for the Chief Executive as being the lowest, in consequence of which an increase was applied but this still leaves the package amongst the lowest. It is important that the Council remains able to recruit and retain the best calibre officers, and the salary levels for the most senior officers are therefore kept under review.

Increases in pay for the Chief Executive and Chief Officers are generally made in consequence of national negotiations – 1% was applied in 2013 following 4 years of pay freezes, and 2% from 1st January 2015.

Statutory and non-statutory Chief Officers are not covered by the Council's job evaluation scheme and do not therefore receive any increase in grade where duties and responsibilities increase. Given the significant reduction in the size of the Council's Management Team over recent years, there have been considerable increases in duties and responsibilities for all these officers.

Performance Appraisal

The Chief Executive's performance is appraised by senior Members of the Council. The performance of Chief Officers is appraised by the Chief Executive, and of all other officers by their managers; the performance appraisal system is not linked to pay/reward.

Other Officers

The salaries of Section Heads and other employees who are not Chief Officers are in accordance with the national tables, with increases applied following national negotiations. A 2.2% increase was applied from 1st January 2015 as indicated above, with a £100 lump sum payment (pro rata for part-time staff) to recognise the delaying of the payment from April 2014.

The only other pay increases occur where staff are progressing contractually through a grade, or where a job is re-evaluated to recognise substantial additional duties/responsibilities. The majority of the Council's staff are on the top of their grade and have not therefore received incremental progression.

Grading Structure and Progression

The Council's grades consist of 4 incremental points, other than a few spot point salaries. The use of a grade recognises and allows for staff to gain knowledge and expertise in the job. Appointments are made on merit and on the appropriate point of the grade, taking into account the level of skills and knowledge of the successful applicant. The decision is made by the Appointment Panel; the salary applied on appointment is subject to regular monitoring, and formally reviewed through the Equal Pay Audit.

All the Council's staff including Chief Officers are subject to the same performance management process. Whilst there is no formal performance related pay for any of

the Council's officers, increments can be withheld where performance is unsatisfactory, and enhanced incremental progression or one-off honorarium payments can also apply to recognise and reward exceptional performance. The scheme covering merit increments/honoraria provides clear guidance relating to the circumstances in which such payments can be made, and the size of the payment, which must be commensurate with the work being rewarded. Such awards can only be approved by the Chief Executive, following corporate consideration, and they are centrally monitored for fairness and consistency. Any such award for the Chief Executive is subject to approval of the appropriate Council Board.

Additions to Salary

The Chief Executive and statutory and non-statutory Chief Officers (Deputy Chief Executive and Borough Solicitor, Borough Treasurer, Housing Services Manager) receive very few additions to their salary. Where additional duties and responsibilities, in excess of those normally required of a statutory or non-statutory Chief Officer, are applied, a percentage supplement can be agreed by the Council's Policy and Organisation Board.

Currently, a supplement is applied for the Deputy Chief Executive and Monitoring Officer roles, and for the Section 151 Officer responsibility. The size of any such supplement is determined taking into account the level of duties and responsibilities, ensuring consistency and fairness.

The responsibility of Local Returning Officer attracts an additional payment once every two years on completion of the work, this being the frequency of local elections. The payment is made in accordance with the Hampshire scale of fees, and is made to whichever officer undertakes that responsibility, which currently lies with the Deputy Chief Executive and Borough Solicitor.

The only other supplements to Chief Executive, statutory Chief Officers and Housing Services Manager's pay are one professional subscription or practising certificate where this is required for the execution of the necessary duties (average £366 per annum), and the annual payment of telephone rental (£103 per annum) to recognise the requirement for such officers to be available out of hours. There is no payment made to these officers for hours in excess of the contractual 37 per week, although they regularly work considerably in excess of that time.

The only supplements applied to the salaries of Section Heads are where a Section Head requires a practising certificate or professional membership by law in order to fulfil their contractual duties, and where a Section Head is managing the functions across more than one Council; in the latter case, a 15% supplement is applied for managing the function (and staff within it) in one additional council, and 25% where this applies to two or more councils. The former supplement currently applies to the Head of Internal Audit, and the latter to the Head of Building Control. The only other additional payments applying to Section Heads or other employees who are not Chief Officers are those recognising work out of normal hours, overtime or stand-by, in accordance with National and Local Conditions of Service.

