



NOTICE OF MEETING

Meeting: Overview and Scrutiny Committee
Date and Time: Tuesday 16 February 2021 at 7.00 pm
Place: Council Chamber
Enquiries to: Helen Vincent
committeeservices@hart.gov.uk
Members: Worlock (Chairman), Axam, Davies, Dorn, Drage,
Farmer, Lamb, Makepeace-Browne, Smith,
Wildsmith and Wright

Joint Chief Executive

CIVIC OFFICES, HARLINGTON WAY
FLEET, HAMPSHIRE GU51 4AE

AGENDA

This meeting is being administered under the provisioning of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meeting) (England and Wales) Regulations 2020. The Provision made in this regulation applies notwithstanding any prohibition or other restriction contained in the standing orders or any other rules of the Council governing the meeting and such prohibition or restriction had no effect.

This Agenda and associated appendices are provided in electronic form only and are published on the Hart District Council Website

1 MINUTES OF PREVIOUS MEETING (Pages 4 - 9)

The minutes of the meeting of 19 January 2021 are attached to be confirmed and signed as a correct record.

2 APOLOGIES FOR ABSENCE

To receive any apologies for absence from Members*.

***Note:** Members are asked to email Committee Services in advance of the meeting as soon as they become aware they will be absent.

3 DECLARATIONS OF INTEREST

To declare disclosable, pecuniary and any other interests*.

***Note:** Members are asked to email Committee Services in advance of the meeting as soon as they become aware they may have an interest to declare.

4 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

Anyone wishing to make a statement to the Committee should contact Committee Services at least two clear working days prior to the meeting. Further information can be found at

https://www.hart.gov.uk/sites/default/files/4_The_Council/Council_meetings/Public%20Participation%20leaflet%202020%20A4.pdf

5 CHAIRMAN'S ANNOUNCEMENTS

6 MEMBER TRAINING - A REVIEW (Pages 10 - 27)

This report provides an overview of the council's member training to enable a discussion around the support and requirements for Members moving forwards.

7 CORPORATE VEHICLE FOR PROPERTY HOLDING PURPOSES: DRAFT BUSINESS CASE (Pages 28 - 39)

To present the Business Case to set up a new Company limited by shares as a vehicle to hold the Council owned Edenbrook development of 41 apartments. At the Council meeting on the 28th January; Members approved the establishment of a Council owned company subject to the business case being presented to Cabinet in March 2021. The Business Case has been presented in line with HM Treasury Green Book Five Case Business Model.

8 DRAFT BUDGET 2021/2022 (Pages 40 - 53)

This report provides a summary of the revenue and capital budget proposals for 2021/2022 approved by Cabinet and recommended to Council. The report also includes the statutory statement of the Head of Corporate Services (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves. This proposed budget references numbers included in the final Finance settlement for 2021/2022 which was published on 4th February 2021.

It is important to note that the Government's multi-year Spending Review, due in

2019 was once again replaced by a short-term Spending Round. What this means is that, in substance, any budget to be proposed will only be for one-year only. No figures have been made available for local government funding beyond 2021/22, either nationally or locally. This report therefore cannot give any realistic projection for 2022/2023, however indicative budget requirements have been entered.

9 2021-22 BUDGET MONITORING - TO END OF DECEMBER (Pages 54 - 74)

To advise the Committee of the position on revenue and capital expenditure at the end of December 2020. Cabinet will consider this report at its meeting on Thursday 4th March.

The forecast overspend on controllable budgets is £612k for 2020/21 before accounting adjustments; any deficit required will be transferred from Reserves at the end of the year after all year end adjustments have taken place. Accounting adjustments can significantly affect the year end position as it is only then that we can fully account for key areas of spend such as Housing Benefits and Business Rates payments to cover policy decisions made by Central Government during the year.

10 NOMINATIONS FOR IMPLEMENTATION OF PLANNING IMPROVEMENT ACTION PLAN MONITORING

To confirm nominations to join a cross party working group to monitor the action plan for the Planning Performance Peer Review.

11 CABINET WORK PROGRAMME

The Cabinet Work Programme is attached for information.

12 OVERVIEW AND SCRUTINY WORK PROGRAMME

The Overview and Scrutiny Work Programme is attached for consideration and amendment.

Date of Despatch: Monday, 8 February 2021

Public Document Pack Agenda Item 1

OVERVIEW AND SCRUTINY COMMITTEE

Date and Time: Tuesday 19 January 2021 at 7.00 pm

Place: Council Chamber

Present:

Axam, Davies, Dorn, Drage, Farmer, Lamb, Makepeace-Browne, Smith, Wildsmith and Worlock (Chairman)

In attendance: Crookes, Oliver, Quarterman and Radley

Officers: Foy, Lloyd and Phillips

86 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of 15 December 2020 were confirmed and signed as a correct record.

87 APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Wright.

88 DECLARATIONS OF INTEREST

None declared.

89 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

None.

90 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that a summary of the discussions held at the mid-year Overview & Scrutiny review on 6 January 2021 would be circulated.

At the mid-year review, Members agreed:

- To reinstate presentations from external bodies.
- To encourage non committee member participation.
- Members to attend independent training in the form of a webinar by the Centre for Governance and Scrutiny.
- Service Plan review process.
- The lack of public participation at meetings.

The Chairman thanked Steve Bennett and his team for rolling out Modern.gov and for all their efforts getting this project up and running.

The Chairman moved agenda Item 10 to the end of the meeting.

91 SERVICE PERFORMANCE – HEADS OF SERVICE ATTENDANCE

The Head of Corporate, Emma Foy advised Members that the current year Service Plan had demonstrated that Corporate Services will be able to deliver all elements with the exception of three areas:

- Review of the expansion opportunities at Edenbrook Leisure Centre.
- New draft consultation on community engagement
- Roll out of updated project management governance which will now be completed in May due to a large additional burden of work due to the impact of COVID.

Completed objectives include the updated financial regulations, internal audit plan, new IT security policies and the statement of accounts, which were published and audited on time. The team continue to work hard to meet all other objectives.

92 CLIMATE CHANGE WORKING GROUP

Councillor Oliver updated members on the progress made by the Climate Change Working Group and the three ways where this cross party working group can work together with the Overview & Scrutiny Committee.

1. To encourage its members and contacts to provide information, through their political group structures, to their representatives on the Climate Change Working Group. As this is a cross party working group there should be no barriers to discussion on priorities or opportunities to achieve the Councils ambition of Net Carbon Neutrality by 2040.
2. To scrutinise the progress on the agreed Climate Change Action Plan prior to its submission to Cabinet. This was timetabled for Oct 2020 but due to resource constraints and due to the pandemic, it is now hoped for this to come forward in March/April 2021.
3. To scrutinise projects that come forward for funding in support of the Climate Change Action Plan. Current and proposed budgets only allow for operational costs of developing and investigating opportunities for the Council to reduce its carbon footprint. Investment and implementation will be agreed through the Councils normal funding process and agreed by Cabinet.

The next meeting of the Climate Change Working Group is 25 January 2021.

Peter Summersell was acknowledged for his commendable work and presentation to Members on 15 December 2020.

93 CAR PARKING CHARGES

Members were updated on the current situation on the car parking charges review, which concluded in November 2019, and the proposals sent to all Parishes who have an HDC Public Car Park, on the proposals HDC intended to implement in May 2020. Due to the pandemic these were not implemented but are now scheduled for May 2021. The fees structures proposed are included in this year budgets. Members were advised that a review was carried out to introduce 1 hour free parking across all Hart DC owned car parks. Other options offered to support residents and businesses which would be more affordable is a 30 minutes free parking but to increase parking charges over 3 hours.

Parish decisions:

- Fleet preferred to keep charges as they are.
- Blackwater declined any changes in rates.
- Odiham declined free parking in their small car park and are looking at various schemes for token parking along the high street.
- Hook are extending 30 minutes free parking to 1 hour which will come into effect from May 2021.
- Hartley Wintney already pay and subsidise 90 minutes free parking in red bays. There is the possibility of introducing 1 hour free parking across all parking bays. Responses are required in the next 2 months.

It has been agreed to reconcile any estimates and impact on revenue projections with Parishes at the end of the year. The new free parking regime will require the user to log in to park for free for easier enforcement.

94 CIVIC REGENERATION WORKING GROUP

The Portfolio Holder for Commercialisation and the Commercialisation Manager updated Members on the progress made with the Civic Quarter regeneration project, work undertaken, findings and recommendations for next steps.

Members were advised:

- Good progress is being made.
- The Council has engaged with external consultations on various options.
- There will be a consultation strategy as advised by Create Streets to engage with the wider community and currently working through example questions.
- Budget for research on commercial opportunities is drawn from the commercialisation strategy budget up to £500k.
- The Council is making positive steps and cooperating well with HCC and the library services.
- The Working Group is confident with multiple task timescales of the project.
- Engagement to be made with residents from the whole of the Hart District and it was advised that research questions aren't overwhelming.

Members considered and confirmed that the Working Group will continue to investigate possible opportunities for potential redevelopment alongside its position with the town and any potential impact on Fleet town as a whole and are happy with the balance of questions and level of detail.

DECISION

The Committee noted the advice provided by Create Streets regarding the proposed public engagement strategy and potential questions.

95 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

Members were presented with the draft Treasury Management Strategy Statement for 2021/22 which incorporated the Annual Investment Strategy and Prudential and Treasury Indicators.

Members were informed;

- That the key change in this report and the previous report is an update in interest rates which remain low.
- Policy changes in investments have been amended to allow longer term investments.
- Officers have recently sought permission for a temporary increase in the Counterparty limit for Barclays to cover funds to pay business rate grants.

Members discussed assessing the credit risk of other Councils which currently includes looking at budget monitoring and audit reports.

DECISION

That the Treasury Management Strategy Statement and Annual Investment Strategy for 2021/22 be recommended to Cabinet.

96 CABINET WORK PROGRAMME

The Cabinet Work Programme was considered, and the Chairman requested clarification in costs associated with the Harlington roof repairs. The Monitoring Officer told Members a written response will be circulated accordingly.

97 OVERVIEW AND SCRUTINY WORK PROGRAMME

The Overview and Scrutiny Work Programme was considered and suggested as follows:

- Climate Change Working Group update to the Committee in advance of Cabinet in April.

- To move items listed at the top to the back of the work programme after discussions have taken place to create a rolling document.

98 DRAFT BUDGET 2021/2022

The Committee were asked to consider the information and forward to Cabinet any comments it had. The report provided a summary of the revenue and capital budget proposals for 2021/2022 and the Committee was invited to forward its comments on the proposed draft budget and Council Tax levels to Cabinet. This draft budget referenced numbers included in the provisional finance settlement for 2021/2022 which was published on 17th December 2020. The final settlement was expected in late January or early February 2021.

Members were updated on:

- Impact of new homes bonus budget predictions
- Lower tier settlement grants.
- No changes to the Council Tax local support scheme.
- Loss in recycle income.
- Fees and charges with parking charges to be rectified.
- Increased costs of £140K spent following in-sourcing decisions.
- Adjustments to income have been made.
- Budget deficit of £381K for 2021/22 and future pressures are even more challenging.

Members debated:

- Legacy payments stopping.
- Commercial income in 2021/22 of £196K is rental income from the scheme at Edenbrook.
- Net service budget has risen due to increase in staff salaries, contractual inflation and also indexation provisions for long term contracts.
- Net service budget breakdown to be provided to Members in order for the Committee to update findings to Council.

DECISION

The Committee agreed to forward to Cabinet its comments and approach adopted to preparing the draft budget after it has been forwarded to Council.

(Appendix 2 of this report was Exempt from Publication)

In order to discuss Appendix 2, Members agreed to exclude the public.

99 EXCLUSION OF THE PUBLIC

Members agreed that the public interest in maintaining an exemption outweighed the public interest in disclosing the information.

DECISION

That in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to, on the grounds that they involved the likely disclosure of exempt information, as defined in paragraphs 1 and 2 of Part 1 of Schedule 12A of the Act, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The meeting closed at 9.45 pm

OVERVIEW AND SCRUTINY

DATE OF MEETING: 16 FEBURARY 2020

TITLE OF REPORT: MEMBER TRAINING – A REVIEW

Report of: Joint Chief Executive

Cabinet Member: Leader of the Council

1 PURPOSE OF REPORT

- 1.1 This report provides an overview of the council's member training to enable a discussion around the support and requirements for Members moving forwards.

2 RECOMMENDATIONS

- 2.1 That Overview and Scrutiny Committee notes the report and the training undertaken
- 2.2 For any areas of concern; that Overview and Scrutiny make a recommendation to Cabinet for consideration

3 BACKGROUND

- 3.1 Hart District Council invited the Local Government Association (LGA) to conduct a Peer Review in March 2018. A Peer Review is improvement-focused and tailored to meet individual councils' needs. It is not an inspection. Peer Reviews are delivered by experienced member and officer peers and consider the following questions which form the core components look at by all Peer Reviews;
1. Understanding of the local place and priority setting
 2. Leadership of Place
 3. Organisational Leadership and governance
 4. Financial planning and viability
 5. Capacity to deliver
- 3.2 In addition Hart District Council asked the Peer Review team to explore the councils' approach to commercialisation and member development.
- 3.3 The Peer Review Team spent three days in Hart. The process involved speaking to over 65 people including Councillors, staff, external partners and key stakeholders. They attended 30 different meetings and with additional research and reading spend collectively over 150 hours in determining their findings.

- 3.4 The findings of the Peer Review Team were formally considered by Cabinet in June 2018, and the Peer Review Action plan was adopted which included the objective to establish a Member Development programme with a clear timetable for delivery.

4 **CONSIDERATIONS**

- 4.1 The scale of the challenges that councils are currently facing requires strong, responsive and resilient leadership, to support their vital community leadership role.
- 4.2 To address this and provide Members with the tools, knowledge and expertise necessary, Member Development can be considered in four separate areas;
1. Areas where Councillors have statutory responsibilities, to themselves and to their communities ensuring they have the right information to hand, should issues or concerns arise. This grouping includes; Safeguarding, Equalities, GDPR and FOI (including cyber security), Fraud/Bribery and Corruption and Health and Safety
 2. Areas where Councillors have statutory responsibilities, subject to their membership on a committee. This includes for those Members or anticipated Deputies on Planning and Licensing Committee's
 3. Areas where Councillors may appreciate a deeper understanding of topics, to enable more informed decision making. This includes topics such as commercialisation, budgets/finances, understanding of how our services are provided etc.
 4. Soft skills appropriate to the role of the Member, such as Chairship skills, Use of IT, Community Engagement and Negotiation skills.
- 4.3 To ensure that the Member Development programme would best fit Members needs in terms of knowledge and understanding, and soft skills, a questionnaire was sent to all Members asking them to tick those topics they would find of most use.
- 4.4 Whilst reminders were sent, only a small proportion of Councillors responded to this call, the results are shown in Appendix 1.
- 4.5 Based on this limited feedback, and recognising the need to put in place the statutory training, a programme of training was put together and shared with all Councillors (see Appendix 2). The final two sessions on this appendix (public speaking and communications skills) had not been arranged when the Covid-19 pandemic began to impact the Council, as were postponed as a result.
- 4.6 To help Member attend sessions, recognising that many work or have other commitments, Members were provided options for attending the sessions. Often the Council were able to offer both daytime and evening sessions, sometimes also opening these up to Parish and Town Councils. On occasion,

for effective delivery and use of resources, these sessions were staff training sessions, open to Members to attend, as the principles are the same whether Member or member of staff.

5 LOOKING TO THE FUTURE

5.1 Clearly the Covid-19 pandemic has had an impact on all parts of our lives. The election in May 2020 was postponed until May 2021, and as such, we retained the same Councillors as in previous years (reducing the need to re-run statutory or induction training for Members who had completed the training in 2019)

5.2 Whilst not officially arranged as Member Development sessions, the recent seminars on Vaccinations and the more recent Covid-19 update with Simon Bryant, Director of Public Health and Hampshire County Council, will have helped inform members in their role as community leader, the current picture on Covid-19 cases, the delivery model of vaccinations and lateral flow tests which hopefully councillors have found helpful.

5.3 Members have also been invited to the following development events this year.

- Hampshire Homes Hubs events (facilitated externally)
- Urban Design/Building for a Healthy Life (August)
- Understanding the Statement of Accounts (September)
- IT Security and Fraud (October)
- Budget Briefing (October)
- Understanding Treasury Management (December)

and planning is already underway for new-look Safeguarding Training, from April onwards.

5.4 Looking to the future, and recognising that the Council will once again, see elections this year, it seems an appropriate time to reflect on the Member training provided and the topics that Members may find helpful to be covered in future sessions.

