



NOTICE OF MEETING

Meeting:	Cabinet
Date and Time:	Thursday, 4th March, 2021 and 7.00 pm
Place:	Council Chamber
Enquiries to:	Helen Vincent committeeservices@hart.gov.uk
Members:	Ambler, Bailey, Cockarill, Kinnell, Neighbour, Oliver, Quarterman and Radley

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 Meetings) (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 any such prohibition or restriction has no effect.

This Agenda and associated appendices are provided in electronic form only and are published in [Council meetings](#)

- 1 MINUTES OF THE PREVIOUS MEETING** 4 - 7
- The minutes of the meeting held on 4 February 2021 are attached for confirmation and signature as a current 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 disposable 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 CHAIRMAN'S ANNOUNCEMENTS**
- 5 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)**
- 6 CIVIC REGENERATION WORKING GROUP** 8 - 14
- Minutes of the meetings held on 5 January and on 2 February 2021 to be noted.
- 7 CLIMATE CHANGE WORKING GROUP** 15 - 19
- Minutes of the meeting held on 25 January 2021 to be noted.
- 8 CORPORATE VEHICLE FOR PROPERTY HOLDING PURPOSES:
DRAFT BUSINESS CASE** 20 - 36
- 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 and to ask Cabinet to recommend to Council that the Business Plan is approved.
- 9 2020-21 BUDGET MONITORING - TO END OF DECEMBER** 37 - 57
- To advise Cabinet of the position on revenue and capital expenditure at the end of December 2020. Overview & Scrutiny Committee considered this report at its meeting on Tuesday 16th February 2021.
- 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 CABINET WORK PROGRAMME

58 - 62

To consider and amend the Cabinet Work Programme.

Date of Publication: 24 February 2021

CABINET

Date and Time: Thursday 4 February 2021 at 7.00 pm

Place: Council Chamber, Civic Offices, Fleet

Present:

Ambler, Bailey, Cockarill, Kinnell, Neighbour, Oliver, Quarterman and Radley

In attendance: Axam, Farmer, Forster, Kennett, Smith and Worlock

Officers: Foy, Hughes, Phillips and Vincent

95 MINUTES OF THE PREVIOUS MEETING

The minutes of 7 January 2021 were agreed and signed as a correct record.

96 APOLOGIES FOR ABSENCE

None.

97 DECLARATIONS OF INTEREST

None declared.

98 CHAIRMAN'S ANNOUNCEMENTS

The Chairman asked Joint Chief Executive to update Cabinet on any recent emergency decisions taken to respond to the Covid-19 pandemic.

The Joint Chief Executive announced recent emergency decisions made:

1. In consultation with Cabinet, local discretionary grant payments will be made to a small number of business who pay business rates to their landowner, but as they do not pay business rates directly to the council, are unable to make valid claims under other schemes.
2. Further to a competitive quotation process, the appointment of specialist professional support to help make informed decisions regarding our Leisure Centre contract, at a cost of £4,000 over a 5 month period.
3. Hart District Council has offered Hampshire County Council the use of the Hart Council Offices, as a location for the delivery of the Community Lateral Flow Testing Scheme. Details will be announced, once confirmed.
4. With ongoing work for a vaccination centre opening in Fleet, Hart has entered into a licence agreement with Richmond Surgery to enable their use of the Harlington, whilst also providing visitors an allocation of free car parking spaces.

99 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

None.

100 CIVIC REGENERATION WORKING GROUP MINUTES

The meeting held on 5 January 2021 were noted.

101 CIVIC REGENERATION WORKING GROUP

Members were updated on the progress of the Civic Quarter regeneration project to date (with reference to previous updates), work undertaken, findings and recommendation for next steps. Overview & Scrutiny considered this report at its January meeting.

Members were advised that the community engagement strategy was done through a competitive procurement process which went to tender. Updates were documented in the minutes and a tender summary was delivered. Documentation of this would be provided.

DECISION

1. Cabinet noted the advice provided by Create Streets, regarding the proposed public engagement strategy and that Officers are working to refine the potential questions and provide context for the public as to the reasons why the Working Group wish to engage.
2. Members were happy that any potential redevelopment will be considered alongside its position with the town and any potential impact on Fleet Town as a whole.