All officers are entitled to claim an allowance for attendance at evening committee meetings, in accordance with the Council's formal Local Agreement, which depends on the amount of time involved. All officers who are nominated as "Essential" or "Casual" car users can apply for a loan from the Council to purchase a vehicle, the interest rate currently being 3.25%, in accordance with the formal Local Agreement. Car user designations are reviewed annually to consider whether there is sufficient justification to continue the allowance. All officers of the Council have the option to

join the Hampshire County Council pension scheme, which is a contributory scheme with varying rates dependent on salary level.

The Council has not introduced market supplements, having so far been able to recruit and retain essential staff as needed.

The Council does not make bonus payments to Chief Officers or employees who are not Chief Officers.

The Council operates a Salary Sacrifice Scheme in respect of childcare vouchers, and car park charges.

Payments on Termination of Employment

There are no additional payments made on termination of employment, other than in situations of redundancy or early retirement. The provisions relating to such payments are set out in the Council's Statement on Early Retirement and Discretionary Payments, and the Redundancy Policy, which are approved by Policy and Organisation Board. Were there to be any severance packages beyond the threshold of £95,000, they would be subject to approval by the Council.

The provisions relating to flexible retirement, whereby an officer with sufficient service and of the appropriate age can request to take immediate payment of pension but remain in employment on less hours or in a lower graded role, are also included in the Statement referred to. Where any additional payments are required in accordance with pension provisions, these applications are subject to approval by Policy and Organisation Board. The provisions are exercised where appropriate savings can be made whilst still retaining the necessary knowledge and experience.

Early payments of pension on compassionate grounds are considered by Policy and Organisation Board and approved in very exceptional circumstances only.

Early payments of pension on medical grounds are considered in accordance with the requirements of the Pension Regulations, with advice from an independent Occupational Health Physician.

4. Re-employment of Officers

Where an officer has been made redundant or taken early retirement, they do still have the right to make application for any posts which may arise after they have left. Before agreeing to any such termination, a full search is always made for any possible suitable alternatives to avoid the situation arising, but there are times when redundancies/early retirements cannot be avoided.

Should suitable vacancies arise after such staff have left the Council, any applications for employment from these staff would be given full consideration together with all other applicants. The Council will in such cases, as in any recruitment exercise, take the necessary action to ensure that the appointment is made on merit, selecting the best person for the relevant post. Any necessary adjustments to pension (or payments made) would be made in accordance with the relevant Regulations.

5. Publication of Information

The Council publishes information relating to senior employees (those earning £58,200 and above as defined by the Government's transparency agenda), number of staff whose remuneration was at least £50,000, the organisation structure and grading structure, vacant posts, the pay multiple, and a range of equality data, on its website.

6. Review

This statement is reviewed on an annual basis, as required by legislation, and approved by full Council.

Associated Documents

The following documents also relate to pay, grading and retirement provisions:

Grading Structure
Statement on Early Retirement and Discretionary Payments
Redundancy Policy
Guidance on the Award of Merit Increments and Honoraria
People Management Strategy
Hampshire Election Fees 2015/16 and 2016/17

APPENDIX 4

MEMBERS' ALLOWANCE SCHEME 2016/17 (Scheme last revised Nov 15)

Allowance	2016 – 17
	£/p.a.
Basic Allowance	5862.00
Leader of the Council	13620.00
Chairmen of Service Boards and Regulatory and Licensing Boards	4362.00
Chairman of Overview and Scrutiny Committee	3270.00
Opposition Group Leader (Liberal Democrat)	2383.50
Opposition Group Leader (Labour)	2383.50

SUMMARY OF SERVICE BOARD BUDGETS 2016/17

The purpose of this summary is to consider each of the service board's revised 2015/16 and estimated 2016/17 budgets.

1.0 BACKGROUND

- 1.1 This summary reports each of the service board's requirements for the 2015/16 and 2016/17 financial years.
- 1.2 The Council's Capital Programme for 2015/16 to 2018/19 was approved by P&O Board on 23 September 2015 and the Fees and Charges were approved by Council on 14 October 2015.
- 1.3 The Council's budget strategy was approved by P&O Board on 23 September 2015.
- 1.4 Board budgets have been constructed against the backdrop of the third year (2015/16) of Business Rate Retention, continuing public sector fiscal constraints and future fundamental changes to Local Government finance through the full devolvement of business rates, the abolition of revenue support grant and the re-engineering of new homes bonus.