6 ACTION

6.1 Subject to the views of Overview and Scrutiny Committee, that a recommendation be made to Cabinet on the topics to be covered in future refresh of the Member Development programme

BACKGROUND PAPERS

Local Government Association Peer Review and Action Plan [Cabinet June 2018](#)

CONTACT: Patricia Hughes – Joint Chief Executive, x4450
patricia.hughes@hart.gov.uk

APPENDICES

Appendix 1 – Analysis of Member responses

Appendix 2 – Member Development Programme 2019/20

Analysis of Member responses when asked about the topics they would like to see on a Member Development Programme

(noting there was free text boxes for Councillors to propose their own topics)

Are there any particular aspects of your Council work that you have a keen interest in?

| | |
|----------------------|---|
| health and wellbeing | 2 |
| Environment | 4 |
| Community Engagement | 3 |
| Planning | 8 |
| Environmental Health | 1 |
| Conservation Areas | 1 |
| Heritage | 1 |
| Finance | 2 |
| Licensing | 1 |
| Planning enforcement | 1 |
| Planning Policy | 3 |
| Strategy | 1 |
| Housing | 1 |

Considering your ambition for your ward and for the Council in general, what are your priorities and goals for the next 12 months?

| | |
|--|---|
| local plan | 4 |
| regeneration | 3 |
| green space/countryside | 1 |
| leisure centre | 1 |
| improved member/officer relationship | 1 |
| improved public perception of the work of the Council | 1 |
| improved sharing of ideas and updates between officers/members and members/members | 1 |
| New or refurbished Harlington | 2 |
| Increased community transport | 1 |
| increased sustainability programmes EV use/greater recycling | 1 |
| redevelopment of the civic quarter | 2 |
| any new settlement is well thought through and has the requisite infrastructure and a sense of community | 3 |
| setting a balanced budget | 1 |
| commercialisation | 2 |
| comprehensive review of North Fleet Conservation Area | 1 |
| Flytipping | 1 |
| Greater community engagement | 1 |

| | |
|---|---|
| Delivery of the Neighbourhood Plan | 3 |
| Provision of suitable "affordable" housing in Yateley | 1 |
| To make sure the Council deals with residents concerns speedily and effectively | 2 |
| Make sure the Council is future proofed so it can meet the needs of the Local Plan and Strategic Corporate Plan | 1 |
| Find ways to stop people wasting Council resources without achieving anything | 1 |
| IT development | 1 |

What Skills and Knowledge would help you achieve these priorities and goals?

| | |
|---|---|
| Local Government finance | 1 |
| Community engagement | 1 |
| Bid writing (for grants) | 1 |
| Marketing and communications | 1 |
| Bullying at work | 1 |
| Improving teamwork | 1 |
| Business planning | 1 |
| Negotiation skills | 1 |
| financial modelling | 1 |
| strategic thinking | 1 |
| Commercialisation (including governance) | 1 |
| Garden village principles | 1 |
| Conservation area training (including heritage assets) | 1 |
| Planning law | 1 |
| Greater understanding of Council processes and procedures | 1 |
| case management | 1 |
| Rules for speaking and debate at full council | 1 |
| IT skills | 1 |

Appendix 2

MEMBER DEVELOPMENT PROGRAMME 2019/20

The development events in this programme have been arranged for elected members, as part of our strategic approach to councillor development and support. It has been shaped from the responses to the Member Development Survey that was issued during January 2019, and has at its core, the principle that learning and development is effective in building councillor capacity.

The development programme takes on board the preferences Members have stated in this survey, in terms of learning methods:

- Internal briefings and workshops (1st)
- External seminars & conferences (joint 2nd)
- E-learning (joint 2nd)

Keeping development records

A record of attendance at all development sessions will be kept by the committee services team. Members who wish to add to their record of development with training from other sources for CPD or other purposes are more than welcome to do so. Please send details to the committee services team.

Mandatory Knowledge

In addition to mandatory training for regulatory functions for members and nominated deputies of certain committees, all members will receive an information sheet in respect of Safeguarding, Equalities, Data Protection and Health and Safety.

Local Government Association Support

The LGA makes a wide range of development opportunities available – details can be found here <https://www.local.gov.uk/our-support/highlighting-political-leadership>

They also supply a series of councillor workbooks covering a range of topics - <https://www.local.gov.uk/councillor-workbooks>

These are distance learning material which members can download and work through, covering topics such as being an effective ward councillor, chairing skills, community leadership, handling casework, handling complaints, influencing skills, supporting residents with complex issues – and many more. Members are invited to make use of these. Again, records can be kept at committee services of workbooks completed.

For help and advice about any of the programme please contact Dymphna Aspell.

| Date | Time | Venue | Development Session | By Whom | Attendance | Who should attend |
|--|----------------------------------|-----------------------------|---|---------------------|---|--|
| 8 th May 9 th May 10 th May | 10am-4pm 10am-4pm 10am-4pm | Chief Executives Office | Declaration of Acceptance of Office Informal drop in sessions where each Member will sign the Declaration of Acceptance. Attendance only required on one day | Chief Executives | Essential | All Members |
| 16 th May | 7pm | Council Chamber | Annual Meeting This is the meeting during which appointments to Council Committees will be considered (NB: for New Members, photographs will be taken) | Chairman | Expected | All Members |
| 20 th May | 7pm | Council Chamber | Planning Committee Training Planning training is mandatory for Councillors expecting to sit on the Planning Committee, or act as a substitute for it. Please speak to your Political Group Leader with regards to who is attending this training. <u>This session is mainly aimed at people new to Planning</u> , or those with just a years experience, open to all Councillors. May be attended as well as a refresher. | Externally provided | Essential for Planning Committee Members to attend this training or a refresher | Members and substitutes for Planning Optional for all other Councillors |
| 21 st May | 2pm | Ground Floor Meeting Room 4 | Planning Committee Training Planning training is mandatory for Councillors expecting to sit on the Planning Committee, or act as a substitute for it. Please speak to your Political Group Leader with regards to who is attending this training. This session complements and extends the topics covered on the 20 th <u>This session is a refresher to those Members with more experience</u> , it would be useful for those with less experience who attended the | Externally Provided | Essential for Planning Committee Members to attend this training or a refresher | Members and substitutes for Planning Optional for all other Councillors |

| Date | Time | Venue | Development Session | By Whom | Attendance | Who should attend |
|----------------------|--------|-------------------------------|--|---|---|---|
| | | | session on the 20 th as it will build further knowledge | | | |
| 21 st May | 6.30pm | Basingstoke and Deane Council | Licensing Committee Training Licensing Training is mandatory for those expecting to sit on the Licensing Committee, and those who may be asked to substitute on the Committee. Members may not sit on a Licensing Hearing Panel without training. Open to all Councillors | Robert Draper Interim Regulatory Services Manager (BDBC) | Essential for Licensing committee Members to attend one of these two sessions and optional for others | Members and substitutes for Licensing Optional for all other Councillors |
| 24 th May | 10am | Council Chamber | Licensing Committee Training Licensing Training is mandatory for those expecting to sit on the Licensing Committee, and those who may be asked to substitute on the Committee. Members may not sit on a Licensing Hearing Panel without training. Open to all Councillors | Robert Draper Interim Regulatory Services Manager (BDBC) | | Members and substitutes for Licensing Optional for all other Councillors |
| 26 th May | 9am | Council Chamber | New Member Induction Essential training for newly elected Members (or those wishing a refresher) covering including an introduction to key staff, important policies and procedures, guidance and preparation for Committee Meetings (including a mock Overview and Scrutiny Committee meeting) | Joint Chief Executives and Heads of Service | Essential for all newly elected Members, useful refresher for other Members | All Councillors |
| 30 th May | 7pm | Council Chamber | Planning Committee Training Planning training is mandatory for Councillors expecting to sit on the Planning Committee, or act as a substitute for it. Please speak to your Political Group Leader with regards to who is attending this training. This session complements and extends the topics covered on the 20 th | Externally Provided | Essential for Planning Committee Members to attend this training or a refresher | Members and substitutes for Planning Optional for all other Councillors |

| Date | Time | Venue | Development Session | By Whom | Attendance | Who should attend |
|-----------------------|---------|--------------------------------|--|--|------------|-------------------|
| | | | <u>This session is a refresher to those Members with more experience</u> , it would be useful for those with less experience who attended the session on the 20 th as it will build further knowledge | | | |
| 3 rd June | 7pm | Council Chamber | GDPR This training aims to recall and reinforce previously acquired GDPR knowledge and skills. This training is mandatory for Councillors, particularly as they are data controllers. (Invitations extended to Parishes) | Externally Provided | Essential | All Members |
| 5 th June | 6pm | Council Chamber | Service profile – Community Services This service profile session will give members an understanding of the services provided within this area, including an outline of current issues and challenges. | Kirsty Jenkins Head of Community Services | Expected | All Members |
| 26 th June | 10am | Council Chamber | GDPR This training aims to recall and reinforce previously acquired GDPR knowledge and skills. This will be useful to Members/Parish Councillors who were unable to attend the session on the 3 rd June | Externally Provided | Essential | All Members |
| 27 th June | 10.30am | West Berkshire Council Offices | New Councillor Induction Event South East Employers for new Members to complement the Hart induction programme | Externally Provided | | New Members |
| 27 th June | 7pm | Council Chamber | Commercialisation – what does it mean and why is it important This session will explore what commercialisation means to a local authority and will look at some examples of interesting commercial projects in other councils. The | Daryl Phillips, JCE and Andrew Vallance, Head of | Expected | All Members |

| Date | Time | Venue | Development Session | By Whom | Attendance | Who should attend |
|--------------------------|-----------------|-----------------|--|--|------------|--|
| | | | session will assist in increasing understanding around the need for commercialisation within the local government financial framework, and specifically at Hart. | Corporate Services | | |
| 3 rd July | 2pm | Council Chamber | GDPR This training aims to recall and reinforce previously acquired GDPR knowledge and skills. This will be useful to Members/Parish Councillors who were unable to attend the session on the 3 rd June | Externally Provided | Essential | All Members |
| 23 rd October | 7pm | Council Chamber | Garden Communities Following the recent inclusion of Hart District Council in the Garden Communities Programme, Lord Taylor of Goss Moor will outline some of the benefits of Garden Communities | Externally Provided | Optional | All Ward Members, MP's, Chairman of Parishes invited |
| Nov 2019 | 6pm | | Service profile – Corporate Services This service profile session will give members an understanding of the services provided within this area, including an outline of current issues and challenges. | Andrew Vallance, Head of Corporate Services | Expected | All Members |
| 31 Oct 2019 | 7pm | Council Chamber | Fraud Training Mandatory for councillors, this session aims to reinforce Fraud awareness, keeping Members updated on any new fraud risks, cyber crime and Councillor responsibilities. | Jamie Ayling, Fraud Investigator Basingstoke & Deane | Essential | All members |
| Jan 2019 | TBC | | Financial Awareness This session builds an understanding of how the Council's budget formulation process works and how to understand the Council's financial position. | Andrew Vallance, Head of Corporate Services | Optional | All Members |
| Jan 2019 | evening session | | Service profile – Technical Services This service profile session will give members an understanding of the services provided | John Elson, Head of Technical Services | Expected | All members |

| Date | Time | Venue | Development Session | By Whom | Attendance | Who should attend |
|------------------------|------|-------|---|------------------------|------------|-------------------|
| | | | within this area, including an outline of current issues and challenges. | | | |
| Feb 2020 | | | Service profile – Place This service profile session will give members an understanding of the services provided within this area, including an outline of current issues and challenges. | TBC | Expected | All Members |
| Feb 2020 | | | Public speaking and making presentations Elevate your presentation skills to the next level. This session gives an opportunity to Improve your public speaking skills and learn top tips on how to get your message across. | TBC – external trainer | Optional | All Members |
| 26 Mar 2020 | | | Communication skills including social media This session will refresh Members communication skills including working with journalists and the media, and use of social media. | TBC – external trainer | Optional | All Members |

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Note:

- Dates in red are dates identified for training / briefing as a result of reduction in full council meetings.
- Some courses will also be available to staff and where there is space, to parish and town councils

MEMBER TRAINING 2019 - ATTENDANCE

| Councillors | Planning 20 May 7pm | Planning 21 May 2pm | Planning 30 May 7pm | Licensing 21 May 6.30 (BD) | Licensing 24 May 10am (Hart) | Cllr induction 29 May 9 am All day | GDPR 3 June 7pm | GDPR 25 June 9am | GDPR 3 July 2pm |
|-------------|---------------------------|---------------------------|---------------------------|----------------------------------|---------------------------------------|--|-----------------------|------------------------|-----------------------|
| Ambler | | √ | | | | | | √ | |
| Axam | | | √ | | √ | | √ | | |
| Bailey | | √ | | | | | | | √ |
| Blewett | | | √ | | | | | | |
| Butler | | | √ | | √ | | | √ | |
| Clarke | | √ | | | √ | | | | √ |
| Cockarill | | | √ | | | | | √ | |
| Collings | √ | | √ | | | | √ | | √ |
| Crampton | | √ | | | | | √ | | |
| Crisp | | | | | √ | | | √ | |
| Crookes | | | | | | | √ | | |
| Davies | √ | | √ | | √ | √ | √ | | |
| Delaney | √ | | | | √ | | | √ | |

| Councillors | Planning 20 May 7pm | Planning 21 May 2pm | Planning 30 May 7pm | Licensing 21 May 6.30 (BD) | Licensing 24 May 10am (Hart) | Cllr induction 29 May 9 am All day | GDPR 3 June 7pm | GDPR 25 June 9am | GDPR 3 July 1pm |
|------------------|---------------------------|---------------------------|---------------------------|----------------------------------|---------------------------------------|--|-----------------------|------------------------|-----------------------|
| Dorn | | | √ | √ | | √ | | √ | |
| Drage | | | √ | | | | | | |
| Farmer | √ | | √ | √ | | √ | | | |
| Forster | | | | | | | | | |
| Harward | | | | | | | | | |
| Kennett | | √ | | | √ | | √ | | |
| Kinnell | | | √ | | | | √ | | √ |
| Lamb | | | | | | √ | | √ | |
| Makepeace-Browne | | √ | | | | | | | √ |
| Neighbour | | √ | | | | | | | |
| Oliver | | | √ | | | | | | |
| Quarterman | √ | √ | | | | | | | √ |
| Radley J E | | | √ | | | | | | |

| Councillors | Planning 20 May 7pm | Planning 21 May 2pm | Planning 30 May 7pm | Licensing 21 May 6.30 (BD) | Licensing 24 May 10am (Hart) | Cllr induction 29 May 9 am All day | GDPR 3 June 7pm | GDPR 25 June 9am | GDPR 3 July 1pm |
|-------------|---------------------------|---------------------------|---------------------------|----------------------------------|---------------------------------------|--|-----------------------|------------------------|-----------------------|
| Smith | | | √ | | | √ | √ | | |
| Southern | | √ | | | | | √ | | √ |
| Tomlinson | √ | | √ | √ | | √ | | | √ |
| Wheale | | | | | | | | | √ |
| Wildsmith | √ | | | √ | | √ | | | |
| Worlock | | √ | | | √ | | | | √ |
| Wright | | | √ | √ | | | √ | | |

Licensing: Axam **Butler Clarke Crisp** Davies **Delaney** Dorn **Farmer Kennett Tomlinson Wildsmith** Worlock **Wright**

Not attended Licensing Training and on Committee: **Collings Harward**

Planning: **Ambler** Axam Bailey **Blewett** Butler Clarke **Cockarill** Collings Crampton Davies **Delaney** Dorn Drage Farmer **Kennett** Kinnell Makepeace-Browne Neighbour **Oliver Quarterman Radley** Smith **Southern** Tomlinson Wildsmith **Worlock** Wright

Not attended Planning Training - Crisp, Crookes, Forster, Harward, Lamb, **Wheale**

(Committee Members in Bold)

MEMBER BRIEFINGS 2019-2020

| Councillors | Community Services Presentation 5 June 2019 | Commercialisation Member Briefing 27 June 2019 | Fraud Awareness 31 October 2019 | Environment & Tech Services Briefing 13 January 2020 22 January 2020 | | | | |
|-------------|--|---|------------------------------------|--|---|--|--|--|
| Ambler | √ | √ | √ | | √ | | | |
| Axam | √ | √ | √ | | √ | | | |
| Bailey | | | √ | | | | | |
| Blewett | √ | √ | √ | | | | | |
| Butler | √ | √ | √ | | √ | | | |
| Clarke | √ | √ | √ | √ | | | | |
| Cockarill | √ | √ | √ | | | | | |
| Collings | √ | √ | √ | | | | | |
| Crampton | √ | √ | √ | | √ | | | |
| Crisp | √ | √ | √ | | | | | |
| Crookes | | | | √ | | | | |
| Davies | √ | √ | √ | √ | | | | |
| Delaney | √ | √ | | | | | | |

| Councillors | Community Services Presentation 5 June 2019 | Commercialisation Member Briefing 27 June 2019 | Fraud Awareness 31 October 2019 | Environment & Tech Services Briefing 13 January 2020 22 January 2020 | | | | |
|--------------------|--|---|--|--|---|--|--|--|
| Dorn | √ | √ | √ | | √ | | | |
| Drage | | | √ | | | | | |
| Farmer | √ | √ | √ | √ | | | | |
| Forster | √ | √ | √ | | | | | |
| Harward | | | | | | | | |
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| Lamb | √ | √ | √ | | | | | |
| Makepeace-Browne | | | √ | | √ | | | |
| Neighbour | √ | √ | √ | | | | | |
| Oliver | √ | √ | | √ | | | | |
| Quarterman | √ | | √ | | | | | |
| Radley J E | | | | | | | | |

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|--------------------|--|---|--|---|---|--|--|--|
| Smith | √ | √ | √ | √ | | | | |
| Southern | | | | | √ | | | |
| Tomlinson | √ | √ | √ | | | | | |
| Wheale | | | | | | | | |
| Wildsmith | | | √ | | | | | |
| Worlock | √ | √ | √ | | √ | | | |
| Wright | | | √ | | | | | |

OVERVIEW AND SCRUTINY COMMITTEE

DATE OF MEETING: 16 FEBRUARY 2021

TITLE OF REPORT: CORPORATE VEHICLE FOR PROPERTY HOLDING
PURPOSES: DRAFT BUSINESS CASE

Report of: Head of Corporate Services

Cabinet Member: Councillor James Radley, Deputy Leader and Finance

1 PURPOSE OF REPORT

1.1 The Council has agreed to establish a corporate vehicle for property holding purposes. The company will take the form of company wholly owned by the Council limited by shares. The purpose of this report is to set out the draft business case

2. RECOMMENDATION

2.1 The committee forward its comments on the proposed Property Holding Company Business Case to Cabinet.

3 Introduction

3.1 The Council has resolved to set-up of a local housing company as a vehicle to allow the Council to participate directly in the provision of housing. A business case is now required to underpin the decision to set up the company. The approach recommended in this report is to articulate the business case for the company in line with the approach recommend in the HM Treasury Green Book Five Case Model.