102 DRAFT BUDGET 2021/22

Members were presented with a summary of the revenue and capital budget proposals for 2021/2022 to enable Cabinet to recommend to Council its proposed draft budget and Council Tax levels. The report included the statutory statement of the Head of Corporate Services (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves.

The proposed budget referenced numbers included in the provisional finance settlement for 2021/2022 which was published on December 17th 2020. Members were asked to note that the Government's multi-year Spending Review, due in 2019 was once again replaced by a short-term Spending Round, meaning, 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. Overview & Scrutiny Committee were thanked for their structured debate on this draft budget at the meeting held in January.

Members were advised that this time next year will be more challenging and serious decisions would need to be made once the full impact of COVID can be assessed with the addition to budget pressures from the reduction in the new homes bonus settlement. It was confirmed that there was no significant change in the final settlement figure received from the Government and the shortfall would be covered from reserves for this year.

Members considered:

- Budgets to allow for claiming compensation due to COVID.
- Policy positions made on assumptions of returning to business as normal.
- Income is equal to expenditure with pre-sets and adjustments added for funding element.
- Approved budgets by Council in February 2020 to be reallocated due to COVID.
- 0.5% being the rate of inflation used to reflect charges and a full list of fees and charges will go to Council.
- Collection fund surplus is not in the budget for 2021/2022.
- Level of support given on the council tax base will be provided at next month's Council.
- Planning preapplication charges increase is higher than the inflation rate.
- Increase in household parking permits for a second car.
- Forecasts expected on track of terms of budget and structural deficit are broadly in line with forecasts predicted.
- Cost reduction and the impact this will have on services to residents.

Members acknowledged the support and hard work of the financial team and commended the work done to put the budget together to manage the deficit caused by the impact of the COVID crises. The Chairman stated that Members need to be prepared to defend residents against the financial pressures the Council faces.

RECOMMENDATION to Council

1. 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.
2. That the summary revenue budget for 2021/22 as set out in paragraph 12 of this report be approved.
3. That the capital programme for 2021/22 as detailed in Appendix 1 be approved.
4. 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.

103 CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY STATEMENT, AND ASSET MANAGEMENT PLAN

Members received the Capital Strategy and the Treasury Management Strategy Statement for 2020/21, which incorporated the Annual Investment Strategy and Prudential and Treasury Indicators and the Asset Management Plan. The Treasury Management Strategy Statement had been considered at the January meeting of the Overview & Scrutiny Committee. The Asset Management Plan and Capital Strategy remain the same in policy but have been updated for the latest reported figures. Cabinet was asked to accept the Local Council Tax base for 2021/2022 for onward recommendation to Council.

Members acknowledged the possibility of the Bank of England introducing a negative bank rate and decided a strategy would need to be agreed for undermanaged money.

Members considered the issues and agreed the recommendation.

RECOMMENDATION to Council

1. The Capital Strategy be approved.
2. The Treasury Management Strategy Statement be approved, noting the change to allow the Council to invest in Medium-Term Notes and Long-Term Multi Asset Diverse Funds.
3. The Asset Management Plan be approved.

104 CABINET WORK PROGRAMME

The Cabinet Work Programme was considered and amended:

- 1 Inclusion of the Business Case for the Housing Company next month after this has been to Overview & Scrutiny Committee next week.
- 2 Clarification required for the omission of the Climate Change action plan.
- 3 Inclusion of COVID Emergency Decisions in the forthcoming months.

The meeting closed at 8.02 pm

Civic Campus Regeneration Working Group

Minutes

05 January 2021 – 11:00

Virtual Teams Call

Attendees

Cllr Richard Quarterman
 Cllr Anne Crampton
 Cllr Chris Dorn
 Cllr Wendy Makepeace-Browne
 Cllr David Neighbour
 Cllr James Radley (joined at 12noon)
 Patricia Hughes
 Mark Jaggard
 Emma Foy (joined 11.30am)
 Glyn Lloyd
 Celia Wood (notes)

Cllr Bob Schofield	Fleet Town Council
Phil Bowden	HCC
Chris Jelliffe	HCC
Olivia Paine	HLM Architects
Simon Hope	Montagu Evans
David Milner	Create Streets
Nicholas Boys-Smith	Create Streets

Apologies: Samantha Whiting (HCC)