The achieving of cost reductions with minimal impact on service delivery remains a priority.

1.5 Variance Analysis

Members have been circulated with a draft of the budget book.

The variance analysis shows the major budgetary variations from (i) the original budget to the revised budget and, (ii) the revised budget to the estimated budget.

In practice, at the lowest level, there will always be many budgetary variations – both positive and negative - as officers manage budgets and provide for service delivery under delegated authority in line with financial regulations. The variance analysis in the budget book includes the major variations only and focuses on the bottom line rather than the detail.

Capital Finance charges (ie depreciation) have been ignored within the analysis as these are offset by an opposite and equal figure within the P&O Board budget so that they do not impact on the level of council tax. This accounting treatment is obligatory and is carried out by all local authorities.

Administration recharges represent the cost of the Council's service units – both frontline and support – that are incurred in providing the Council's services. They can vary between both services and boards

and reflect the complexity and changing nature of the Council's structure and services. Service units and staffing continue to be rigorously examined to reduce costs and find efficiencies.

2.0 COMMUNITY BOARD

2.1 SUMMARY

A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below.

Community Board		Original Budget 2015/16	Revised Budget 2015/16	Original Budget 2016/17
1	EMPLOYEES	£102,480	£102,800	£106,770
2	PREMISES	£735,100	£812,790	£725,520
3	TRANSPORT	£10,260	£8,440	£9,320
4	SUPPLIES & SERVICES	£3,303,260	£2,663,740	£2,458,570
5	THIRD PARTY PAYMENTS	£3,871,480	£3,940,070	£3,970,450
6	TRANSFER PAYMENTS	£52,100	£22,950	£22,950
7	SUPPORT SERVICES	£2,170,300	£2,110,300	£2,173,510
8	CAPITAL/FINANCING	£760,400	£755,330	£737,300
		£11,005,380	£10,416,420	£10,204,390
9	INCOME	(£5,343,550)	(£4,749,880)	(£4,704,250)
		£5,661,830	£5,666,540	£5,500,140

2.2 REVISED BUDGET 2015/16

The revised budget for 2015/16 is **£5,666,540** an increase of **£4,710** on the original budget for 2015/16 of **£5,661,830**

2.3 BUDGET 2016/17

The budget for 2016/17 for this Board is **£5,500,140**, a decrease of **£161,690** on the original budget for 2015/16 of **£5,661,830**; and a decrease of **£166,400** on the revised budget for 2015/16 of **£5,666,540**.

2.4 MAIN VARIATIONS

Main variations include (minus figures are reduced costs or increased income)

- Open Spaces – including renewal of signage throughout, budget carry forwards from 2014/15, purchase of land at Gomer Lane and other smaller budgetary variations (+£36,400 in 2015/16; -£70,230 in 2016/17)
- Investment Properties – rental income variations (-£45,020 in 2015/16; -£7,560 in 2016/17)
- Waste – recycling income - reduced rates for glass and paper – (+£57,100 in 2015/16)
- Gosport Leisure Centre – profit share (-£20,000 in 2015/16; -£20,000 in 2016/17)
- Homelessness – overall service variation excluding administration (+£59,090 in 2015/16; -£167,270 in 2016/17)

- Stokes Bay Mobile Home Park – commission on sales (-£72,100 in 2015/16; +£58,100 in 2016/17)

3.0 ECONOMIC DEVELOPMENT BOARD

3.1 SUMMARY

A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below

Economic Development Board	Original Budget	Revised Budget	Original Budget
	2015/16	2015/16	2016/17
1 EMPLOYEES	£35,610	£35,610	£36,850
2 PREMISES	£164,500	£154,730	£159,800
3 TRANSPORT	£400	£100	£100
4 SUPPLIES & SERVICES	£399,950	£412,420	£277,040
5 THIRD PARTY PAYMENTS	£65,640	£67,800	£66,870
6 TRANSFER PAYMENTS	£0	£0	£0
7 SUPPORT SERVICES	£380,300	£375,500	£365,900
8 CAPITAL/FINANCING	£170,260	£171,280	£171,280
	£1,216,660	£1,217,440	£1,077,840
9 INCOME	(£336,780)	(£350,180)	(£325,210)
	£879,880	£867,260	£752,630

3.2 REVISED BUDGET 2015/16

The revised budget for 2015/16 is **£867,260**, a decrease of **£12,620** on the original budget for 2015/16 of **£879,880**

3.3 BUDGET 2016/17

The budget for 2016/17 for this Board is **£752,630**, a decrease of **£127,250** on the original budget for 2015/16 of **£879,880**; and a decrease of **£114,630** on the revised budget for 2015/16 of **£867,260**.