3.2 The Business Case is made up of five key elements:

- The Strategic Case
- The Economic Case
- The Financial Case
- The Commercial Case

4 CONCLUSION AND NEXT STEPS

4.1 Council has agreed that a wholly owned company limited by shares is the best vehicle to assist the Council in meeting its housing objectives. The Council has the power powers to both create the company and to provide funding. Financial modelling demonstrates the potential to make a return on investment in the company from three principle sources:

- (i) dividends deriving from surpluses,
- (ii) interest on loans to the company, and
- (iii) charges for services provided to the company by Council staff.

Discussions from members are invited to set out any comments or recommendations they would wish to be passed on to the Cabinet when this business case is considered for approval.

CONTACT: Emma Foy, Head of Corporate Services x4207, email: emma.foy@hart.gov.uk

APPENDICES:
Appendix 1 – Draft Business Case

CORPORATE VEHICLE FOR PROPERTY HOLDING PURPOSES: GREEN BOOK BUSINESS CASE.

1 INTRODUCTION

- 1.1 The Council has resolved to set-up of a local housing company as a vehicle to allow the Council to participate directly in the provision of housing. The form of company agreed by Council is a company that is wholly owned by the Council and limited by shares. The Council has now prepared a business case to underpin any decision to set up a company in line with the approach recommend in the HM Treasury Green Book Five Case Model.
- 1.2 The Business Case is made up of five key elements:
- The Strategic Case
 - The Economic Case
 - The Financial Case
 - The Commercial Case
 - The Management Case

2 THE STRATEGIC CASE

- 2.1 The District is primarily rural, covers some 21,500 hectares (83 sq. miles) and is situated in north–east Hampshire, bordering both Surrey and Berkshire. The main centres of population (i.e. Fleet, Yateley and Blackwater/Hawley) are in the north and east of the District and form part of a larger ‘Blackwater Valley’ urban area with other nearby towns including Farnborough, Aldershot, Camberley and Sandhurst.
- 2.2 The District is bisected by the main line railway from Waterloo to Southampton and east to west by the M3. These enable good access to London, Southampton and other key employment areas such as Basingstoke, Camberley and Farnborough. However, movement patterns are complex and vary with the purpose of the journey. Some key services such as main hospitals and larger shopping centres are provided outside the District, particularly in Basingstoke, Guildford, Reading and Camberley.
- 2.3 The District is a popular place to live as it benefits from low unemployment, low crime rates and good schools. It has a healthy, active population with high participation in sports and leisure. Due to its good connectivity and popularity, property values are very high.
- 2.4 There are approximately 94,250 residents in the District with an increasing ageing population. The District has a complex geography comprising a collection of diverse and distinct settlements. The larger settlements are suburban in character and have grown significantly in the last 30 years, largely through relatively low density, ‘greenfield’ development. There are an estimated 35,500 homes in the District with 30% of the population living in rural areas.
- 2.5 Having regard to the above context and characteristics of the District, the following Key Issues for the (not in any order of priority) are important to the Council¹:
- (i) To make provision for the new homes needed in the area, including affordable housing particularly for social/ affordable rent;
 - (ii) For housing to meet the needs of all sectors of the community particularly for older people and/or the disabled.
 - (iii) To facilitate sustainable economic growth in the context of the wider Enterprise

¹ [Hart Local Plan \(Strategy and Sites\) 2032:](#)

M3 Local Economic Partnership area, and the Functional Economic Area within which Hart sits, and the need to provide for healthy town, district and local centres to serve the needs of residents.

- (iv) To ensure that the impacts on infrastructure (including waste water, transport, education, and community leisure facilities) arising from new development are adequately mitigated where necessary through infrastructure improvements.
- (v) To promote a healthy rural economy, and to maintain the viability of rural communities.
- (vi) To deliver development, where possible, which respects the separate character and identity of Hart's settlements and landscapes.
- (vii) For development to be well-designed, creating safe, inclusive and cohesive environments where new housing is successfully integrated with existing communities.
- (viii) To promote and improve sustainable transport particularly given the relative lack of sustainable transport options in what is a largely rural area, the pressure on highway infrastructure including the M3 motorway and its junctions in Hart (4a and 5) and a railway network at capacity at peak periods;
- (ix) To deal with climate change both in terms of mitigation and adaptation.
- (x) For development to be safe from flooding and not to increase the risk of flooding from all sources.
- (xi) To protect and enhance water quality and the ecological status of water bodies in accordance with the Water Framework Directive.
- (xii) To protect and enhance biodiversity including the protection of sites designated for their ecological importance. This includes the need to ensure that new development does not adversely affect the Thames Basin Heaths Special Protection Area (TBHSPA).
- (xiii) To protect and enhance the District's green infrastructure and the public rights of way network; and
- (xiv) To conserve and enhance the significance and special interest of the District's heritage assets and their settings.

3 THE ECONOMIC CASE

- 3.1 As part of the approval to set up the Company a number of delivery structures were investigated which had the potential to deliver the Council's objectives for the Edenbrook apartments in Fleet. These were approved by the Council in January 2021. The options were taken from best practice delivering similar projects developed by other Local Authorities and taking legal and financial advice.
- 3.2 The wholly owned company (WOC) approach has been agreed as the most appropriate method of delivering the project and whilst other options had their merits, the WOC offers less potential risk and more flexibility.
- 3.3 The WOC will be an organisation utilising existing resource where possible from within the Council to undertake the management of the property portfolio charging the WOC for its services at a commercial level. This has been incorporated within the financial modelling and will utilise existing staff resources within the Council, supporting the base budget position.
- 3.4 There is currently one site that has been identified to sit within the assets of the company. This is the Edenbrook site where 41 apartments are in the final stages of completion and will be available for affordable rent from the end of April 2021. It is also anticipated that once its longer-term future is resolved the former Swan Public House may potentially also become a residential asset for the company to hold.

4 THE FINANCIAL CASE

- 4.1 The Financial Case considers likely funding and affordability issues for both the Council (impact on the general fund) and the company.
- 4.2 The Financial Case models the Edenbrook development.

The number of units used for the purpose of the Business Case is set out in below.

| | |
|---------------------------|-----------|
| Number of potential sites | 1 |
| Number of potential units | 42 |

The actual program the company delivers could however, differ. Currently, there is only one site being developed for affordable market rent but further sites, like the Swan PH for example, will be added. The Financial Case modeling therefore only relates to the Edenbrook development. In accordance with the planning S106 Planning Obligation the modeling for Edenbrook is based on all units being for private market rent at affordable rental levels (i.e at 80% of the full market rental levels).

Developing the model

- 4.3 The development of the model has involved a range of council officers supported by external advisors with housing development, financial and tax expertise. The assumptions underlying the inputs are detailed below and have been subject to review throughout the preparation of the business case. The key areas considered included projected cash flow, corporation tax (at the applicable rate) and accounting implications for the WOC. The cash flow implications for the Council's General Fund have also been modelled alongside the WOC cash flows. Once the business case has been agreed a business plan will be prepared for Cabinet approval in April. The plan will be tested externally with an organisation familiar with the operation of similar companies prior to consideration by Cabinet.

Modelling assumptions and principles

- 4.4 The model works on the basis that the Council will invest in the WOC by transferring funding for either land or completed homes from its General Fund in return for a share in the WOC. Whilst the overall intention is to use the WOC simply as a property holding/management company, the option will be retained to allow the Council to also loan money to the WOC to finance possible future development activities.
- 4.5 It is also important to note that the Council will take security over the WOC's assets (specifically the land) to protect its investment.
- 4.6 The key commercial aspects are currently reflected in the modelling as follows:
 - 4.6.1 The Council will prudentially borrow in order to finance the WOC's development / construction activities. The financing of the WOC activities has been structured (in conjunction with external professional advisors) as a mix of loan finance (WOC Loan) and share equity in order to optimise the equity returns generated by the WOC and to broadly match the capital structure of a typical private sector developer.
 - 4.6.2 The WOC will access funding through the Council, likely to be prudentially borrowed and provided to the WOC through a mixture of debt and equity.
 - 4.6.3 To ensure the commercial structure is state aid compliant, the Council will be required to include a margin over the PWLB interest rate when pricing the WOC

loan.

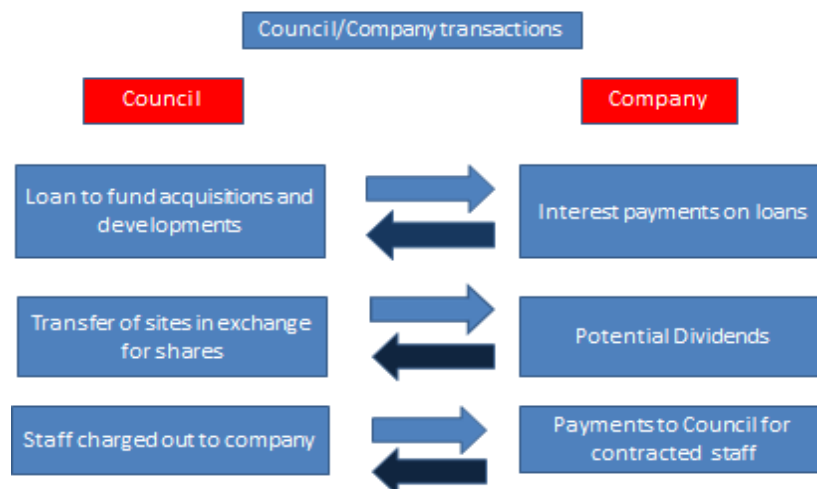
- 4.6.4 The Council will transfer funding or land from its General Fund in return for shares in the WOC. The WOC will be constituted as a company limited by shares in which the Council will own the entire share capital.
 - 4.6.5 The servicing of the WOC loan is achieved through the generation of net rental income and the receipts arising from potential future sales of the properties by the WOC at the end of the 30 year period. The WOC will rent the houses out in order to repay the debt interest.
 - 4.6.6 Net rental income after operating costs will be used to repay interest and the surplus will mainly be returned to the Council by way of interest charged on loan notes.
 - 4.6.7 The WOC will act as an investment company, retaining the properties developed by the WOC for letting under new tenures at a mix of affordable and private rents in accordance with the agreed business plan.
 - 4.6.8 The WOC will be consolidated into the Council's accounts. Group accounts will have to be prepared for this purpose. The WOC will be recognised in the Council's accounts partly as an investment in company shares, and also as a long-term debtor in relation to the issue of loan notes.
 - 4.6.9 The acquisition of equity by the Council and the provision of loans to a third party are both defined as capital expenditure by legislation. They are specifically determined in the statutory instrument SI 2003/3146 (acquisition of equity; paragraph 25(1)(d) and loans; paragraph 25(1)(b)). Because such expenditure is funded by borrowing, there could be a requirement to make prudent provision for the repayment of such debt. However, the assumption has been made that the Council would expect repayment of the loan debt element in full, therefore, there is no requirement to make a provision for repayment of the loan.
- 4.7 The key financial assumptions underlying program modelling are shown in the following table. The assumptions have been based on information provided by property and financial consultants utilising industry benchmarking and data.

| Item | Assumption |
|-------------------------------------|---|
| Funding rate/term | <i>50 years, 2.8%</i> |
| WOC Funding rate | <i>50 years, 3.8%</i> |
| Land cost | <i>Based upon negotiated purchase price.</i> |
| Construction costs | <i>Based upon negotiated purchase price.</i> |
| Rents/ letting profile | <i>Rents are based upon 80% of current market rents, uplifted to the letting date and then uplifted at 3% per annum</i> |
| Annual maintenance/ operating costs | <i>Management, maintenance, client management and lifecycle costs reflect analysis of Council/local Registered provider costs and benchmarked data,</i> |

| | |
|-----------------------|---|
| | <i>uplifted at 3.0% per annum.</i> |
| Void Rate/ Bad debts | <i>5% of gross rental per annum. Based upon benchmark information.</i> |
| Management fee | <i>12.5% of gross rental income per annum. Based upon benchmark information.</i> |
| Maintenance charge | <i>£588 per unit plus service costs per annum. (RPI indexed). Based upon benchmark information.</i> |
| WOC operating costs | <i>Full cost recovery</i> |
| House Price inflation | n/a as no disposals planned |

- 4.8 The General Fund will receive three different types of revenue return from the Housing Company

Revenue Returns to the General Fund



Dividends

- 4.9 In some cases the financial modelling for the Housing Company demonstrates, on the current assumptions, that the initial loan debt can be repaid and that the Company is able to make both all interest payments on the total loan values as they fall due. The company could provide the Council with an annual dividend from year 2 whilst generating a surplus position for the company.

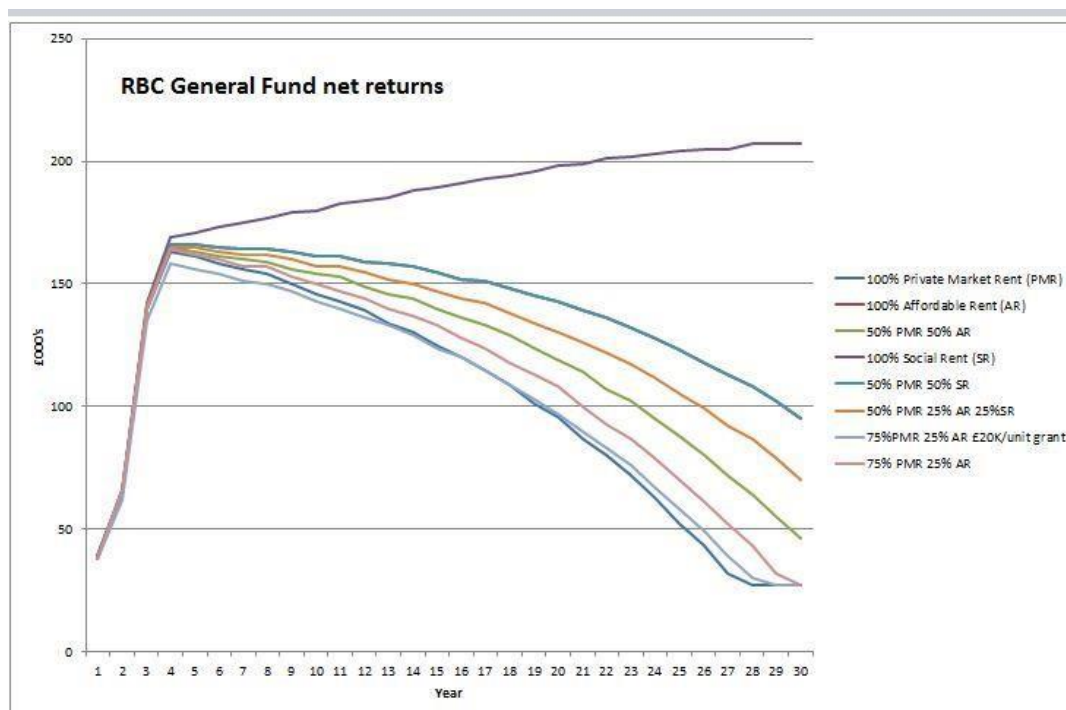
Other returns

- 4.10 In addition to the returns to the General Fund as set out above, the Council will benefit from additional income through Council Tax generated from dwellings. The potential to generate income will also result from the provision of Council services and by contracting staff to the Housing Company subject to available capacity.

4.11 A total of eight options of tenure mix have now been run through the model.

| | |
|----------|---|
| Option 1 | 100% Private Market Rent (PMR) |
| Option 2 | 100% Affordable Rent (AR) |
| Option 3 | 50% PMR 50% AR |
| Option 4 | 100% Social Housing (SR) |
| Option 5 | 50% PMR 50% SR |
| Option 6 | 50% PMR 25% AR 25% SR |
| Option 7 | 75% PMR 25% AR |
| Option 8 | 75% PMR 25% AR £20K/unit grant e.g. commuted sums |

4.12 All options deliver a return to the Council. All options excluding option 4 indicate the WOC would operate with a decreasing debt over the 30 year period modelled. However, only options 1,7 and 8 demonstrate full/nearly full repayment of debt over the 30 year period. This is shown graphically below and the supporting financial tables (exempt) will be available for consideration by members at the meeting along with the theoretical balance sheet and profit and loss information for the Company and the Council balance sheet and General Fund impact.