1	Welcome from the Chairman	RQ
	The Chair opened the meeting and wished the WG a Happy New Year – reminding the group that the latest restrictions will be a challenge, but we hope to continue the work of this group as best as possible.	
2	WG open discussion on updated Create Streets advice document	GL/DM
	<p>The Group focused on the updated public engagement document circulated to the Group by Create Streets.</p> <p>The group were reminded that at the last meeting the level of detail of questions was discussed deciding on a lighter touch rather than in depth detail.</p>	

A progress update to the Overview and Scrutiny Committee will be delivered on 19 January: the WG discussed the potential direction for that report and were updated following the previous WG meeting:

DM (Create Streets) - in response to the previous WG meeting, the following has been changed/added:

- replaced the 'dislike' option with 'like' and 'needs improvement'
- added text re 'wider dreams for Fleet town centre'
- added more places on the list of what is important to give an updated list of 3 choices to go down.

The WG discussed the suggested questions on the Create Streets Community Engagement document:

- The need to decide what is expected from the survey and to build the key questions that will provide answers to what is important and why. More work to be done on that.
- Sought clarification on the process of building the detail in the questions.

DM advised the WG this is a 2-stage process:

1 - A listening exercise asking a small amount of questions to engage the highest amount of people that will help the design teams to understand what places and uses are important to the area to be developed - this in turn helps the design team to think about structure and design and form of the area.

2 - The information gathered is analysed (Create Streets can do this). The data can then inform an initial design that can be referred to for options to be offered to the Public for opinion. As the list of questions develops to a potential agreement, this document will be subject to approval of the WG Members.

The WG also discussed the potential for the project to evolve in terms of scope. PH advised that any expansion of the scope of the project and reach of the WG would require approval from Cabinet under the Terms of Reference for the Working Group.

Create Streets advised the WG to engage earlier rather than later. Set the brief, think of it as engagement rather than consultation.

	<p>The WG wish to start a conversation on what is important to the public in terms of place and uses on the site, rather than focusing on what is already there.</p> <p>The Group also discussed:</p> <ul style="list-style-type: none"> • the need to be clear from the start where it has control and act as a catalyst to keep within the scope. • Methods of getting the survey circulated and how that will work during the current and ongoing lockdown. Suggestions were for the voluntary and Parish groups plus the local business community to be involved. Timings will have to be considered. • Members will review and agree the questions, format of engagement and the various channels for engaging with the Community. 	
3	WG to discuss and decide on one of the following to inform O&S paper:	ALL
	<p>The WG discussed the preferred routes for the update to go to the O&S Committee: The options are:</p> <ol style="list-style-type: none"> a. WG continue work and prior to engaging with the public. b. WG work continues but focuses on commencing public engagement as soon as possible (date TBC). c. WG refer public engagement decision for O&S comment and Cabinet decision. <p>The elected members at the meeting voted a majority for (b). Cllr Radley was not present at that time to voice his opinion, but this will be shared with elected members of the WG when received.</p>	GL
4	AOB	
	None.	
	Meeting ended at 11.40am	

Civic Campus Regeneration Working Group

Minutes

02 February 2021 – 11:00

Virtual Teams Call

Attendees

Cllr Richard Quarterman
Cllr Anne Crampton
Cllr Chris Dorn
Cllr Wendy Makepeace-Browne
Cllr David Neighbour
Daryl Phillips
Amy Summers
Mark Jaggard
Emma Foy
Glyn Lloyd
Celia Wood (notes)

Samantha Whiting HCC
Olivia Paine HLM Architects
Simon Hope Montagu Evans
David Milner Create Streets
Nicholas Boys-Smith Create Streets

Apologies: Cllr James Radley, Chris Jelliffe HCC

Note: Cllr Bob Schofield - Fleet Town Council (unable to join due to technical difficulties)

1	Welcome from the Chairman	RQ
	<p>The Chair opened the meeting with the announcement that Glyn will be leaving Hart in April and expressed thanks for all his hard work on this working group.</p> <p>The Chair suggested 2 items under Any Other Business: 1) to discuss: the pace of further progress during the public engagement and 2) succession planning following Glyn leaving Hart.</p>	
2	WG open discussion on updated Create Streets public engagement questions	GL/DM
	<p>The questions for the survey have been expanded (following the update to O&S) to assist with analysing the data to provide feedback to residents.</p>	