3.4 MAIN VARIATIONS

Main variations include (minus figures are reduced costs or increased income)

- Regeneration Projects – lower budgetary provision in 2016/17 (-£120,000 in 2016/17)

4.0 POLICY AND ORGANISATION BOARD

4.1 SUMMARY

A subjective analysis (an analysis by type of expenditure as opposed to by service heading) is in the table below.

Policy & Organisation Board	Original Budget	Revised Budget	Original Budget
	2015/16	2015/16	2016/17
1 EMPLOYEES	£754,440	£698,020	£630,790
2 PREMISES	£700	£2,340	£2,250
3 TRANSPORT	£8,640	£6,820	£8,470
4 SUPPLIES & SERVICES	£1,117,370	£1,055,360	£1,202,750
5 THIRD PARTY PAYMENTS	£323,770	£334,600	£311,810
6 TRANSFER PAYMENTS	£31,504,610	£29,594,880	£29,290,330
7 SUPPORT SERVICES	£3,843,520	£4,001,620	£4,058,360
8 CAPITAL/FINANCING	£1,815,920	£1,760,990	£1,850,420
	£39,368,970	£37,454,630	£37,355,180
9 INCOME	(£36,341,820)	(£34,405,450)	(£34,095,800)
	£3,027,150	£3,049,180	£3,259,380

4.2 REVISED BUDGET 2015/16

The revised budget for 2015/16 is **£3,049,180** an increase of **£22,030** on the original budget for 2015/16 of **£3,027,150**

4.3 BUDGET 2016/17

The budget for 2016/17 for this Board is **£3,259,380**, an increase of **£232,230** on the original budget for 2015/16 of **£3,027,150**; and an increase of **£210,200** on the revised budget for 2015/16 of **£3,049,180**.

4.4 MAIN VARIATIONS

Main variations include (minus figures are reduced costs or increased income)

- Register of Electors – individual electoral registration (+£118,820 in 2016/17)
- Local Land Charges income – receipt of S.31 grant of £62,640 in 2015/16 (-£32,640 in 2015/16; +£62,640 in 2016/17)
- Local Elections – elections in 2016/17 (+£55,000 in 2016/17)
- Vacancy savings – (-£14,390 in 2015/16; -£112,440 in 2016/17)
- New Homes Bonus – greater than budgeted for in 2016/17 (-£182,130 in 2016/17)
- Council Tax Freeze Grant 2015/16 – payable for one year only – (+£57,950 in 2016/17)
- Interest and Financing Costs – (-£47,100 in 2015/16; +£128,400 in 2016/17)

5.0 RISK ASSESSMENT

5.1 Council budgeting processes include an element of risk in respect of the many variables involved. These include:

- New statutory responsibilities
- Government led or notified activities – including national Business Rates Retention funding from 2013/14
- Demand led activities which may result in the Council have to react to external factors
- Contractual obligations

- Market & economic factors including interest rates

5.2 To counter these risks and uncertainties, the Council aims to be proactive in monitoring and controlling its services and budgets and taking prompt corrective action when necessary.

Agenda item no 9

Report to:	COUNCIL
Meeting date:	10 FEBRUARY 2016
Title:	TREASURY MANAGEMENT & PRUDENTIAL INDICATORS 2016/17
Originator:	BOROUGH TREASURER
Status	FOR DECISION

Purpose

This report outlines the Council's prudential indicators for 2016/17 to 2018/19, together with the expected treasury operations for this period. It fulfils a key legislative requirement.

Recommendations

Council is recommended to approve:

- The Treasury Management Strategy, as identified in 1.3
- The Prudential Indicators, as identified in 1.4
- The Minimum Revenue Provision (MRP) policy statement set out in 2.2
- The Annual Investment Strategy (paragraph 2.7)

1.0 BACKGROUND

1.1 Overview

- 1.1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk policy, providing adequate liquidity initially before considering investment return.
- 1.1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

- 1.1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”

1.2 Reporting requirements

- 1.2.1 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

- 1.2.2 Prudential and Treasury Indicators and Treasury Strategy** (this report) - the first, and most important report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

- 1.2.3 A Mid Year Treasury Management Report** – this will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting its objectives or whether any policies require revision

- 1.2.4 An Annual Treasury Report** – this provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

The latter two reports are combined and jointly reported in September.