4.13 The performance indicator that was chosen for the purposes of the financial model was that the company could repay its loans in 50 years. The elimination of debt within this target period is a good indicator of company financial health and helps the company eventually to generate cash toward the end of the modelled period that could be used to pay dividends.

- 4.14 The current financial modelling indicates that, based on the initial 42 unit model for the Company, the Council would make a return on its investment in the Housing Company. However, although the business case demonstrates that the Housing Company is viable, there remains a risk that the principal sums transferred to the Housing Company by the General Fund are not returned in full. This would require adverse movements in a number of the assumptions used in the business plan but is nevertheless a risk.
- 4.15 Sensitivity analysis has been undertaken in relation to the financial projections. The analysis considers changes in some of the key financial assumptions on which the model is based. These sensitivities consider largely the impact of downside movements on key input variables against the key metrics of the base case.
- 4.16 Whilst the WOC is an investment vehicle, the drivers behind a number of key metrics are centred on various capital elements such as development costs, sale values and house price Inflation (HPI). To reflect this point the impact of reducing rental income inflation to zero for a period of 6 years does have a materially adverse effect as the reduction in rental income results in lower company performance impacts on the Council's ability to achieve a buoyant financial return.
- 4.17 However, an increase in rental income inflation to 3% provides a significant increase on the rate of return. The business case assumptions on rental income inflation and HPI can be considered prudent given current housing market trends.
- 4.18 A balance will need to be struck between financial advantage to the Council and the risks for the company. Because the company is wholly owned by the Council any adverse effects on the Company could cause difficulties for the Council and it will be the responsibility of the Company Board to run the WOC prudently and within the expectations and requirements of the Companies Act.

5 THE COMMERCIAL CASE

- 5.1 The rationale for setting up a WOC has both legal considerations and commercial considerations. The legal considerations were fully considered as part of the option analysis approved by Council. This section therefore analyses the commercial considerations for the program.

The Delivery Vehicle

- 5.2 The key consideration of a delivery vehicle is to create a legally sound structure for the Council to deliver new housing. This was discussed in the option analysis approved by Cabinet and Full Council.

The Funding Route

- 5.3 The two main options for the Council to consider include the use of S.106 contributions and the drawdown of PWLB funding. Essentially the tenure of the property and level of PWLB rates will drive the source of funding to be used. Information on PWLB rates is regularly reported to Cabinet and Overview and Scrutiny Committee as part of the Council's Treasury reporting arrangements.

The local rental market

- 5.4 Hart District has a very strong rental market and is a fast-growing sector. High deposits and mortgage restrictions alongside recently furloughed workers has led to increased demand for rental properties.

Company Business Plan

- 5.5 The Business Plan will act as a living document which is regularly reviewed by the Company and the Council. This Business Case contains the initial programme and assumptions that will inform the Business Plan. The Business Plan will be formally reviewed by the Company Directors at least every 12 months and reported to the Project Board, Overview and Scrutiny Committee and Cabinet. The Business Plan will contain Risk Analysis and confirmation of procurement rules and levels of delegated authority.

6 MANAGEMENT CASE

Introduction

- 6.1 The Management Case covers Governance Arrangements for the Company It also shows how Council will undertake the project, detailing the decision-making process, staffing arrangements, consultancy support, and budgets.
- 6.2 The company will be set up and governed as a Wholly Owned Company (WOC) of the Council. An appropriate governance structure is required to ensure sound and robust management of the company alongside protection of the Council's financial and reputational investment in the company. The governance must not hinder the company and must allow it to act swiftly and pro-actively as a separate legal entity.
- 6.3 The Council will own 100% of the shares in the company. As shareholder the Council will among other things, agree and approve the company's annual business plan and funding arrangements and monitoring progress against the business plan on behalf of the Council.
- 6.4 There will be a range of matters reserved to the Council which means the company must have the Council's consent to actions relating to these matters. Outside of this the management of the company will be the responsibility of its board of directors.
- 6.5 Examples of matters that would require Council consent are:
- 6.5.1 Borrowing outside the funding agreements entered into with the Council,
 - 6.5.2 Creation of a subsidiary
 - 6.5.3 Adoption or amendment of the Business Plan
 - 6.5.4 Acquisition of land or dwellings above a given value
 - 6.5.5 Entering into contracts above a certain value

These and other items requiring consent will be contained in a shareholder agreement.

- 6.6 Full Council will exercise its role as shareholder. Consideration will need to be given to whether some matters will still need Cabinet approval.
- 6.7 The need for the Shareholder to allow the company to react quickly in a commercial way will be a critical factor when considering the best structure.

The Board of Directors

- 6.8 The company will have up to five directors, appointed by the Council, who are officers.

They will need training to explain the extent of their formal duties under the Companies Act 2006 and their need to disclose their interests. The Council has agreed that no elected Members may serve on the Board.

- 6.9 The Council will need to provide indemnity insurance cover for officers of the Council serving on the board.
- 6.10 Although the company is wholly owned by the Council, as far as company law is concerned, the directors have duties to exercise independent judgement in the governance of the company and are accountable in terms of their duties under the Companies Act 2006. For example, they have to:
- act within their powers;
 - carry out their role for a proper purpose;
 - have a duty to promote the success of the company; and
 - exercise independent judgement / exercise reasonable care, skill and diligence/ avoid conflicts of interest / declare an interest on any proposed transaction / to declare interests in existing arrangements.
- 6.11 To avoid potential Conflicts of Interest the Council have decided that officers rather than Members will fulfill roles on the company board. The Local Government and Housing Act 1989 deals with companies under the control of local authorities and subject to local authority influence. The Housing Company is likely to fall within one of these categories and will therefore be required to comply with the relevant provisions of the Local Authority (Companies) Order 1995, in terms of accounting for debts etc.
- 6.12 The Council's fiduciary duties can be briefly summarised as acting as a trustee of tax and public sector income on behalf of its rates and taxpayers. The Council in effect holds money but does not own it and spends that money on behalf of its business rate and council taxpayers. Taking these fiduciary duties into consideration, the Council's primary objectives when making investments/loans are the repayment of the principal and interest on time, then ensuring adequate liquidity, with investment return being the final objective. The Council therefore will need to ensure that that it has minimised the risks and potential costs to it if the Housing Company becomes insolvent and/or defaults on any loans and then ensure that it achieves an appropriate return for the lending it provides.
- 6.13 If the Council is acting in a way that a private lender and/or investor would not act in similar circumstances in a market economy, for example, by providing a loan on uncommercial terms and at an uncommercial interest rate, and/or was making an equity investment on the terms and for the return which a private investor would not, then such activity could constitute unlawful State Aid.
- 6.14 When the Council establishes the detailed loan arrangements with the Housing Company it will need to ensure that an analysis of the relevant risk in relation to the loan is undertaken and also confirm that the interest rate applied is consistent with that which a private lender would require in the same circumstances and that the non-financial element of the loan complies with the terms and conditions which a private lender is likely to require, so not to constitute unlawful state aid.
- 6.15 State Aid will need to be continually kept under review to ensure that the support from the Council is able to continue to be provided throughout the loan period.
- 6.16 It is also important that any services provided by the Council to the Housing Company are provided at "arm's length" on a commercial basis.

- 6.17 In the initial set up stage, council staff will be contracted to the company to carry out the work necessary to deliver and review the company's business plan. Formal contractual agreements will be entered into between the Council and the Housing Company in relation to such staff. The contracted staff team would run the day to day management of the company. Working as a team, they would need to oversee the design, planning, procurement and construction process through strong project management processes and monitoring the performance of contracts such as letting and management agents.
- 6.18 The staff team would commission specialist consultants and contractors to undertake the detailed design, planning and implementations work ensuring that such matters conform to the company's procurement requirements.
- 6.19 The Housing Company will contract with the Council through a series of service level agreements for HR, finance and legal advice etc. The company will meet the cost of staff and specialist support. The Council will charge the company for contracted staff including VAT at the appropriate rate. It is unlikely that the company will be able to recover the VAT charged in these circumstances.

Proposed Accounting arrangements

- 6.20 Due to the relatively limited volume of transactions within the company for the initial years, it would be practical to maintain and complete the accounts within a spreadsheet. The alternatives are to
- (i) utilise capacity in Hart Integra 2 system (setting up a new company within), or
 - (ii) the company purchases a software package.
- The company will also require its own bank account.

Project Management

- 6.21 It is currently proposed that this will be treated as a project as part of the Council's Corporate Project list and will be managed and governed in accordance with the processes set up for Corporate Programme management.

7 CONCLUSION AND NEXT STEPS

- 7.1 Consideration of the desired outcomes against the delivery vehicle options has led the Council to conclude that a wholly owned company limited by shares is the best vehicle to assist the Council in meeting its housing objectives. Examination of this option has established that the Council has powers to create a company and to provide funding. Financial modelling demonstrates the potential to make a return on investment in the company from three principle sources: dividends deriving from surpluses, interest on loans to the company, and charges for services provided to the company by Council staff. A company will give the Council the freedom to participate in the housing market to meet housing needs and to achieve greater financial sustainability.

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OVERVIEW AND SCRUTINY COMMITTEE

DATE OF MEETING: 16 FEBRUARY 2021

TITLE OF REPORT: DRAFT BUDGET 2021/2022

Report of: Head of Corporate Services

Cabinet Member: Councillor James Radley, Deputy Leader and Finance

1 PURPOSE OF REPORT

- 1.1 This report provides a summary of the revenue and capital budget proposals for 2021/2022 approved by Cabinet and recommended to Council. The report also includes the statutory statement of the Head of Corporate Services (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves.
- 1.2 This proposed budget references numbers included in the final Finance settlement for 2021/2022 which was published on 4th February 2021.
- 1.3 It is important to note that the Government's multi-year Spending Review, due in 2019 was once again replaced by a short-term Spending Round. What this means is that, in substance, any budget to be proposed will only be for one-year only. No figures have been made available for local government funding beyond 2021/22, either nationally or locally. This report therefore cannot give any realistic projection for 2022/2023, however indicative budget requirements have been entered.

2 OFFICER RECOMMENDATION

- 2.1 That Overview and Scrutiny Committee consider the following recommendations to Council approved by Cabinet on the 4th February 2021 providing their comments to be considered in the production of the final budget papers to Council.
 - a) That the level of Council Tax for 2021/22 be increased by £5 (2.9%) and set at £181.84 for a band D property.
 - b) That the summary revenue budget for 2021/22 as set out in paragraph 12 of this report be approved.
 - c) That the capital programme for 2021/22 as detailed in Appendix 1 be approved.
 - d) That no changes be made to the Council Tax Support Scheme for 2021/22 but that a full review of this takes place and is reported to Council in September 2021.

3 BACKGROUND INFORMATION

3.1 The Government postponed the Spending Review due in 2019 and once again published a short-term (one-year) Spending Round. This is the second consecutive one-year settlement necessitated this year by the Covid-19 pandemic, following on from last year's Brexit general election.

Summary of the Government's Provisional Financial Settlement: 2021/22:

- a uniform percentage increase in 2020-21 Revenue Support Grant (RSG) allocations, based on the change in the Consumer Price Index (CPI)
- a freeze in Baseline Funding Levels (BFLs) at 2020-21 levels, to match the freeze in the business rates multiplier
- an increase in section 31 grant for the under-indexation of the multiplier, to compensate for the freeze in the business rates multiplier
- eliminating so-called 'negative RSG', through the use of forgone business rates receipts.
- a bespoke council tax referendum principle of up to 2% or £5, whichever is higher, for shire district councils
- a new round of NHB payments in 2021-22, which will not attract new legacy payments
- allocation of a new Lower Tier Services Grant

3.2 The Government has promised once the pandemic is over to revisit the priorities for reform of the local government finance system.

4 COUNCIL TAX

4.1 The Government anticipates, as in previous years, that local authorities such as Hart will increase council tax in 2021/2022 by a core principle of up to 2% or £5 on a Band D property. Any higher rise will require holding a local referendum. Consequently, the budget proposals included in this report assume a £5 increase in 2021/2022. The financial effect of this increase is to add approximately £205k annually to income. The Government has incorporated the full increase as an assumption in Local Authorities' increase in spending power.

5 NEW HOMES BONUS (NHB)

5.1 NHB is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is based on the amount of extra Council Tax revenue raised for **new-build homes**, conversions and long-term empty **homes** brought back into use. There is also an extra payment for providing affordable homes. The Council relies heavily on funding from NHB with approximately 25% of the net revenue budget being funded by NHB in 2020/2021.

5.2 In 2019, the Government said that in 2020 it would consult on an alternative to the NHB. The intention is to move to a new, more targeted approach that rewards local authorities where they are ambitious in delivering needed

homes. The Government is clearly has not had an opportunity to move that initiative forward, but it has taken an interim decision to extend NHB for one more year but with no legacy payments. The loss of the legacy payments has had a significant effect on the amount of grant the Council will now receive from NHB.

5.3 The Financial Settlement proposes that Hart will receive £1.847 million in NHB in 2021/22, a reduction of £0.503 million. The NHB, if retained, is likely to further reduce in 2022/23.

5.4 There is, therefore, a significant future risk to the Council and whilst the Government has said that it will consult on replacements for NHB in 2021 there is absolutely no certainty as to what this could look like. It also cannot be assumed that any alternative to NHB will be as generous as the original NHB scheme.

6 LOWER TIER SETTLEMENT GRANT

6.1 The 2020/21 Finance Settlement introduced an un-ringfenced lower tier services grant, which is to be used specifically to ensure that no council sees a reduction in core spending power because of the NHB changes. This funding is in response to “*the current exceptional circumstances and is a one-off*”. The increase in spending power relies on Local Government increasing Council Tax by the core principle of up to 2% or £5 on a Band D property.

6.2 The Financial Settlement proposes that Hart will receive £0.1839 million in Lower Tier Settlement Grant in 2021/22. This will reduce the impact in the reduction in NHB from £0.503 million to £0.319 million.

7 COUNCIL TAX SUPPORT SCHEME

7.1 Since 2013, local authorities in England have been responsible for running their own local schemes for help with council tax - Council Tax Support. Councils can choose to either reduce the discount paid to working age claimants or find income to make up the reduction. The Council has always agreed not to reduce the discount (benefits) paid to such claimants but to fund the cost from the revenue account. There are no proposals to change the arrangement for 2021/22, however a detailed review of this scheme must be commissioned to take place in early 2021/22 to inform future years.

8 FEES AND CHARGES

8.1 In setting charges, all relevant government guidance is followed. In general, fees and charges will aim to recover the full cost of services except where this is prevented by legislation, market conditions or where alternative arrangements have been expressly agreed by Council. The full schedule of fees and charges will be taken to full Council on the 25th February 2021 for approval.

8.2 The Budget has been prepared taking account of the following changes to charges in the main service areas: -

- **Car Parking** - charges have remained the same in the majority of cases with the following summary exceptions. Full details can be found in the appendix
 - Long term parking – 10 hours plus – increase of £1
 - Quarterly parking permits increased with compensatory decrease in Annual parking permits
 - 2 hour parking in Birchayes reduced from £2 to £1
 - Short time parking in Hook – charge removed.
 - Residents Parking Permits
 - Annual Fleet and Hartley Wintney – increase - £15
 - 2nd Household Permit – increase = £40
 - Visitors Parking Permits
 - 2 weeks Fleet & Hartley Wintney – increase - £6
 - 1 day scratch card – increase - £0.50
 - Dispensations – increase - £10
 - Exemptions – increase £10
- **Council Accommodation**
 - The hiring of Council Rooms has been increased.
 - For example, the day time hiring of the Council Chamber has increased from £44.50 per hour to £50 per hour.
- **Democratic Services**
 - Charges for agendas, minutes etc for council meetings have been removed as they are free to download from the Council website.
- **Waste Collection**
 - Annual Green waste collection charges have increased as follows:
 - 140 litre Wheeled Bin Green Waste Collection – increase - £3
 - 140 litre Wheeled Bin Green Waste Collection concessions – increase - £3
 - 240 litre Wheeled Bin Green Waste Collection– increase - £4
 - 240 litre Wheeled Bin Green Waste Collection concessions– increase - £3
- **Planning**
 - Update in Fees for Planning Performance Agreement fees to reflect cost recovery.
 - Admin fee for validation non-refundable where applications cannot be validated due to them being incomplete.

In all other cases, where the Council has flexibility in setting fees and charges, the general intention is to increase them by CPI in August 2020 (0.5%), or the nearest £, unless any individual scheme of delegation allows flexibility to set specific fees and charges.

9 GROWTH AND SAVINGS INCLUDED IN BUDGET

- 9.1 An incremental approach to the budget is being followed in building this budget. It includes identifying areas for further savings, as well as any opportunities to secure new sources of income.
- 9.2 Section 12.1 below shows the current pressure for movement of budgets between 2020/2021 and 2021/2022. In light of current risks, the details of any budget movements are still being evaluated and will be refined further before final consideration by Cabinet.
- 9.3 However, the following areas represent some of the more significant and ongoing cost pressures:
- Contract changes; insourcing services can bring initial increased costs in earlier years. £140K
 - Recyclate income reduction from Hampshire County Council £250K
 - Risks in decreased income caused by the Pandemic due to likelihood in full income recovery during early months of 2021-22 - £220K
- 9.4 A combination of reduced income and increased cost pressures have left the Council with an anticipated budget deficit for 2021/22 of £381K and, in 2022/23 a further deficit of £1,018K. The 2022/23 deficit is both structural and significant and the current lack of commercial opportunities coming forward requires the Council carries out a root and branch review of income and expenditure which will require Members to take difficult decisions to prioritise available budget in future years. It is essential that expenditure decisions for future years are made by Period 5 of 2021/22 to allow plans to be implemented to deliver savings in 2022/23.