	<ul style="list-style-type: none"> - A key point is to simplify the ranking within questions to avoid a long questionnaire. - Tick boxes give the outcome of better reporting back ie “23 people think ‘x’ is important”. - The map captures all age bands - Order of questions can be changed as required by the working group <p>The Group discussed:</p> <p>Could the map be more user friendly for people who are not confident with IT and were advised that clear instruction is given as the start of the questionnaire.</p> <p>The importance of keeping the questionnaire as short as possible for ease of use.</p> <p>Not to ask for contact details before questions to create as much feedback/comments as possible, adding the request for email address/postcode to the bottom of the page.</p> <p>Questions/requests:</p> <ul style="list-style-type: none"> - The word ‘dislike’ has been included in the questionnaire but can be removed, it is the decision of the working group. - An easier way to rate an area and avoid duplicating questions by making some questions mandatory and some non-mandatory. - To ensure that if a question to an area is removed that it will be covered in another way. - Will the methodology give sufficient quantitative data to be able to rank the various elements of the scheme in priority sequence. <p>The group were informed that a tick box with options to tick multiple things will give a clear picture of the responses.</p> <p>The WG sought clarity on how to ensure it is definitely residents and not companies with a vested interest who are attempting to use the engagement to steer the outcome in their favour.</p> <p>The group were advised that responses can be limited from any ISP address and as an example, 10 responses generally works well.</p> <p>With regard to GDPR regulations, privacy statements need to be consistent with the Hart policy and can be built in to the questionnaire for data control analysis.</p>	
3	WG members to discuss and approve questions for Officers (to then work with Create Streets on launching the engagement survey	ALL

	<p>The Group discussed the process of final details for the finished product:</p> <p>It was agreed that to use the time effectively the questionnaire will be built offline with the WG having access to share the test before going live to get feedback and discuss wording etc. Feedback from members of the group who are not present today will also be taken into consideration.</p> <p>In terms of launch date and timeline, as soon as the introductory text and text of the questions has been agreed, the questionnaire can be turned round in half a day.</p> <p>A discussion with the Data Protection Officer (Tim Wilson) will take place around GDPR and privacy statements to make sure we are fully prepared for the data and where it is held.</p> <p>AS advised the Group not to under-estimate the amount of work and forethought with the launch of the engagement and to ensure they are aware of other surveys and communications being carried out within the Organisation.</p> <p>The Group acknowledged that the following decisions are to be made:</p> <ul style="list-style-type: none"> • Costs and how the communication process will take place (ie digital/leaflet drop) • Duration of the consultation and best time to launch with regard to the forthcoming elections (Purdah begins at the end of March) <p>The group were informed that the digital communication will go out first and followed by the doorstep leaflet drop and were advised that the timing of this is important especially if it comes out at the same time as other projects currently being developed ie the Garden Community to avoid confusion for the residents.</p> <p>Other considerations:</p> <p>Budget approval process – where the costs for this can be taken from ensuring this is as cost effective as possible bearing in mind the current Council financial constraints.</p> <p>Plan of Action:</p> <ul style="list-style-type: none"> • Build survey to a demo point that will be sent including GDPR and Privacy Statements for Officers to have a discussion offline about posting – for comment and feedback. • digitally launching no later than 2 weeks today (16 February) for a 6 week window before the Purdah constraint. • All members of the WG to confirm the conformation of survey by the latest next week latest for launch a week later. 	<p>DM</p> <p>GL</p> <p>ALL</p>
4	AOB	
1	Pace of continuing development during the public engagement:	

2	<p>The survey is going out for a 6 week period and will close just before end March. It will be early April before we get any clear feedback from the survey:</p> <ul style="list-style-type: none">• The elements that can be done now as there is a certain amount of process to go through on the financial side.• The Harlington Centre and Library discussions are key.• More data gathering to feedback around June time with the data from survey.• Expenditure and securing further budget. <p>The Group expressed their thanks once again to Glyn and wished him luck in his new venture.</p> <p>The Group decided to continue on a parallel line whilst discussions go ahead for a replacement for Glyn.</p> <p>Next Meeting is Tuesday 2 March 2021 at 10am.</p>	
	Meeting ended at 12.08am	

**TECHNICAL AND ENVIRONMENTAL
CLIMATE CHANGE WORKING GROUP
MEETING NOTES**

Monday 25th January 2021

Present:

Councillor Butler	-	GB
Councillor Crampton		AC
Councillor Drage	-	AD
Councillor Forster	-	SF
Councillor Neighbour		DN
Councillor Oliver (Chair)	-	AO
John Elson	-	JE
Peter Summersell	-	PS
Sarah Taylor (notes)		ST

APOLOGIES FOR ABSENCE

Councillor John Radley (JR)

Item		Action
1.0	Welcome	
	All were welcomed all to the meeting.	
2.0	Minutes of last meeting/matters arising	
2.1	Notes from the meeting held on 7th December 2020 were noted and agreed.	
2.2	<p>Matters arising:</p> <ul style="list-style-type: none"> An Officers Group meeting to be set up. <p>Invites have been sent out for (23rd February). A summary of what the officers think we can do going forward is to be provided for next working group meeting.</p> <p>Feedback on the action plan</p> <p>A1: Reduce impact of climate change on Hart’s operations and the district. Understand impact to operational and district risk assessment for consideration.</p> <p>3.1 – Costed pathways to meet carbon reduction target</p> <p>The two Leisure Centres; Frogmore and Hart have been approached. It will cost £7,000 for the Hart Leisure building and Officer’s building. The total cost for the two Leisure Centres; Frogmore and Hart will be £8,000.</p>	

	<p>4. Carbon data update - complete.</p> <p>5. Actions, electric vehicle charger report to be split between into two papers Civic Offices, and other car parks.</p>	
3.0	Feedback on the Climate Change Action Plan	
3.1	<p>These minutes are to go to the March Cabinet meeting and potentially to Overview and Scrutiny meeting.</p> <p>More budget information was requested and if expenses for projects e.g electric vehicles, could be taken out of reserves.</p> <p>S3.1 – We have had some feasibility studies back for looking at the car park at countryside car parks and also the leisure centres. Once we have had a vaccine roll-out we will look at the feasibility for doing the Hart & Frogmore Leisure Centre. We can look at the standard project when we have finished with the car parks.</p> <p>3.1 – Waste and Recycling Contract – Contact to be made with the Waste and Recycling Manager to know what is in the current Contract with Serco. To look at the requirements on Serco.</p> <ul style="list-style-type: none"> • Meeting to be set up with Serco and Basingstoke & Deane Council to monitor their waste and recycling Contract as there was a 33% reduction in the Contract. • Officers and Councillors to be informed what the Council and their service providers are doing from their own carbon reductions. To monitor and be fed back to the next Working Group. <p>Green Home Grant LAD2 – Meeting to be set up with the Housing team to go through that scheme.</p> <p>Solar Together – This is captured under E3.3 on the climate change action plan. This is a Hampshire-wide scheme for solar panels being installed onto the roof of residential properties. Residents can sign up to this and then a suitable supplier is to found. This is being run by Hart Comms team. To begin in March. Residents to be written to by HCC. WG to look into how HCC are targeting those individuals. What the expectations are in terms of savings versus performance? How many people are registered and how many to proceed with that scheme? It was suggested to advertise this on the Hart website.</p> <p>Energy Hub – A Contact has been made with the Energy Hub and has there will be a proposal going out next month. Hart to target residents to sign up to this.</p>	<p>PS</p> <p>PS</p> <p>PS</p> <p>PS</p> <p>PS</p>