1.3 Treasury Management Strategy for 2016/17

- 1.3.1 The strategy for 2016/17 within this report covers two main areas:

1.3.2 Capital Issues (set out in sections 2.1 to 2.3)

- the capital plans and the prudential indicators
- the Minimum Revenue Provision (MRP) policy

1.3.3 Treasury management issues (set out in sections 2.4 to 2.8), including

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Council
- prospects for interest rates

- borrowing strategy
 - borrowing in advance of need
 - debt rescheduling
 - investment strategy
 - creditworthiness policy as set out in Appendix A
- 1.3.4 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

1.4 The Prudential Indicators 2016/17 – 2018/19

- 1.4.1 The prudential indicators contained within this report are required by CIPFA's Prudential Code and are designed to support and record local decision making in a transparent and accountable manner. They cover
- **Capital Expenditure**
 - Capital expenditure and capital financing requirement (paragraphs 2.1.1 & 2.1.2)
 - **Affordability**
 - Ratio of financing costs to net revenue stream (paragraph 2.3.1)
 - Incremental impact of capital investment decisions on the council tax and Housing Rents (paragraphs 2.3.2 & 2.3.3)
 - **Prudence**
 - Gross debt and capital financing requirement (paragraph 2.4.1)
 - **Treasury Indicators**
 - External debt (paragraph 2.4.2)
 - Operational boundary (paragraph 2.4.5)
 - Authorised limit (paragraph 2.4.6)
 - **Treasury Management**
 - Adoption of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes which is demonstrated by the issues covered in this report
- 1.4.2 In addition the following treasury management indicators are part of the Treasury Management code and are designed to limit the treasury risk and activities of the Council
- **Treasury Management Indicators relating to Borrowing**
 - Upper limits on fixed and variable interest rate exposure (2.6)
 - Upper and lower limits on the maturity structure of borrowing (2.6)
 - **Treasury Management Indicator relating to External Debt**
 - Upper limits to the total of principal sums invested longer than 364 days (2.8)

1.5 Training

- 1.5.1 Member training and briefing sessions have taken place in September 2011 (delivered by officers), January 2012 (delivered by Capita) and most recently in February 2015 (delivered by Capita). Officer training is arranged as required.

1.6 Treasury management consultants

- 1.6.1 The Council presently uses Capita Asset Services, Treasury Solutions as its external treasury management advisors. Following a joint tendering exercise with three neighbouring authorities, the Council has contracted with Arlingclose Ltd from July 2016 initially for 3 years.
- 1.6.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 1.6.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 1.6.4 The company provides a range of services to the Council which include:
- Technical support on treasury matters and capital finance issues,
 - Economic and interest rate analysis;
 - Debt services which includes advice on the timing of borrowing and debt rescheduling.
 - Training and briefing sessions.

2.0 REPORT

2.1 THE CAPITAL PRUDENTIAL INDICATORS 2016/17 – 2018/19

- 2.1.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members overview and confirm capital expenditure plans.

Capital expenditure

- 2.1.2 This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The capital programme reflected in the table below was approved by P&O Board on 23 September 2015. Council is recommended to approve the capital expenditure forecasts and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a net financing need.
- 2.1.3 Other long term liabilities - the above borrowing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

Capital Expenditure and Financing	2014/15 Actual £'000	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Expenditure					
Community Board	1,178.9	3,310.0	1,210.0	737.0	612.0
Economic Development Board	175.2	87.0	0.0	0.0	0.0
Policy and Organisation Board	505.9	583.0	276.0	175.0	215.0
Non-HRA	1,860.0	3,980.0	1,486.0	912.0	827.0
HRA	3,330.8	4,960.0	4,540.0	3,500.0	3,300.0
Total	5,190.8	8,940.0	6,026.0	4,412.0	4,127.0
Financing					
Capital Receipts	109.5	710.0	135.0	135.0	635.0
Capital grants & contributions	592.4	2,102.0	372.0	282.0	282.0
Capital Reserves	0.0	0.0	0.0	0.0	0.0
HRA (MRA)	2,400.0	2,400.0	2,400.0	2,400.0	2,400.0
HRA (Reserves / Revenue)	930.7	2,560.0	2,140.0	1,100.0	900.0
Net financing need for the year	1,158.2	1,168.0	979.0	495.0	(90.0)