10 OUTTURN BUDGET FOR 2020/2021

- 10.1 The outturn budget is expected to be in deficit in 2020/2021. This is due to the loss in income plus an increase in expenditure in response to the COVID-19 pandemic.
- 10.2 Significant income will be lost in 2020/21 primarily in Parking and Leisure. The Government partly compensates for this loss. The loss is estimated to be £1.7m.
- 10.3 Additional spending has also been necessary to support the community, employees, and the workplace during the pandemic. The additional expenditure is likely to be c.£500K.
- 10.4 These pressures are tempered by savings in staff vacancies, travel and expenses plus Government support grants – c. £500K.

10.5 Some of the above losses are expected to be mitigated by both use of reserves and Central Government subsidies to counteract the direct effects of Covid-19 on Council income and expenditure. The Council has also scaled back expenditure where possible. Officers currently estimate a deficit on outturn of between £500K and £600K and a verbal update will be provided at the meeting.

11 CAPITAL PROGRAMME

11.1 The proposed 2021/2022 Capital Programme is attached as Appendix 1.

12 DRAFT BUDGET 2020/2001

12.1 The table below summarises the draft budget for 2021/2022 compared to the approved (revised) 2020/2021 budget

| | 2020/2021 | 2021/2022 | |
|--------------------------------|--------------|---------------|--|
| | Budget | Draft | |
| | £000 | £000 | |
| Net Service Budget | 9,174 | 10,536 | |
| SANG Expenditure | 258 | 258 | Funded from allocated S106 receipts |
| Cost of Service | 9,432 | 10,794 | |
| Debt Interest | 12 | 12 | |
| MRP | 469 | 406 | |
| New Homes Bonus | -2,377 | -1,847 | Provisional Local Government Settlement |
| Lower Tier Services Grant | | -200 | Provisional Local Government Settlement |
| Pressures | 1,218 | 610 | Change programme variables |
| Net Expenditure | 8,754 | 9,776 | |
| | | | |
| Financed by | | | |
| Council Tax | -7269 | -7,487 | Provisional Local Government Settlement maximum increase |
| Business Rates Retained | -1,297 | -1,400 | Provisional Local Government Settlement |
| Collection Fund – CT Surplus | -31 | | Collection Fund estimate |
| Collection Fund – NNDR Deficit | 154 | | Collection Fund estimate |
| S106 receipts | -53 | -53 | Allocation as per approved expenditure |

| | | | |
|---------------------------|---------------|---------------|--|
| SANG receipts | -258 | -258 | Allocation as per approved expenditure |
| Commercial Income | | -196 | |
| Total Financing | -8,754 | -9,395 | |
| Funding from General Fund | | 381 | Balancing of Budget |

12.2 The major revenue funding risks and decisions looking beyond 2021/22 to be considered to ensure financial sustainability:

Funding Risks

- Spending Review 2021 – may reduce the totality of local government funding
- Fair Funding Review – risk of losing further central government funding as it is distributed elsewhere
- Changes to New Homes Bonus
- Changes to 75% business rates retention from 2022/2023
- General delays and uncertainty on future funding caused by Covid-19
- Uncertainty over future Planning Fee income (this will inevitably fluctuate)
- Concerns in delivering previously estimated levels of Commercial Income.

12.3 Major changes in spending in service areas have been provided at Appendix 2.

13 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

13.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates and the adequacy of proposed financial reserves.

13.2 The budget has been constructed following a detailed and robust process involving budget holders, finance staff, the leadership team and Members. Account has been taken of identified financial issues and pressures and realistic budget assumptions have been made and key risks identified. Service changes and savings options have been considered by Heads of Service and Members through the service review process.

13.3 Budget risks are managed throughout the year by a comprehensive budget monitoring process, which acts as an early warning of budget issues allowing corrective action to be taken, and via the general fund reserve.

13.4 The Council has limited reserves available to it. The General Fund balance stood at £6.8m at 31st March 2020. The current year outturn projections and proposed budget for 2021/22 may decrease this by up to £500K.

13.5 The S151 Officer considers that the projected General Fund balance is adequate to help manage the 2020/21 budget risks. While the use of the General Fund balance is for financing unplanned one-off costs and does not

underwrite on-going expenditure, the level of the General Fund balance does provide a buffer against the uncertainty of future central government funding.

14 COMMENTS OF THE MONITORING OFFICER

- 14.1 This report recommends the adoption of a lawful budget and the level of Council Tax for 2021/2022. It also outlines the Council's current and anticipated financial circumstances, including matters relating to capital expenditure and resources.
- 14.2 The setting of the Budget and Council Tax by Members involves their consideration of choices. No genuine or reasonable options should be dismissed out-of-hand and Members must bear in mind their fiduciary duty to the council taxpayers of Hart.
- 14.3 Members must have adequate evidence on which to base their decisions on the level and quality at which services should be provided. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it. Where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably. Where a service is derived from a statutory power and is in itself discretionary that discretion should be exercised reasonably.
- 14.4 Should Members wish to make additions or reductions to the budget, on which no information is given in the report before Members, they should present sufficient information on the justification for and consequences of their proposals to enable the Council to arrive at a reasonable decision on them.
- 14.5 The report sets out the relevant considerations for Members to consider during their deliberations and members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. They are under an obligation to produce a balanced budget and must not knowingly budget for a deficit. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality and level of services which they consider should be provided, against the costs of providing such services.
- 14.6 **Members are also reminded of Section 106 of the Local Government and Finance Act 1992 which prohibits any Member, who has not paid for at least two months his/her Council Tax when it became due, from voting on setting the Budget and Council Tax.**

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APPENDICES:

Appendix 1 – Capital programme 2021/2022

Appendix 2 – Budget Change analysis appendix.

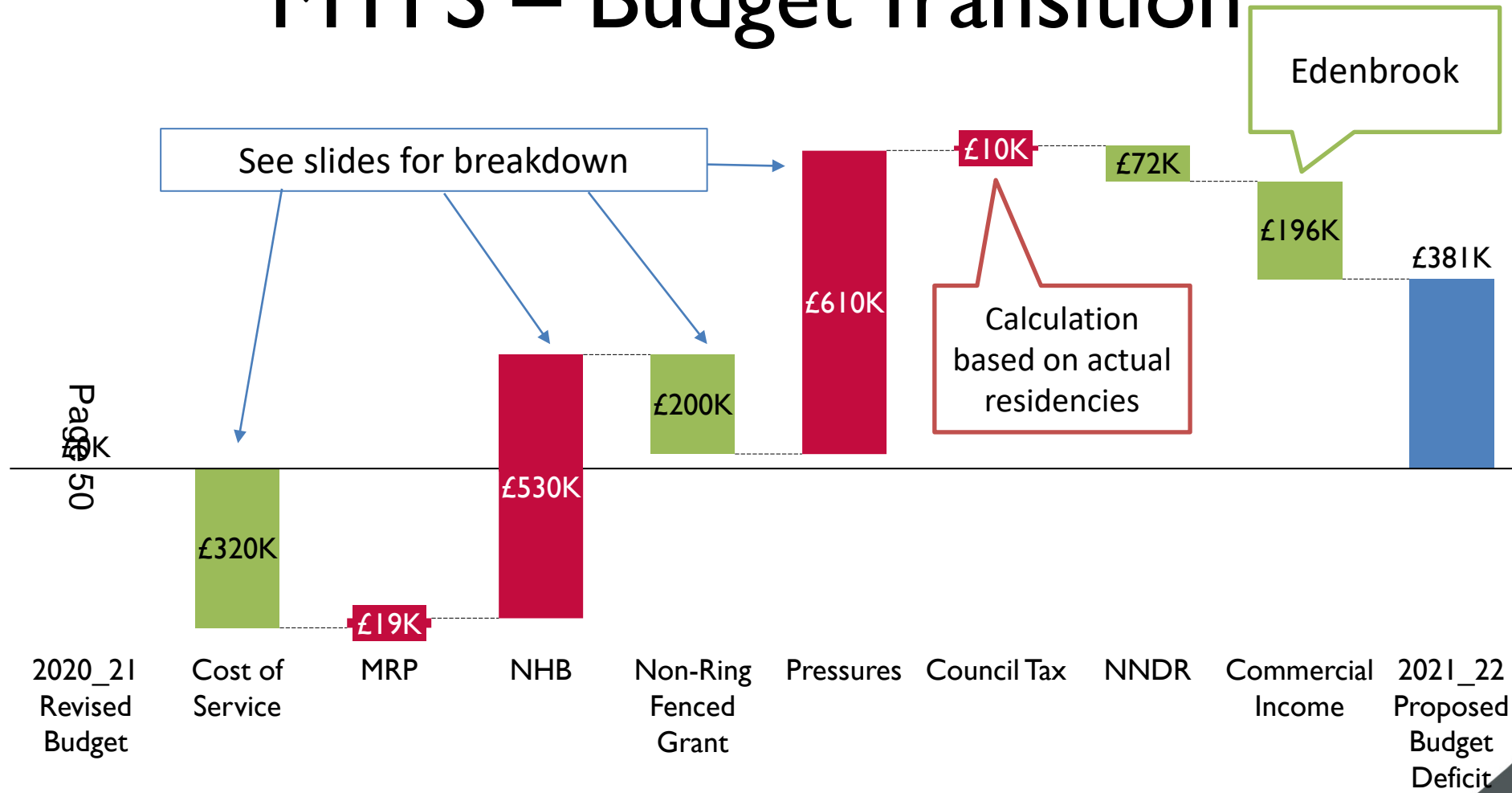
Appendix 1 - Capital programme 2021/2022

Capital Programme 2021-2022

| Service Area and Description | 2021/22 Budget requested £'000 | 2022/23 Estimate £'000 | 2023/24 £'000 | Source of Funding |
|---|--------------------------------|------------------------|---------------|--------------------------------|
| Upgrade of Checkpoint Firewall | 20 | 0 | 0 | Digital Transformation Reserve |
| Upgrade of Backup solution | 15 | 0 | 0 | Digital Transformation Reserve |
| Warranty for laptops | 10 | 0 | 0 | Digital Transformation Reserve |
| Server Infrastructure refresh | 20 | 0 | 0 | Digital Transformation Reserve |
| Edenbrook apartments final payment | 6,800 | 0 | 0 | PWLB External Borrowing |
| Total Corporate Services | 6,865 | 0 | 0 | |
| Disabled Facilities Grant | 500 | 500 | 500 | Grant – Better Care Fund |
| Total Community Services | 500 | 500 | 500 | |
| Fleet Pond - Visitor Enhancement | 75 | 31 | | S106 |
| Fleet Pond - Fencing | 21 | | | Capital receipts reserve |
| Fleet Pond - Ecology | 25 | | | S106 |
| Hazeley Heath - Grazing Project | 50 | | | S106 |
| Hazeley Heath - Notice Boards / HW improvements | 27 | | | S106 |
| Hazeley Heath - Access Improvements | | 10 | | S106 |
| HW Central Common - Access Improvements | 80 | | | S106 |
| Edenbrook - Play Tree | 30 | | | SANGs |
| Edenbrook - Visitor Improvements | 20 | | | S106 |
| Edenbrook - History Walk | 20 | | | SANGs |
| Edenbrook - Skate park and Bike Track | 165 | | | S106 |
| Edenbrook - Teen Health | | 65 | | S106 |
| Edenbrook Community Garden | 120 | | | S106 |
| Bramshot Farm - Capital | 150 | 145 | 500 | LEP Grant (SANGs) |
| Fleet Pond - Access Track | 110 | | | S106 |
| EV Chargers | 82 | | | Capital Receipts Reserve |
| New Tractor | 25 | | | TBA SANGs |
| New Bailer | 20 | | | TBA SANGs |
| Total Environmental and Technical | 1,020 | 251 | 500 | |
| Council Totals | 8,385 | 751 | 1,000 | |