<p>Energy Efficiency Situation – A meeting has been held with the Communications and Engagement Officer for Leisure and Countryside. An update to the website to be submitted to the next Working Group before it goes live on website.</p> <p>A review of the Communications Plan is being conducted to ensure we can signpost residents on how to find the correct information on the Hart webpages, for example, Business Grants. The Working Group to be updated on the initiatives before it goes live. Part of the Communications Plan will be to ensure information is kept updated and maintained regularly. To include Transport and climate change updates.</p> <p>A sustainable travel plan to be rolled out to all Hart staff detailing new working arrangements are, and what the future travel arrangements are going to be (Car, Train, Bus). This will also form part of the Communications Plan.</p> <p>Report to be produced for charging points for electric vehicles to be installed in the Hart car park, data to be collected from the Officer Working Group to find when Hart fleet vehicles are due to be replaced.</p> <p>The Green Project between Hartland Park and Fleet Railway station. The Hart Infrastructure Manger is leading on this. A planning application to be issued. A tender to go out soon, subject to planning permission. Construction works to commence in the Autumn. The delay on this is due to being unable to use Fleet Pond during the summer.</p> <p>A request for assistance by Rushmoor Borough Council to be made to Hart Infrastructure for the link between Fleet Station and the Hawley Roundabout through to Kings Road. The original plan does not include land for a cycle path. Land to sought from the MOD.</p> <p>3.2 – Arrange trials of EV’S On hold at the moment, until people update their vehicles.</p> <p>3.4 – New Staff Survey To provide an idea of staff travel when we return to normal life in the office.</p> <p>3.5 – no update for that at the moment.</p> <p>E3.1 To be updated.</p> <p>E3.2 – Green Home Grant - LAD Phase 2. Waiting for an update from HCC in March and then the action plan is to be updated.</p> <p>T3.5 and T3.to T6 - no update.</p>	<p>PS</p> <p>PS</p> <p>PShepard/JE</p> <p>PS</p>
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	<p>N1.4 – Identification of plot. To be raised to the Hart countryside team in a couple of weeks.</p> <p>P1.1 – Waste and Recycling to be updated.</p> <p>P.1.2 – On hold until March this year, to decide if we want to go ahead with that.</p> <p>Green Tech South are offering free energy audits to businesses in the area, and assistance with grant funding. Working group suggest this should be investigated for Leisure Centres. Outcome to be confirmed at next meeting.</p>	PS
4.0	Electric Vehicle draft proposals update and discussion	
4.1	<p>It was agreed at the last meeting in December, to split the residential and business use on those EV proposals. The majority of updates will be in Section 4 of the report for EV chargers in Hart’s car parks. The majority of cars will only be able to be charged on fast chargers at 7kW or 11kW not 22kW. The fast chargers (below 22kW) would be the only ones covered under the grant funding. Other options could not be funded under the HCC EV Framework and would require finding external funding.</p> <p>The sites identified as being suitable for grant funding are: Monachus Lane Hartley Witney, The Bury Odiham, Victoria Road Fleet and Crossways Hook carparks. As part of the application process to object the grant funding, the questionnaire has been sent out 2 weeks ago, 300 responses have been received so far. It is limited with the grant funding and is popular with Councils, so would need to be acted on sooner, rather than later.</p> <p>Under the HCC Framework, the supplier has stated they would be able to fund Monachus Lane Hartley Witney, Victoria Road Fleet, Station Approach, Blackwater car park chargers.</p> <p>It was suggested that the Working Group deal with the Hart Civic offices firstly by promoting staff vehicles. The Group wish to see the data before a commitment is made to this item and a link of how the costs are to be used on a daily basis to be provided.</p> <p>Funding for workplace charger any business grants should be taken advantage of, these have been extended for one more year. The paper is to be updated to reflect that.</p> <p>SF suggested that the Council should consider getting external funding a basket of chargers that included all the car parks. The Council should expression interested in alternative charging frameworks, to see who would work on this basis.</p> <p>PS advised under the HCC framework, the supplier, (Joju) was offered all car parks however they were not interested in funding</p>	<p>PS</p> <p>PS</p> <p>PS/SF</p> <p>PS</p>

	Hook and Odiham. Joju have stated they don't expect to make much money in the first 5 years of the Contract with demand increasing from 2025 and making the majority of their profit from the last 5 years of the 15-year Contract.	
5.0	Training (Carbon Literacy) and Carbon Emission Data	
5.1	Training for the Officers on carbon literacy to be provided, so that everyone is familiar with the understanding. There is a one-day course on offer to be considered by the WG. The cost for the one-day course is around £50-60. The course syllabus to be circulated initially to help with the decision making. It is important this training is at the right level for the Working Group.	PS
	From the carbon emission data, it is limited going back to 2017 and this is to be made into a standardized process going forward, if further historical data if is required, this can be obtained.	PS
	On the second page, it was noted the gas omissions on the Hart Leisure Centre, where there is a big drop in electricity and an increase in gas which needs to be investigated. A comparison with the base line for 2017 needs to be outlined. Frogmore Leisure Centre has a problem with the gas metre and no readings have been taken since February 2020. With the waste and recycling collections, no information has been provided as yet, although a reduction has been identified which could be due to a change to the rounds and more efficient vehicles Information to be re-visited.	PS
6.0	AOB	
6.1	We need to get input from the Officer's Group which is on the 23 rd February, so will we need to delay that for a week or two. The Group agreed the next meeting should be delayed until the first week in March.	DN
6.2	I just want to add that I am pleased and proud to be part of this Committee and think it works really well.	AD
7.0	Date of next meeting	
7.1	Confirmed date for all. Tuesday 2nd March at 10:00am for 1.5 hours	ALL

Meeting ended: 12:04pm

CABINET

DATE OF MEETING: 4 MARCH 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 and to ask Cabinet to recommend to Council that the Business Plan is approved.