The Council's borrowing need (the Capital Financing Requirement)

- 2.1.4 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 2.1.5 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which reduces the CFR in line with each revenue charge which is broadly based on each assets life.
- 2.1.6 The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes
- 2.1.7 The Council is asked to approve the CFR projections below:

Capital Financing Requirement	2014/15 Actual £'000	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Capital Financing Requirement					
CFR - Non Housing	19,015.6	19,674.2	20,091.8	19,984.5	19,279.4
CFR - Housing	62,252.9	62,117.9	61,982.9	61,847.9	61,712.9
Total CFR	81,268.5	81,792.1	82,074.7	81,832.4	80,992.3
Net movement in CFR	12.2	523.6	282.6	(242.3)	(840.1)
Movement in CFR is represented by					
Net financing need for the year	1,158.2	1,168.0	979.0	495.0	(90.0)
Less MRP/VRP/other movements	(1,146.0)	(644.4)	(696.4)	(737.3)	(750.1)
Movement in CFR	12.2	523.6	282.6	(242.3)	(840.1)

2.2 MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

2.2.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

2.2.2 CLG Regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

- **For capital expenditure incurred before 1 April 2008, MRP will be based on the Regulatory Method, an extension of the then existing policy. This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.**
- **For unsupported borrowing (including PFI and finance leases) after 1 April 2008, MRP will be based on the Asset Life Method with MRP starting in the year following the year in which the asset becomes operational. This option provides for a reduction in the borrowing need approximately over the asset's life.**

2.2.3 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Any finance lease repayments are applied as MRP.

2.3 PRUDENTIAL INDICATORS - AFFORDABILITY

2.3.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators.

Ratio of financing costs to net revenue stream

2.3.2 This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2014/15 Actual	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Non-HRA	6.9%	7.0%	9.3%	10.2%	10.5%
HRA	34.9%	29.6%	29.9%	30.5%	31.0%

2.3.3 The estimates of financing costs include current commitments and the proposals in this budget report.

2.3.4 It should be noted that the current uncertain levels of government financing – affecting, for example, revenue support grant projections – make General Fund projections beyond 2016/17 uncertain.

Incremental impact of capital investment decisions on council tax

2.3.5 The estimate of the incremental impact on Band D Council Tax of capital programme decisions past and present, including treasury management cash flows, as included in the budget report. The assumptions are based on the budget, but will invariably include some estimates, such as the level of future Government support.

£	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Council Tax - Band D	£5.07	£1.60	£0.55

Incremental impact of capital investment decisions on housing rent levels

2.3.6 Similar to the council tax calculation, this indicator identifies the estimated trend in the cost of housing capital programme decisions included in the budget report, including treasury management cash flows, expressed as an impact on weekly rent levels. This indicator includes the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls

£	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Weekly Housing Rents	(£0.01)	£0.00	£0.00

2.4 PRUDENTIAL INDICATORS – TREASURY - EXTERNAL DEBT

2.4.1 The capital expenditure plans set out in Section 2.1 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the

relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Gross Debt and the Capital Financing Requirement

- 2.4.2 The Council's treasury portfolio position at 31 March 2015, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Portfolio Position	2014/15 Actual £'000	2015/16 Revised £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
External Debt	76,053.1	74,825.0	74,590.0	74,349.0	74,104.0
Other Long Term Liabilities	0.0	0.0	0.0	0.0	0.0
Gross Debt at 31 March	76,053.1	74,825.0	74,590.0	74,349.0	74,104.0
CFR	81,268.5	81,792.1	82,074.7	81,832.4	80,992.3
Under / (over) borrowing	5,215.4	6,967.1	7,484.7	7,483.4	6,888.3

- 2.4.3 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- 2.4.4 The Borough Treasurer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report

The Operational Boundary

- 2.4.5 This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary		2015/16	2016/17	2017/18	2018/19
		Revised	Estimate	Estimate	Estimate
		£m	£m	£m	£m
		86.8	87.1	86.8	86.0

The Authorised Limit for external debt

- 2.4.6 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
 2. The Council is asked to approve the following Authorised Limit:

Authorised limit		2015/16	2016/17	2017/18	2018/19
		Revised	Estimate	Estimate	Estimate
		£m	£m	£m	£m
		93.2	92.4	92.1	91.6

- 2.4.7 The Council is also limited to a maximum HRA CFR (see 2.1) through the HRA self-financing regime.