Budget 2021_22

MTFS – Budget Transition



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2020_21 Revised Budget

Cost of Service

MRP

NHB

Non-Ring Fenced Grant

Pressures

Council Tax

NNDR

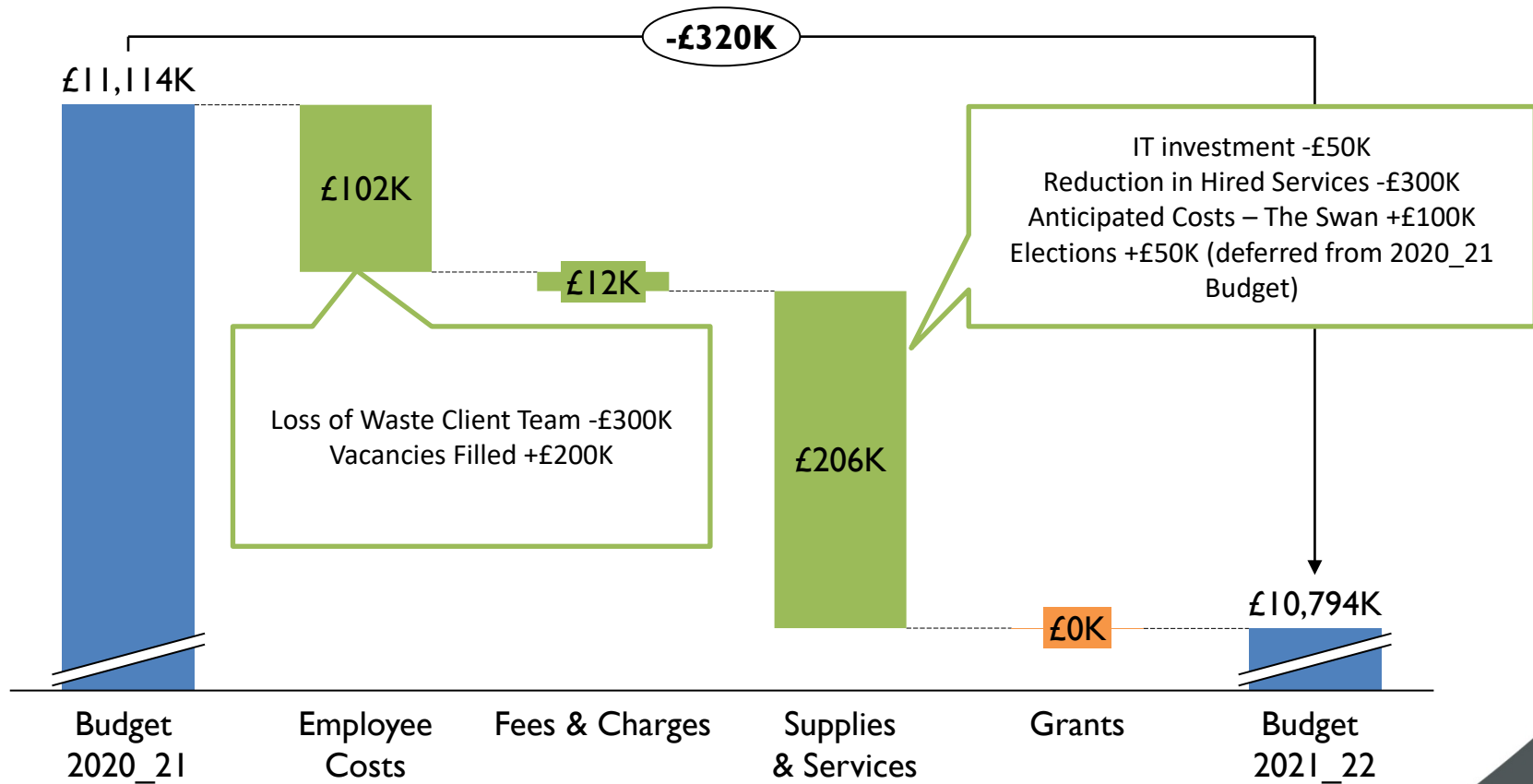
Commercial Income

2021_22 Proposed Budget Deficit

Cost of Service

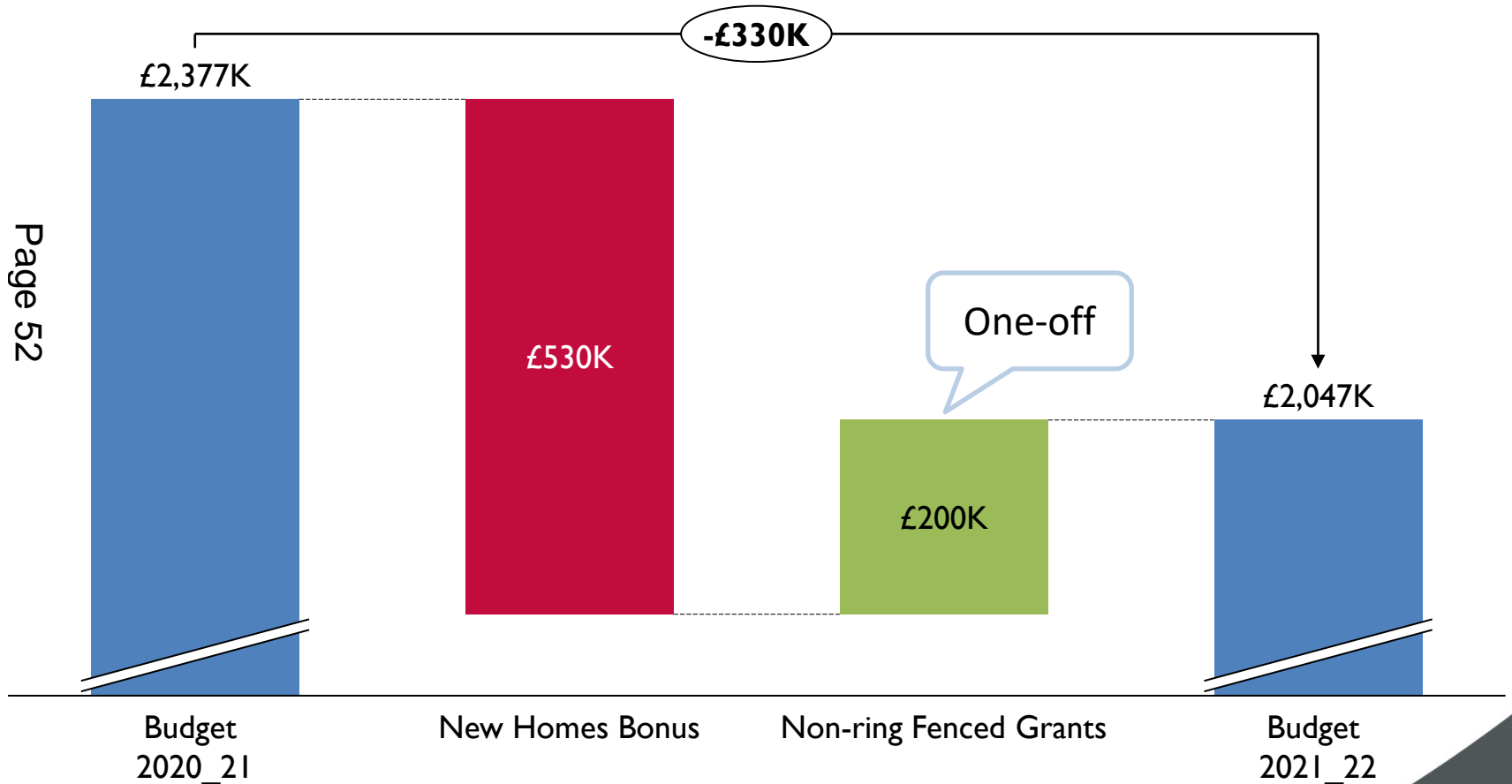
Revised Budget 2020_21 to Proposed Budget 2021_22

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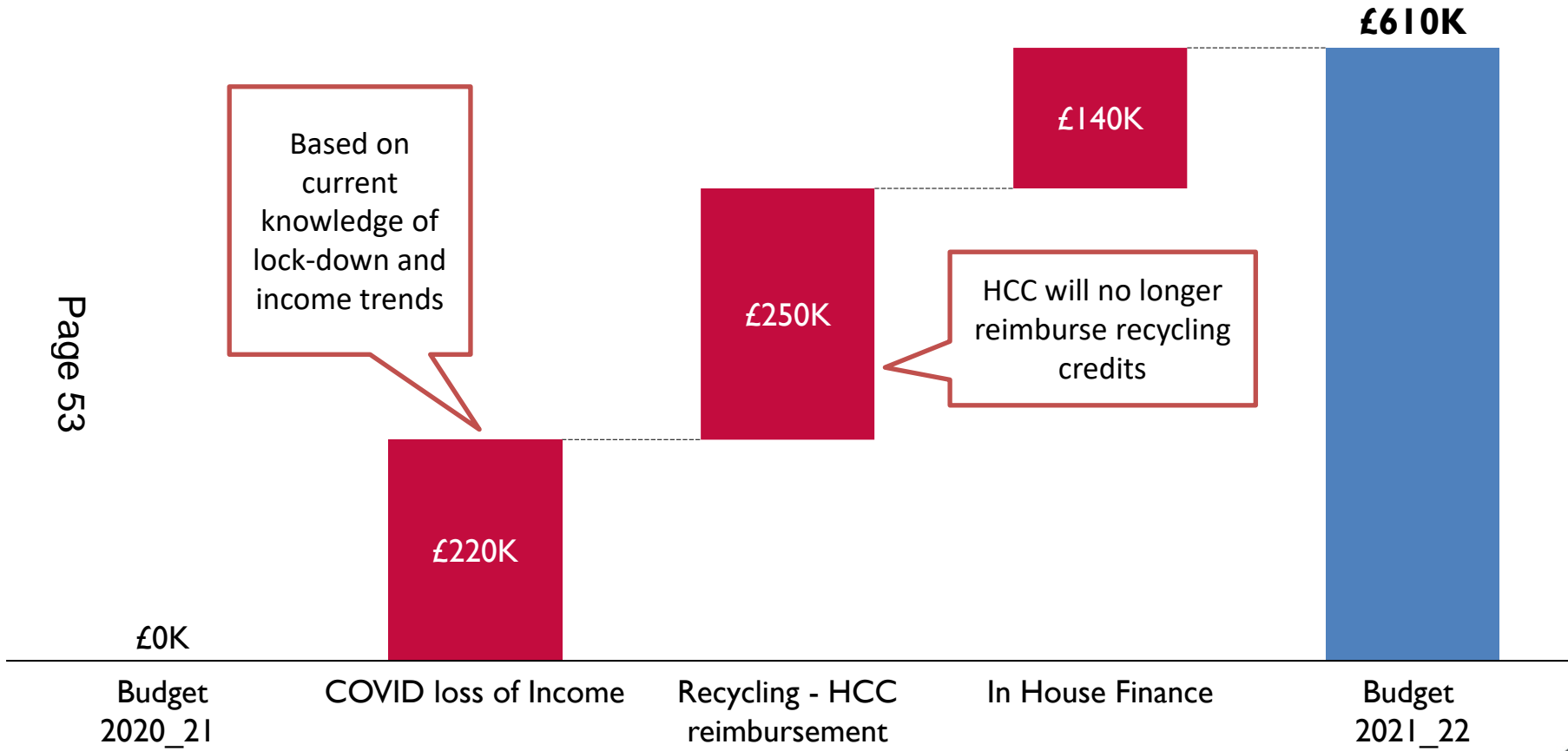
Grants

Revised Budget 2020_21 to Proposed Budget 2021_22



Pressures

Revised Budget 2020_21 to Proposed Budget 2021_22



OVERVIEW AND SCRUTINY COMMITTEE

DATE OF MEETING: 16 FEBRUARY 2020

TITLE OF REPORT: 2021-22 BUDGET MONITORING – TO END OF DECEMBER

Report of: Head of Corporate Services

Cabinet Member: Councillor James Radley, Deputy Leader and Finance

I PURPOSE OF REPORT

- 1.1 To advise Committee of the position on revenue and capital expenditure at the end of December 2020. Cabinet will consider this report at its meeting on Thursday 4th March.
- 1.2 The forecast overspend on controllable budgets is £612k for 2020/21 before accounting adjustments; any deficit required will be transferred from Reserves at the end of the year after all year end adjustments have taken place. Accounting adjustments can significantly affect the year end position as it is only then that we can fully account for key areas of spend such as Housing Benefits and Business Rates payments to cover policy decisions made by Central Government during the year.

2 OFFICER RECOMMENDATION

- 2.1 To note the revised projections and reasons for the main revenue variations highlighted in Paragraph 4 and analysed in Appendix 1.
- 2.2 To note the current spending position for Capital shown in Paragraph 5 and Appendix 2 which includes project details.

3 BACKGROUND

- 3.1 It is important that regular monitoring of budgets is undertaken to ensure financial targets set by the Council are being met and to make any necessary changes to approved budgets.
- 3.2 Trends and variances identified in the period have been used to inform the Budget position presented to committee in January 2021.

4 REVENUE BUDGET MONITORING

- 4.1 In February 2020, the Council approved total net service expenditure of £9,432k.
- 4.2 In November 2020, Cabinet approved a revised allocation within the budget to meet the requirements and income loss from COVID-19 to better reflect the likely spend as a result of additional pressures.
- 4.3 Forecast position for expenditure is a £495k adverse variance to Budget

Hart DC - Revenue

Table 1.1 Budget Comparators - 2020/21 (December - Period 9) after COVID and Grant adjustments

| Service Area | Full Year Budget 2020/21 | Budgeted Exp to 31/12/20 | Actual Exp to 31/12/20 | Variance | Revised Full Year Forecast 2020/21. |
|---|--------------------------|--------------------------|------------------------|------------|-------------------------------------|
| Corporate | £5,208,407 | £3,988,546 | £3,822,498 | -£166,048 | £5,161,112 |
| Community | £1,030,169 | £461,803 | £499,307 | £37,504 | £1,057,742 |
| Technical and Environmental Maintenance | £3,082,837 | £2,330,943 | £3,530,604 | £1,199,661 | £3,289,507 |
| Place | £2,098,411 | £1,713,049 | £1,253,656 | -£459,393 | £2,415,742 |
| Net Expenditure | £11,419,824 | £8,494,341 | £9,106,065 | £611,724 | £11,924,103 |
| Accounting Adjustments | -£1,987,300 | -£470,484 | -£1,578,059 | - | -£1,875,701 |
| Net Cost of Services | £9,432,524 | £8,023,857 | £7,528,006 | -£495,851 | £10,048,402 |

4.4 Appendix 1 provides a summary table detailing the variance between actual and budget spend for the year to 31st December 2020.

4.5 Major Variances identified include:

- A. Timing delays due to unreceived purchase invoices and unraised sales invoices to and from public sector partners.
- B. Salary overspends due to spend on consultants and underspends due to delays in recruitment.
- C. Loss of income due to Covid which is offset to some extent by Compensation received in year.

4.6 Appendix 2 provides a summary table detailing the variance between full year budget and full year forecast for the year ending 31 March 2021.

4.7 Major Variances identified include:

- A. Reduced income due to COVID-19
- B. Increased consultancy costs in Place and in Corporate Services, in Corporate Services this is due to bringing outsourced services in-house.
- C. Savings achieved due to remote working.

4.8 Movements in earmarked reserves are being analysed and the final reserve position will be included in the out turn report for the year.

4.9 The Capital position will be reported with requests for carry forward to the March Overview and Scrutiny meeting.

5 MANAGEMENT OF RISK

5.1 The monthly budget monitoring process examines all income and expenditure against budgets in order that significant variances are highlighted immediately and to identify areas where expenditure is being incurred but where insufficient or no budgetary provision exists. This allows officers to take corrective action to maintain overall expenditure within budgets.

5.2 Specific attention is being given to the following areas

- Housing Benefit changes and forecast improvements will be dependent on the level of debt associated with claimants transferring to Universal credit. Specific analyses are being prepared and monitoring will continue up to the final subsidy claim at 31 March 2021. Calculation method for the provision for doubtful / bad debts will be modified as necessary
- Income budgets for Planning & Building control application fees will be subject to a detail monitoring exercise including volume of activity in the current year and previous years.
- Business rates and the effect of the Collection fund to be determined at year end. Appeals from the 2017 list changes continue to be low while the 2010 list appeals remain open and continue to be worked on by the Valuation Office.

6 CONCLUSION

6.1 COVID-19 has had an adverse effect on income; Income recovery or subsidy is based at 95% * 75% of budgeted income and therefore there remains an income gap and increase in net service expenditure. This will need to be fully reconciled after accounting adjustments which will determine the level of draw down from reserves.

Contact Details: Emma Foy, email: emma.foy@Hart.gov.uk

APPENDICES

Appendix 1 Revenue Budget – Budget to Actual

Appendix 2 Revenue Budget – Budget to Forecast

Appendix 1

Detailed variance analysis Budget vs. Actual

| Directorate = Corporate Services | | | | |
|---|--------------------------------|---|--------------------|-----------------------------|
| <u>Cost Centre</u> | <u>Cost Centre Description</u> | <u>Variance</u> | <u>Adv - £'000</u> | <u>Fav - £'000</u> |
| HACAPI | 5 Council Contract - Capita | Invoices from Capita Services as yet not received. | | £1,312 |
| HACIVC | Civic Function & Chairman | Chairman's Allowance not yet incurred. Public/Civic Events expenditure not yet incurred due to Covid restrictions. | | £3 £2 |
| HACOML | Commercialisation | Fees for Hired Services at Edenbrook Apartments & Q4 Service Charge at the Pavilion Work undertaken to make Swan Public House safe | £7 £44 | |
| HACOMM | Corporate Communication | Postage not yet incurred Contributions to Voluntary Organisations not yet incurred. Additional Salary Costs relating to maternity cover being in post longer than forecast Hired service expenditure ahead of forecasted spend and miscoded invoices Software development costs incurred ahead of forecast | £12 £6 £7 | £3 £5 |
| HACFIN | Corporate Finance | Recruitment Delay - Savings (S151 and D S151) Invoice for Recruitment Costs of SFBP - Not yet received. Brokers Fees not yet incurred Software Licenses and GRN that has already been received Savings on Staff Travel and Car Allowances Additional Bank Charges from Prior Years Cyber Insurance to be allocated across other Cost Centres Additional Finance Consultant Costs | £29 £35 £20 | £55 £9 £2 £7 £3 |
| HACVID | Covid19 | Actuals after adjustment | | £15 |
| HASCCO | Customer Services Contracts | Jade invoices not yet received (October to December 2020). Payments not yet made for Q1 to Q3 2020/21. | | £11 £123 |
| HAECOV | Economic Development | Publicity Spend not yet incurred | | £8 |

| | | | | |
|---------|------------------------------|--|------|------|
| HALECDV | Economic Development | Salary differences | £1 | |
| HAFLCT | Frogmore LC Building | Depreciation incorrect charged in April and May 2020. | £117 | |
| HAHRCO | HR Contract | Salary related savings due to recruitment delays. | | £18 |
| | | Corporate Management Training not yet incurred. | | £12 |
| | | Recovery of costs that had not been forecast | | £22 |
| | | Additional Sub Contracted work for HR Support whilst recruitment on-going. | £5 | |
| HAHELC | Hart Election Costs | Election expenses incurred YTD for Modern Gov iPad rental | £7 | |
| | | Project Consultant Invoices yet to be received. | | £20 |
| | | Savings on Professional Fees | | £5 |
| HALOTT | Hart Lottery | Savings of Publicity | | £2 |
| | | Reduced Income from the Lottery | £5 | |
| | | Fees and Services for Reduced Income | £4 | |
| HALEAD | Leadership Team | Salary related adjustments | | £1 |
| | | Employee Training not yet incurred due to Covid 19 | | £5 |
| | | Additional Subscriptions that need to be moved into January 2021 | £3 | |
| HAHCTB | Housing/Council Tax Benefits | DWP Rent Allowance Subsidy Received | | £539 |
| | | Additional Grants received to date | | £64 |
| | | Additional Rent Allowances paid out | £715 | |
| | | Housing Benefits Overpayments | £3 | |
| | | Consultation Costs not yet incurred. | | £14 |
| | | Additional Employee Training Costs | £7 | |
| HAITCO | IT Contract | Project Consultants not yet incurred. | £8 | |
| | | Depreciation and Impairment incorrectly charged. | £11 | |
| | | Increased Internet Line Rental costs | £24 | |
| | | Firewall Consultancy Costs to upgrade and configure Checkpoint Firewall | £12 | |
| | | Laptop and Equipment Purchases to facilitate remote working | £9 | |
| | | Project Consultant Costs not yet incurred re Modern Gov - Civica. | | £10 |

| | | | | |
|--------|------------------------------|---|------|------|
| HALEGL | Legal Services | Basingstoke Shared Service Invoices (Q1 and Q2 2020/21) not yet received. | | £232 |
| | | Plain English Ltd - Costs to re-write the Council's Constitution. | £19 | |
| HALEIS | Leisure Centres | Reduced Income to date for Fees and Services | £4 | |
| | | Compensation received for Apr to Jun in respect of Lost Fees and Charges Income. | | £297 |
| | | QLM Audits not yet incurred | | £3 |
| | | Support Costs to EA from 1st April to 31st October 2020. | £372 | |
| HAMEMB | Support to Elected Bodies | Depreciation incorrectly charged. | £544 | |
| | | Lost Income from EA - attributable to Covid 19. | £472 | |
| HANEIG | Neighbourhood Planning | Savings in Members Travel and Subsistence | | £5 |
| HASETT | New Settlement | Project Consultant Works relating to the referendum for Crondall and Crookham Village | | £28 |
| | | Neighbourhood Plans not yet incurred. | | |
| | | Payment to other Local Authorities for neighbourhood plans. | | £4 |
| HANODC | Non Distributed Costs | Additional Salary Costs from 2 Posts. | £13 | |
| | | Covid 19 Survey with residents. | £8 | |
| | | Project Consultant Costs - Chelgate Limited. | £16 | |
| HAPRSF | PRS AccessFund | Invoices received in advance of Forecasted Spend | £157 | |
| HARELC | Rechargeable Elections | Purchase Orders in HANEED to be moved to HAPRSF | | £96 |
| HARGST | Register Of Electors | General Election expenditure in 2019 - waiting for Government reimbursement. | £23 | |
| | | Canvasser costs due but not yet incurred | | £15 |
| | | Printing and Equipment Costs due but not yet incurred | | £13 |
| | | Software Costs but premium crosses Financial Years | £8 | |
| HARBCO | Revenues & Benefits Contract | Salary Adjustments relating to Canvassers | £10 | |
| | | Additional Grant Income | | £52 |
| | | Court Costs and Bailiff Fees not yet incurred due to Covid 19. | | £5 |
| | | No Income from NNDR Cost of Collection | £75 | |
| | | No Income from Court Fees Income | £51 | |