HRA debt limit		2015/16	2016/17	2017/18	2018/19
		Revised	Estimate	Estimate	Estimate
		£'000	£'000	£'000	£'000
		63,067	63,067	63,067	63,067

2.5 BORROWING

Borrowing Strategy

- 2.5.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.
- 2.5.2 Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 2.5.3 Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise.

A 'cost of carry' and breakeven analysis assist in determining whether the Council borrows additional sums at longterm fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

- 2.5.4 In addition, the Council may borrow short-term loans (normally for up to one year) to cover unexpected cash flow shortages.

Sources of Borrowing

- 2.5.5 Long-term loans (in excess of 364 days) will be raised with the PWLB or other public bodies
- 2.5.6 Short term loans (less than 364 days) will be raised through
- Money market loans through the London Money Market using brokers appointed at the discretion of the Borough Treasurer
 - Directly or through brokers, at the discretion of the Borough Treasurer, with other public bodies
 - Internal funds – the cash held in internal funds can be used short term to fund capital expenditure or the repayment of debt, thus delaying the need to borrow externally

- 2.5.7 The authority to respond to different interest rates throughout the financial year is delegated to the Borough Treasurer, Head of Accountancy and Group Accountant. There is a clear segregation of duties between setting up and authorising loans and investments.

Prospects for interest rates

- 2.5.8 The Council currently uses Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. ***The following table and narrative give their central view.***

Annual Average %	Bank Rate %	PWL B Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Now	0.50	1.92	2.58	3.36	3.18
Mar-16	0.50	2.00	2.60	3.40	3.20
Jun-16	0.50	2.10	2.70	3.40	3.20
Sep-16	0.50	2.20	2.80	3.50	3.30
Dec-16	0.75	2.30	2.90	3.60	3.40
Mar-17	0.75	2.40	3.00	3.70	3.50
Jun-17	1.00	2.50	3.10	3.70	3.60
Sep-17	1.00	2.60	3.20	3.80	3.70
Dec-17	1.25	2.70	3.30	3.90	3.80
Mar-18	1.25	2.80	3.40	4.00	3.90
Jun-18	1.50	2.90	3.50	4.00	3.90
Sep-18	1.50	3.00	3.60	4.10	4.00
Dec-18	1.75	3.10	3.60	4.10	4.00

- 2.5.9 UK. UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, probably being second to the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to +0.7% (+2.4% y/y) before weakening again to +0.5% (2.3% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and the November Inflation Report flagged up particular concerns for the potential impact on the UK.

The Inflation Report was also notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year

horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel prices will now delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% in the second half of 2016 and not get to near 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase. There is considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.

2.5.10 USA. The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.1% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 has prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

2.5.11 EZ. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to an improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, this lacklustre progress in 2015 together with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen this programme of QE by extending its time frame and / or increasing its size in order to get inflation up from the current level of around zero towards its target of 2% and to help boost the rate of growth in the EZ.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost power. A left wing / communist coalition has taken power in Portugal which is heading towards unravelling previous pro austerity reforms. This outcome could be replicated in Spain. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

2.5.12 In summary

- Investment returns are likely to remain relatively low during 2016/17 and beyond;
- Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenomenally low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

Policy on borrowing in advance of need

2.5.13 The Council has some flexibility to borrow funds for up to three years ahead. The Borough Treasurer may do this under delegated power where, for instance, a sharp rise in interest rates is expected meaning borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Borough Treasurer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.