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|--------|---------------------------|---|---------------|---------------|
| HAHEMB | Support To Elected Bodies | Reduced Members Travel Costs due to Covid 19. | | £5 |
| HAXAUD | External Audt | Invoices not received for Qtr 1 to 3 2019/20 Capita Invoice for HB Audit not yet been received | £13 | £26 |
| | Miscellaneous | Miscellaneous overspends | £9 | |
| | | TOTAL | £2,885 | £3,051 |
| | | Net Variance for Corporate Services | £0 | £166 |

Directorate = Community Services

| <u>Cost Centre</u> | <u>Cost Centre Description</u> | <u>Variance</u> | <u>Adv - £'000</u> | <u>Fav - £'000</u> |
|--------------------|----------------------------------|---|--------------------|-------------------------|
| HADOMA | Domestic Abuse | Domestic Grants paid at start of the year and not proportionately across the year Homelessness Costs yet to be incurred | £281 | £15 |
| HAHOUS | Strategic Housing Services | Additional Salary related expenditure related to the Hub. | £5 | |
| HAINCL | Social Inclusion and Partnership | Homelessness Costs not yet incurred. Rough Sleeping Grant paid to Hart DC in error to be paid to Rushmoor. Salary related savings due to recruitment delay. | | £39 £92 £7 |
| | | Bed and Breakfast Invoices not net received. Homelessness Invoices not yet received Accounting provisions not yet incurred Salary adjustments | | £35 £27 £10 £4 |
| HANEED | Housing Needs | Savings on Travel & Medical Fees Increased HB Payments for B & B Rent. Fees and Hired Services incorrectly coded. Software Purchases crossing years. | £20 £21 | £4 £5 |

| | | | | |
|--------|------------------------|---|-------------|-------------|
| | | Reduced Grant Income | £46 | |
| | | Rent Bond charges incurred ahead of forecast spend | £15 | |
| | | Housing Register Sales not yet incurred | £8 | |
| HAPRIV | Private Sector Housing | Invoices raised to recover costs from Providence House Developer. Providence House - Agency Staff - Against no Budget | £23 | £37 |
| HASAFE | Community Safety | Invoices not received from Rushmoor BC Software Invoices not yet received Additional Salary Costs now that service is back in house | £19 | £124 £3 |
| | Miscellaneous | Miscellaneous overspends | £2 | |
| | | TOTAL | £440 | £402 |
| | | Net Variance for Community Services | £38 | £0 |

| Directorate = Technical and Environmental Maintenance. | | | | |
|---|--------------------------------|--|--------------------|--------------------|
| <u>Cost Centre</u> | <u>Cost Centre Description</u> | <u>Variance</u> | <u>Adv - £'000</u> | <u>Fav - £'000</u> |
| HABIOD | Biodiversity | Salary Vacancy Savings | | £4 |
| HABSNG | Bramshot Farm | Salary Savings now adjusted for Depreciation charged incorrectly. Sub Contracted works occurred in advance of Forecasted Spend | £69 £4 | £4 |
| HASHRC | Churchyards | Sub Contracted work incurred ahead of Forecasted Spend | £3 | |
| HACCTV | CCTV | Q2 2020/21 Invoices not yet received from Rushmoor BC. Depreciation Charge incorrectly charged | £15 | £48 |
| HACUM | Climate Change | Salary related adjustments to be made by Budget Holder. | | £11 |

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|--------|--------------------------------|--|------------|---|
| HACLIM | Climate Change | Savings on Staff Travel, Training and Car Allowances | | £1 |
| HACOMS | Hartley Witney Commons | Sub Contractor Work In Progress - Not all invoices yet received. Additional Income from sales of Hay Bales. | | £9 £3 |
| HADRNG | Drainage | Sub Contracted Works not yet incurred Salary savings due to delayed recruitment. Employee Training, Staff Travel and Equipment Purchases not yet incurred. Depreciation incorrectly charged through the year. | | £56 £6 £2 £7 |
| HAESNG | Edenbrook Country Park | Sub contracted works invoices yet to be received | | £2 |
| HAESTA | Estates / Asset Management | Sub-contracted work not as yet incurred. Consultant work incurred in advance of forecasted spend. Depreciation incorrectly charged in year. | £10 £33 | £22 |
| HAEVPO | Environment Promotion Strategy | Reduced savings from Salary Savings Savings on Training, Vehicle Purchases, Clothing, Equipment, Publicity not yet incurred Sub Contracted work not yet incurred. Contributions to Blackwater Valley Countrywide Partnership not yet incurred. Additional income from Hartland Park Maintenance | | £21 £22 £36 £20 £11 |
| HAGNDS | Grounds Maintenance Contract | Additional Income that had not been accrued for by Budget Holder for 2019/20. Elvetham Heath Parish - additional cost of grass verges. Reduced income from Hampshire County Council to date | £37 £8 | £23 |
| HAHITM | Highways Traffic Management | Additional Income from TTRO Notices Advertising and Project Costs not yet incurred Employee Training not yet incurred Adverting Costs not yet invoiced Sub Contracted works relating to Fleet Road Pedestrianisation due to Covid 19. Reduced HCC Income as Invoice yet to be submitted. Income due from HCC not yet invoiced. | | £26 £11 £4 £5 £76 £11 £14 |
| HAOCOM | Odiham Common | Country Stewardship Grant received. | | £9 |

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|--------|----------------------------|---|--------|------|
| | | Reduction printing costs incurred | | £2 |
| | | Notice Board Costs not yet incurred | | £6 |
| HAPKOF | Off Street Parking | Outstanding invoices from Sub Contracted Works. | | £11 |
| | | Lost Income for Car Parking Fees. | £20 | |
| | | Fees and Hired Services to HCC for Reading Road Car Park | £4 | |
| | | Additional Car Parking Fees and Income | | £10 |
| | | Printing Costs | | £4 |
| | | Software Purchases | | £4 |
| | | Clothing costs not yet incurred due to recruitment delay. | | £2 |
| HAPKON | On Street Parking | Savings on Vehicle and Equipment Purchases | | £2 |
| | | Reduced overtime savings due to Covid restrictions. | | £1 |
| | | No Fixed Penalty Income to date | £20 | |
| | | Depreciation incorrectly charged in year. | £8 | |
| | | Increased Ticket Machine Costs | £4 | |
| HAPOND | Fleet Pond | Land and Building Maintenance work invoices not yet incurred. | | £7 |
| | | Depreciation incorrectly charged. | £50 | |
| HAREPO | Land Repossessions | Sub contracted works not yet incurred. | | £5 |
| | | East Hants DC not yet invoiced Hart DC | | £22 |
| | | Parish Council reimbursement for bin emptying costs | | £10 |
| HASTRT | Street Cleaning | Reduction of Q1 Invoice to adjust for 2019/20 Outturn | | £6 |
| | | Enforcement Income reduced due to Covid 19. | £13 | |
| HATREE | Tree Preservation Orders | Specialist Consultant Work not yet incurred. | | £2 |
| HAWBDC | Basingstoke Waste Contract | Invoices still awaiting to be raised to BDBC. | £1,518 | |
| | | Garden Waste Income to be deferred at Year End | | £287 |
| | | Project Integra MAF Contributions for 2020/21. | | £21 |

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|--------|----------------------------|---|---------------|---------------|
| HAWCLT | Waste Client Team | Miscellaneous savings and expenses not yet incurred (incl Travel & Equipment Purchases) | | £9 |
| | | Project Consultant Costs not yet incurred | | £7 |
| | | Cost Recovery that has not yet been invoiced | £248 | |
| | | Glass Recycling Credits not yet received | £17 | |
| | | MRF Recycling Credits not yet received | £62 | |
| HAWCOM | Waste Education and Comms. | Printing Costs not yet incurred. | | £15 |
| | | Publicity Costs not yet incurred. | | £6 |
| HAWSTE | Waste Contract | Serco Core Invoices not yet received. | | £236 |
| | | Serco Variable Invoices not yet received | | £22 |
| HAFURN | Street Furniture | Street Signposting incurred ahead of forecast. | £4 | |
| | Miscellaneous | Miscellaneous underspends | | £3 |
| | | TOTAL | £2,255 | £1,056 |
| | | Net Variance for Technical and Environmental Maintenance | £1,199 | £0 |

Directorate = Regulatory Services

| <u>Cost Centre</u> | <u>Cost Centre Description</u> | <u>Variance</u> | <u>Adv - £'000</u> | <u>Fav - £'000</u> |
|--------------------|--------------------------------|--|--------------------|--------------------|
| HABCFE | Building Control - Fee Earning | Q2 and Q3 2020/21 Invoices from Rushmoor BC not yet received. Decrease in Building Regulation Inspection and Application Fees (Forecast adjusted to reflect this). | £20 | £114 |
| HABCNF | Building Control - Non-Fee | Quarter 2 and 3 Invoices not yet received from Rushmoor BC | | £49 |
| | | Savings from FM doing R & M Work | | £41 |
| | | Contract Cleaning Invoices not yet received | | £17 |
| | | Reduced Electricity due to remote working. | | £8 |

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|--------|--------------------------|---|------|------|
| | | Reduced Gas Costs due to remote working. | | £6 |
| | | Saving on Water Rates due to Covid | | £5 |
| | | Food and Catering is reduced due to Covid | | £4 |
| HABLDG | Admin Bldgs - B & M | Overtime not yet incurred | | £3 |
| | | Training not yet incurred | | £3 |
| | | Reduced Income (Forecast amended) | £21 | |
| | | AV Equipment (to be funded from Reserves) | £23 | |
| | | Covid 19 - Equipment Purchases | £7 | |
| | | Depreciation incorrectly charged. | £148 | |
| | | Expenditure on Fire Equipment and Alarms | £5 | |
| | | Agency Staff Savings | | £3 |
| | | Postage Savings | | £3 |
| HABSST | Business Support Staff | Stationery savings due to remote working. | | £6 |
| | | Software Costs not yet incurred | £41 | |
| | | Additional Salary Costs to save Agency Staff Costs | £11 | |
| | | Salary Savings due to recruitment delays | | £8 |
| | | Agency staff spend not yet incurred. | | £4 |
| HAEHCM | Env Health Commercial | Legal Services invoices re H&S Case yet to be received. | | £10 |
| | | Veterinary Fees not yet incurred. | | £2 |
| | | Loss of Income due to elongated licenses during lockdown. | £8 | |
| HAEHPR | Environmental Protection | Salary Savings due to recruitment delays | | £35 |
| HAHSFY | Health & Safety | Employee Training not yet incurred | | £3 |
| HALCHG | Local Land Charges | Invoices not yet received from Hampshire County Council | | £21 |
| | | Additional Income from Land Charges | | £41 |
| HALNCE | Licences | Invoices not yet received from Basingstoke and Deane Council (Q1 to Q3 - 2020/21) | | £61 |
| | | Compensation for Lost Income received for Apr to June 2020 | | £203 |

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|---|----------------------------|---|-------------|-------------|
| HAPDEV | Planning and Development | S106 Developer Contributions | | £100 |
| | | Salary Related Adjustments | | £35 |
| | | Professional Subscriptions not yet incurred. | | £2 |
| | | Consultant Costs | £30 | |
| | | Project Consultants working on Bramshill House | £44 | |
| HAPPLY | Planning Policy | Salary related adjustments from delayed recruitment. | | £12 |
| | | Project Consultants not yet incurred - PO in place. | | £9 |
| | | Consultancy Cost not forecast. | £48 | |
| | | Printing costs & HCC Land Supply SLA incurred ahead of forecasted spend. | £4 | |
| | | Hampshire Biodiversity Payment that had not been forecasted | £9 | |
| HATAXI | Hackney Carriages | Invoices yet to be received from Basingstoke and Deane Council (Qtr 1 to 3 20/21) | | £52 |
| | | Additional Income from Drivers and Licensing of Vehicles | | £3 |
| | | Fees and Services from DBS Checks | | £2 |
| HAOOHN | Out of Hours Noise Service | Reduced Overtime - Needs based budget. | | £3 |
| HAPRNT | Print Room & Photocopying | Printing costs incurred ahead of Forecast | £7 | |
| | | Invoices for Paper, Equipment Purchases and Waste Recycling not yet received. | | £5 |
| | Miscellaneous | Miscellaneous underspends. | | £12 |
| TOTAL | | | £426 | £885 |
| Net Variance for Regulatory Services | | | £0 | £459 |

Directorate = Accounting Adjustments

| <u>Cost Centre</u> | <u>Cost Centre Description</u> | <u>Variance</u> | <u>Adv - £'000</u> | <u>Fav - £'000</u> |
|--------------------|---------------------------------|--------------------------------------|--------------------|--------------------|
| HA7FEN | Financing and Investment Income | Investment Interest not yet received | £109 | |

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|---------|---------------------------------|--|-------------|---------------|
| HAZLETT | FINANCING AND INVESTMENT INCOME | Property Income received ahead of Budget | | £129 |
| | | Reversal of Depreciation - Charged incorrectly in CIES | | £931 |
| HAZORR | MIRS - Reversal of Revenue | Removal of REFFCUS DFG's | | £157 |
| | | TOTAL | £109 | £1,217 |
| | | Net Variance for Accounting Adjustments | £0 | £1,108 |

Appendix 2

Detailed Variance Analysis Full Year - Budget vs Forecast.

| Directorate = Corporate Services | | | | |
|---|--------------------------------|---|--------------------|--------------------|
| <u>Cost Centre</u> | <u>Cost Centre Description</u> | <u>Variance</u> | <u>Adv - £'000</u> | <u>Fav - £'000</u> |
| HACFIN | Corporate Finance | Increase in Forecast Consultant Costs | £68 | |
| | | Salary Savings resulting in delays in recruitment for S151 and D S151 Positions | | £54 |
| | | Increase in Bank Charges Forecast due to Worldpay Arrears | £13 | |
| | | Miscellaneous Adjustments | £4 | |
| HAHCTB | Housing /Council Tax Benefits | Rent Allowance Subsidy forecast adjustment | | £617 |
| | | Grant Income from DHP adjustment | | £39 |
| | | Rent Rebate Subsidy adjustment | | £2 |
| | | Rent Allowance Payments forecast adjustment | £542 | |
| | | Reduction in HB Overpayment Income adjustment | £7 | |
| HALEIS | Leisure Centre | Anticipated remaining compensation income not forecast | | £662 |
| | | Reduction in anticipated payments to Everyone Active | | £306 |
| | | Incorrect increase in Leisure Forecasted Spend | £1,305 | |
| | | Reduction in staff membership fees | £3 | |
| HARGST | Register of Electors | Adjustment to Canvassers | £4 | |
| | | Forecast Adjustment to other Employee Costs | | £16 |
| | | Forecast Adjustment for Postage Costs | £4 | |
| | | Miscellaneous Forecast Adjustments | £7 | |
| HAMEMB | Support to Elected Bodies | Members Travel forecast adjustment | | £7 |
| | | Conference Expenses forecast adjustment | | £3 |
| | | IT Expenses adjustment | | £4 |
| | | Miscellaneous adjustments | £5 | |

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|--|------------------------|--|---------------|---------------|
| HARELC | Rechargeable Elections | Forecast Adj (Sept 2020) - Reduction in Recovery of Costs expenditure | | £5 |
| | | Forecast Adj (Sept 2020) - Reduction in Grants | £10 | |
| | | Miscellaneous adjustments | £3 | |
| HAHDEV | Hart Development | Forecast Adj (October 2020) - Subscriptions | £10 | |
| HALEGL | Legal Services | Adjustment to Sub Contracted Recharge work | £19 | |
| HANODC | Non Distributed Costs | 2020/21 - 2nd Intalment of CAY Forecast | £79 | |
| HAXAUD | External Audit | Increase in Audit Fees expected for 2019/20 | £10 | |
| | Compensation | August to March 2021 (expected compensation - not apportioned to services) | | £425 |
| TOTAL | | | £2,093 | £2,140 |
| Net Variance for Corporate Services | | | £0 | £47 |

Directorate = Community Services

| <u>Cost Centre</u> | <u>Cost Centre Description</u> | <u>Variance</u> | <u>Adv - £'000</u> | <u>Fav - £'000</u> |
|--------------------|--------------------------------|--|--------------------|--------------------|
| HANEED | Housing Needs | | £27 | |
| HAPRIV | Housing Sector Private | Forecast increased for the DFG Capital Receipt flows through CIES Remove Forecast for DFG (Capital) | £739 | £744 |
| HAWELL | Health and Wellbeing | Reduced Fees and Hired Services | | £6 |
| HAINCL | Housing Inclusion | Seconded Officer Costs for remainder of the Year Staff travel costs reduced to Covid 19 | £9 | £1 |