2.5.14 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Debt rescheduling

2.5.15 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

2.5.16 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

2.5.17 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

2.5.18 Any rescheduling undertaken will be reported to Policy and Organisation Board.

2.6 TREASURY MANAGEMENT CODE INDICATORS – LIMITS ON ACTIVITY

2.6.1 There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed rate exposure. This is similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

2.6.2 The Council is asked to approve the following treasury indicators and limits: -

Interest rate exposures			2016/17 Upper £'000	2017/18 Upper £'000	2018/19 Upper £'000
Limits on fixed interest rates:	Debt only		100%	100%	100%
	Investments only		100%	100%	100%
Limits on variable interest rates:	Debt only		5%	5%	5%
	Investments only		100%	100%	100%
			2016/17 Lower	2016/17 Upper	
Maturity structure of fixed interest rate borrowing					
Under 12 months			6%	12%	
12 months to 2 years			4%	14%	
2 years to 5 years			15%	24%	
5 years to 10 years			21%	31%	
10 years and above			42%	54%	
Maturity structure of variable interest rate borrowing					
Under 12 months			0%	5%	
12 months to 2 years			0%	5%	
2 years to 5 years			0%	5%	
5 years to 10 years			0%	5%	
10 years and above			0%	0%	

2.7 INVESTMENTS

Investment Policy

- 2.7.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.
- 2.7.2 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.

Short term surplus funds are to be invested in counterparties that meet the Council's minimum accepted credit quality (creditworthiness) which is summarised in Appendix A.

Annual investment strategy

- This strategy will apply to all new investments from 01/04/16
- The key objectives of the Council's investment strategy are security, liquidity and yield in that order

- The Council has determined that it will only use approved counterparties from the UK
- No Investments are to exceed 3 years although most will not exceed 364 days
- A £2m limit applies with any single group other than the Council's Bank where investments will be limited to overnight deposits up to £3m although occasionally for operational reason this limit may temporarily be exceeded.
- A £3m limit applies to UK Regulated Qualifying Money Market Funds
- Investments will be placed with bodies that meet the Council's creditworthiness criteria (see Appendix A)
- There is a clear operational difficulty arising from the current banking situation. Ideally investments would be invested longer to secure better returns, however uncertainty over counterparty creditworthiness and interest rates suggests short dated investments may provide lower exposure to risk.

2.8 TREASURY MANAGEMENT CODE INDICATOR – LIMIT ON INVESTMENT ACTIVITY

2.8.1 This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and is based on the availability of funds after each year-end.

2.8.2 The Council is asked to approve the following treasury indicator and limit: -

Maximum principal sums invested >364 days				2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Principal sums invested > 364 days				2.0	2.0	2.0

3.0 CONCLUSION

3.1 The effect of the proposals set out in this report is to allow the Council to effectively and efficiently manage cash balances in line with the relevant CIPFA and CLG guidance. The low risk nature of the Council's current policy is consistent with the current economic climate.

Financial implications:	As contained in the report.
Legal implications:	It is a legal requirement that an annual Treasury Management report is considered by the Council.
Service Improvement Plan implications:	This report is required in order that to fulfil statutory requirements associated with the achievement of both service improvement plan and corporate plan targets.
Corporate Plan:	
Risk Assessment:	As contained in the report
Background papers:	
Appendices:	A – Creditworthiness policy
Author:	John Norman

Creditworthiness policy

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risks to investments, the Council has clearly stipulated below the minimum acceptable credit quality of counterparties for inclusion on the lending list. The Council defines minimum acceptable credit quality organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK. For money market funds minimum acceptable credit quality is defined as a UK regulated money market fund with a credit rating of AAA.

Approved Counterparties: The Council may invest surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Credit Rating	UK Banks / Building Societies	UK Government / Local Authorities
UK GOVT	n/a	£2m 3 years
AAA	£2m 3 years	£2m 3 years
AA+	£2m 3 years	£2m 3 years
AA	£2m 3 years	£2m 3 years
AA-	£2m 3 years	£2m 3 years
A+	£2m 2 years	£2m 3 years
A	£2m 13 months	£2m 3 years
A-	£2m 6 months	£2m 3 years
BBB+ ¹	Next Day	None
BBB	None	None
None	None	£2m 1 year ²
UK Money Market Funds (AAA)	£3m per fund	

¹ Investments with banks rated BBB+ are restricted to a Liquidity Select Account with the Council's bankers (National Westminster) from which deposits can be called immediately.

² Not all Local Authorities are credit rated by the credit rating agencies, however from a credit perspective Local Authorities are considered low risk.

Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poors. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investment will be made
- any existing investment that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade so that it may fall below the approved rating criteria, then only investments that can be withdrawn (on the next working day) will be made with that organisation until the outcome of the review is announced.

Other Information on the Security of Investments : the Council understands that credit ratings are useful, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swaps, share prices, information on government support for banks and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.