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|--------|-------------------|---|---------------|---------------|
| HAHOUS | Strategic Housing | Forecast increased for the Capital Receipt flows through CIES | | £554 |
| | | Remove Forecast -S106 Developer Contributions | £554 | |
| MISC | | Miscellaneous Forecasts | £3 | |
| | | TOTAL | £1,332 | £1,305 |
| | | Net Variance for Community Services | £27 | £0 |

| Directorate = Technical and Environmental Maintenance | | | | |
|--|--------------------------------|--|--------------------|--------------------|
| <u>Cost Centre</u> | <u>Cost Centre Description</u> | <u>Variance</u> | <u>Adv - £'000</u> | <u>Fav - £'000</u> |
| HABIOD | Bio Diversity | Forecast increased for the Capital Receipt flows through CIES | | £134 |
| | | Salary adjustments | | £4 |
| | | Equipment and Uniform purchases reduced | | £4 |
| | | Remove S106 Funds (Capital) | £134 | |
| HABSNG | Bramshot Farm | Forecast increased for the Capital Receipt flows through CIES | | £1,202 |
| | | Remove S106 Funds (Capital) | £1,202 | |
| | | Tree Safety Work £21k | £21 | |
| | | Repairs and General Maintenance | £10 | |
| | | Miscellaneous Adjustments | £2 | |
| HASHRC | Churchyards | Miscellaneous Adjustments | | £2 |
| HACLIM | Climate Change | Miscellaneous Adjustments | | £2 |
| HABULK | Clinical and Bulky Waste | Reductions in Land Charge Search Income October -£4k and November -£2k | £6 | |
| | | Forecast increased for the S106 receipt flows through CIES | | £491 |

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|--------|----------------------------------|--|------------------|--------------------------------|
| HAESNG | Edenbrook Country Park | Remove S106 Funds (Capital) Sub Contracted Works Miscellaneous adjustments | £491 £4 £7 | |
| HAEVPO | Environmental Promotion Strategy | Relates to Salary Adjustments £16k, £1k Clothing, £8k consultants, £22k Hartland Park | | £47 |
| HAESTA | Estates and Asset Management | Sub Contracted Works has not happened | | £28 |
| HAGNDS | Grounds Maintenance Contract | £24k reductions due to outturn 19/20 Adjustment appears in Q1 invoice - £2k | £14 | |
| HADRNG | Hart Drainage | Forecast Adj (Dec 2020) - Salary related savings Forecast Adj (Dec 2020) - Sub contracted work has stalled for the year Miscellaneous Forecast Adjustments | | £14 £68 £3 |
| HAHITM | Highways Traffic Management | Forecast Adj (Oct 2020) - Increase in demand for TTRO to enable work during Covid 19 Forecast Adj (Dec 2020) - Reduction in EM3 LEP Claim Forecast Adj (Nov 2020) - Salary Adjustments | | £37 £5 £3 |
| HAPKOF | Off Street Parking | Reduced Income due to Covid 19 Car Park Fee Compensation Fixed Penalty Fee Income increase | £221 | £61 £6 |
| HAPKON | On Street Parking | Additional Car Parking Fees Miscellaneous adjustments | | £10 £5 |
| HASSNG | Small Sang Sites | Forecast Adjustment for S106 Developer Contributions Forecast Adjustment for S106 Monitoring Fees Remove S106 DC Funds (Capital) Removed S106 Monitoring Fees | | £1,434 £42 £1,434 £42 |

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|--|---------------------------|---|---------------|---------------|
| | | Forecast Adj (Dec 2020) - Reduction in Payments to other LA's | | £25 |
| | | Forecast Adj (Oct 2020) - Increase in Recovery of Costs | | £10 |
| HASTRT | Street Cleaning | Forecast Adj (Dec 2020) - Reduction in Payments to other LA's | | £6 |
| | | Forecast Adj (Oct 2020) - Decrease in Fixed Penalty Notices Income | £7 | |
| | | Forecast Adj (Dec 2020) - Reduction in Fixed Penalty Notices Income | £10 | |
| HATREE | Tree Preservation Orders | | £14 | |
| HAWCLT | Client Team | Forecast Adj (Nov 2020) - Reduction for recycling, bulky waste & green waste. Additional Garden Waste Income | | £83 £14 |
| | | Forecast Adj (Oct 2020) - (Green Waste Income - £240k & Bulky Waste - £10k) | £250 | |
| | | Forecast Adj (Sep 2020_ Reduction for recycling credits income | £14 | |
| HAWSTE | Waste Contract | | £35 | |
| HAWCOM | Waste Education and Comms | | | £5 |
| | Miscellaneous | Forecast Adjustments | £8 | |
| TOTAL | | | £3,939 | £3,732 |
| Net Variance for Environmental and Technical Services | | | £207 | £0 |

| Directorate = Regulatory Services | | | | |
|--|--------------------------------|---|--------------------|--------------------|
| <u>Cost Centre</u> | <u>Cost Centre Description</u> | <u>Variance</u> | <u>Adv - £'000</u> | <u>Fav - £'000</u> |
| | | Savings on R & M Facilities due to completing maintenance works | | £20 |
| | | Saving on Electricity | | £10 |
| HABLDG | Admin Buildings | Reduced catering costs as a result of less onsite meetings | | £5 |
| | | Instalation of Equipment to ensure Covid Compliance | £17 | |

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|--------|--------------------------------|---|------|------|
| | | Miscellaneous Forecast Adjustments | £10 | |
| HABCFE | Building Control - Fee Earning | | £20 | |
| | | Equipment savings due to remote working | | £2 |
| | | Stationery savings due to remote working | | £6 |
| HABSST | Business Support Staff | Reduced Agency Staff as no more requirement | | £10 |
| | | Salary Increases | £17 | |
| | | Postage costs revised as original budget not high enough | £4 | |
| HADOGS | Dog Warden | Reduction in overtime | | £3 |
| | | Reduced employee costs and training | | £1 |
| HAHSFY | Health and Safety | Employee Training and Equipment Purchase savings | | £4 |
| HAEHCM | Environmental Commercial | Legal Services adjustment for HSE Legal Case Costs | £28 | |
| | | Adjustments made to match actual and committed employee costs expenditure | £9 | |
| | | Salary adjustments made to reflect leavers and joiners projected spend | | £4 |
| | | Salary Adjustments | | £54 |
| HAEHPR | Environmental Protection | Employee Training and associated travel | | £2 |
| | | Agency Staff to cover vacancy | £12 | |
| HAPEST | Pest Control | Income reduced to reflect more accurate level expected | | £2 |
| HALCHG | Local Land Charges | Adjusted for increased income received to date | | £21 |
| HAOOHN | Out of Hours Noise Service | Reduced overtime as this is a "needs" based budget | | £3 |
| HAPDEV | Planning Development | Compensation Income received (Apr to July 2020) | | £124 |
| | | Project Consultants to cover vacancy | £24 | |
| | | Subscriptions adjustment | £4 | |
| | | Reduced income | £70 | |
| | | Adjustment as S106 Forecast Adjustment "wrong way around" | £100 | |

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|--------|---------------------------|---|-------------|-------------|
| | | Consultants for Bramshill and Urban Design Advice | £84 | |
| | | Forecast additional costs adjustment | £126 | |
| HAPPLY | Planning Policy | | £57 | |
| HAPRNT | Print Room & Photocopying | | £4 | |
| | Miscellaneous | Forecast Adjustments | £2 | |
| | | TOTAL | £588 | £271 |
| | | Net Variance for Regulatory Services | £317 | £0 |

CABINET

KEY DECISIONS/ WORK PROGRAMME, AND EXECUTIVE DECISIONS MADE

February 2021

Cabinet is required to publish its Key Decisions and forward work programme to inform the public of issues on which it intends to make policy or decisions. The Overview and Scrutiny Committee also notes the Programme, which is subject to regular revision.

| Report Title | Date item agreed for report | Outline/Reason for Report/Comments | Original Due Date | Revised Due Date | Key Decision Y? Note 1 | Cabinet Member (Note 2) | Service (Note 3) | * This item may contain Exempt Information |
|--|------------------------------------|---|--------------------------|-------------------------|-------------------------------|--------------------------------|-------------------------|---|
| Corporate Vehicle for Property Holding Purposes: Business Case | Mar 21 | Post consideration by Overview & Scrutiny Committee, to consider the creation of a wholly owned company to hold and deliver housing in the district | Mar 21 | | | JR | F | |
| Debt Recovery Update Policy | Nov 20 | To update Cabinet on the Debt Recovery policy | Feb 21 | Mar 21 | | JR | F | |
| Housing Re-Procurement | Sep 20 | To inform Cabinet of new software to manage the allocations, choice-based lettings, housing options and homelessness aspects of Housing Services | Feb 21 | Mar 21 | | SB | H | |

| Report Title | Date item agreed for report | Outline/Reason for Report/Comments | Original Due Date | Revised Due Date | Key Decision Y? Note 1 | Cabinet Member (Note 2) | Service (Note 3) | * This item may contain Exempt Information |
|---|-----------------------------|---|----------------------------|------------------|------------------------|-------------------------|------------------|--|
| Budget Monitoring | Quarterly | Post consideration by Overview & Scrutiny Committee, to consider a report on Quarterly Budget Monitoring | Mar 21 Jun 21 Sep 21 | | | JR | F | |
| Climate Change Working Group | Mar 21 | To update on the action plan of the Working Group. | Mar 21 | | | AO | TS | |
| Service Plans | Annual | Post consideration by Overview & Scrutiny Committee, agree the 2021/22 Service Plans | Apr 21 | | | DN | All | |
| Car Boot Sales | Sep 20 | To update Cabinet on car boot sales | Jan 21 | Apr 21 | | RQ | JCX | |
| Outside Bodies | Annual | Post consideration by Overview & Scrutiny of the effectiveness of the Council's involvement with outside bodies | Jun 21 | | | DN | JCX | |
| Food and Health and Safety Service Plan | Annual | Recommend to Council that the annual Food Safety Plan be adopted | Jul 21 | | | SK | P | |

| Report Title | Date item agreed for report | Outline/Reason for Report/Comments | Original Due Date | Revised Due Date | Key Decision Y? Note 1 | Cabinet Member (Note 2) | Service (Note 3) | * This item may contain Exempt Information |
|---|-----------------------------|---|-------------------|------------------|------------------------|-------------------------|------------------|--|
| Revenue and Capital Outturn 2020/2021 | Annual | Post consideration by Overview & Scrutiny Committee, to consider the Annual report on outturn | Aug 21 | | | JR | F | |
| Treasury Management 2020/2021 (Annual Report) | Annual | Post consideration by Overview & Scrutiny Committee, to consider the Annual report on Treasury Management Activities 2020/21 | Aug 21 | | | JR | F | |
| Treasury Management 2021/22 (Half Year Report) | Annual | Post consideration by Overview & Scrutiny Committee, to consider a Half Year review report on Treasury Management Strategy 2020/21 | Dec 21 | | | JR | F | |
| Budget and Medium Term Financial Strategy | Annual | To give an early consideration of the emerging budget for 2021/22 and the MTFs | Dec 21 | | | JR | F | |
| Frogmore Day Care Centre | Jan 21 | To update Cabinet on the position. | Jan 21 | TBC | | JR | F | |
| Draft 2021/22 Revenue Budget, Capital Programme and Council Tax Proposals | Annual | Post consideration by Overview & Scrutiny Committee, to agree to recommend to Council the 2021/22 Revenue Budget, Capital Programme and Council Tax Proposals | Feb 21 | | | JR | F | |

| Report Title | Date item agreed for report | Outline/Reason for Report/Comments | Original Due Date | Revised Due Date | Key Decision Y? Note 1 | Cabinet Member (Note 2) | Service (Note 3) | * This item may contain Exempt Information |
|--|-----------------------------|--|-------------------|------------------|------------------------|-------------------------|------------------|--|
| Draft 2021/22 Capital Strategy, Treasury Management Strategy Statement and Asset Management Plan | Annual | Post consideration by Overview & Scrutiny Committee, to agree to recommend to Council the 2021/22 draft Capital Strategy, the 2021/22 Treasury Management Strategy Statement and Asset Management Plan | Feb 21 | | | JR | F | |

Note 1

A “key decision” means an executive decision which, is likely to -

- a) result in Council incurring expenditure or the making of savings which amount to £30,000 or 25% (whichever is the larger) of the budget for the service or function to which the decision relates; or
- b) be significant in terms of its effects on communities living or working in an area comprising two or more wards within the area of the district of Hart.

Note 2**Cabinet Members**

DN Leader
SK Regulatory

SA Digital
AO Environment

RQ Commercialisation (Cn)
JR Finance and Corporate Services

SB Community (Cy)
GC Place

Note 3

Service:

| | | | | | |
|-----|-----------------------|----|--------------------|----|------------------------------------|
| JCX | Joint Chief Executive | CS | Corporate Services | P | Place Services |
| CSF | Community Safety | PP | Planning Policy | TS | Environmental & Technical Services |
| F | Finance | H | Community Services | | |
| SLS | Shared Legal Services | MO | Monitoring Officer | | |

Note 4

* **This item may contain Exempt Information** - Regulation 5 of the Local Authority (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

EXECUTIVE DECISIONS

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OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME – February 2021

| Issue and Description of Topic | Current Position Objective | Original Due Date | Revised Due Date | Resources Required | Contact | *This item may contain Exempt Information |
|--|---|----------------------------|------------------|--------------------|----------------------------|---|
| Overview of Member Training | To discuss training required for Members and outstanding subjects and courses already attended. | Jan 21 | Feb 21 | Report | Joint Chief Executive | |
| Draft Budget 2021/2022 | To scrutinise Cabinet's recommendations to Council on the draft budget for 2021/2022. | Feb 21 | | Report | Head of Corporate | |
| Quarterly Budget Monitoring | Quarterly update on budget position. | Feb 21 Jun 21 Oct 21 | | Report | Head of Corporate Services | |
| Corporate Vehicle for Property Holding Purposes | To consider the draft business case prior to consideration by Cabinet. | Feb 21 | | Report | Head of Corporate Services | |
| Nominations for implementation of Planning Improvement Action Plan monitoring | To confirm nominations to join a cross party working group to monitor the action plan for the Planning Performance Peer Review. | Feb 21 | | Oral | Members | |

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| Performance Monitoring | Quarterly Highlights report. | Mar 21 Jul 21 Nov 21 | | Report | Performance & Innovation Officer | |
| Regulatory Services Enforcement Policy | To consider the adoption of an enforcement policy as recommended by the Government. | Mar 21 | | Report | Environmental Health Leader | |
| Corporate Risk Register | Half-yearly update on corporate risk profile. | Mar 21 Sep 21 | | Report | Audit Manager | |
| Presentation by the 2020 Census team | Presentation on the implementation of the 2021 Census which will begin at the end of March. | Mar 21 | | Presentation | External body | |
| Service Planning Review | To make recommendations to draft 2021/22 Service Plans prior to consideration by Cabinet. | Annual | Mar 21 | Report | Joint Chief Executive | |
| Modern.Gov | To update on the implementation of Modern.Gov. | Apr 21 | | Report | Portfolio Holder for Digitalisation and Change and Digital Manager | |
| Recovery for Re-engagement of Members | To consider how to encourage and re-engage Members. | Apr 21 | | Report | Joint Chief Executive | |
| Flooding | Update from twice yearly meeting of multi-agencies. | Apr 21 | | Minutes of meeting only | Head of Environment & Technical | |

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| Chairman's Annual Review of the Work of the Committee. | To consider the Chairman's draft report to Annual Council on a review of the work carried out in the past year by Overview and Scrutiny Committee. | Annual | Apr 21 | Report | Chairman of Overview & Scrutiny Committee. | |
| Presentation on Employment and Skills work by St Edwards at Harland Park | St Edward to update Committee on their work at Harland Park to support Jobs, Apprenticeships and Career Opportunities. | Apr 21 | | Presentation | External body | |
| Waste Management Contract | To seek Committee's input if material changes to the contract are brought forward for decision. | TBC | | | Portfolio Holder | |
| Climate Change Working Group | To scrutinise the proposed Climate Change action plan prior to consideration by Cabinet. | TBC | | | Portfolio Holder & Waste & Recycling Officer | |
| Treasury Management 2020/21 | To consider a Half Year review report on Treasury Management Strategy 2020/21 prior to consideration by Cabinet. | Annual | | Report | Head of Corporate Services | |
| Medium Term Financial Strategy and Capital Strategy, Treasury Management Strategy Statement and Asset Management Plan | To comment on the annual reports setting out the Council's Medium-Term Financial Strategy position and future Capital Strategy, Treasury Management Strategy Statement and Asset Management Plan, prior to consideration by Cabinet. | Annual | | Report | Head of Corporate | |
| Draft Budget | To make comments on the draft 2022/23 Budget prior to consideration by Cabinet. | Annual | | Report | Head of Corporate | |

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| Heads of Service Attendance | <p>Once a quarter the respective Heads of Service (in rotation) each be invited to attend Committee to update on performance, targets, and delivery against Service Plans.</p> <p>Mar – Head of Environment & Technical Apr – Head of Place</p> | | | | Heads of Service | |
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