2 RECOMMENDATION

That Cabinet recommends to Council that the Business Case is approved.

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 Management 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.

4.2 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 Strategic element of the business case considers why there is a need for this initiative.
- 2.2 Hart District is primarily rural, covering c. 21,500 hectares (83 sq. miles) and is situated in north–east Hampshire, bordering both Surrey and Berkshire. The main centers 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.
- 2.3 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.
- 2.4 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.
- 2.5 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.

- 2.6 The Local Plan Review of 2020 identified that there is a significant need for additional affordable housing within the District. Affordable housing includes homes for rent or sale that are available to households in the District whose needs are not met by the market, and which meet the Government's definition in Annex 2 of the NPPF. The cost must be low enough for eligible households to afford based on local incomes and house prices. The homes should be restricted for use by future eligible households. The only way we can ensure that these homes are restricted for use by future eligible households is to offer short term assured tenancy agreements which cannot be done through the Housing Revenue Account.
- 2.7 Having regard to the above context and characteristics of the District, the following Key Issues (not in any order of priority) are important to the Council¹:
- 2.7.1 To make provision for new homes needed in the area, including affordable and social housing particularly for social/ affordable rent.
 - 2.7.2 For housing to meet the needs of all sectors of the community particularly for older people and/or the disabled.
 - 2.7.3 To facilitate sustainable economic growth in the context of the wider Enterprise 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 centers to serve the needs of residents.
 - 2.7.4 To ensure that the impact on infrastructure (including waste water, transport, education, and community leisure facilities) arising from new development are adequately mitigated where necessary through infrastructure improvements.
 - 2.7.5 To promote a healthy rural economy, and to maintain the viability of rural communities.
 - 2.7.6 To deliver development, where possible, which respects the separate character and identity of Hart's settlements and landscapes.
 - 2.7.7 For development to be well-designed, creating safe, inclusive and cohesive environments where new housing is successfully integrated with existing communities.
 - 2.7.8 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;
 - 2.7.9 To deal with climate change both in terms of mitigation and adaptation.
 - 2.7.10 For development to be safe from flooding and not to increase the risk of flooding from all sources.
 - 2.7.11 To protect and enhance water quality and the ecological status of water bodies in accordance with the Water Framework Directive.

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

- 2.7.12 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).
- 2.7.13 To protect and enhance the District's green infrastructure and the public rights of way network; and
- 2.7.14 To conserve and enhance the significance and special interest of the District's heritage assets and their settings.
- 2.8 The set-up of a local housing company is to provide a special purpose vehicle to manage acquired residential properties. The housing company will hold assets on behalf of the Council with the intention of delivering a commercial return.
- 2.9 Research conducted by the Smith Institute in 2017 indicated that there were expected to be over 200 council owned local housing companies in existence.
- 2.10 As well as helping to meet the housing need in Hart, Council intervention in the market is likely to increase overall economic activity, supporting the delivery of investment in new homes. This has a multiplier effect in the local economy with residents working in local businesses and spending in local shops and on local services. It also provides an opportunity to adopt key worker policies to encourage key workers in health, education, social care and other public services to remain in or move to the area.

Fit with Council Objectives and Priorities

- 2.11 In the 2017-22 Corporate Plan, the Council has set out its vision and priorities. The Council has four key priorities:
- A Thriving Local Economy
 - A Clean, Green and Safe Environment
 - Healthy Communities and People
 - An Efficient and Effective Council.
- 2.12 Paragraph 2.9 above details how the strategic link between this business case and creating and maintaining a thriving local economy.
- 2.13 The quality of housing greatly affects the health and wellbeing of residents and inadequate housing can cause many preventable diseases and injuries. The link between housing and healthcare costs is well established with sizeable savings achievable through the provision of suitable housing. This thinking is linked with our key priority to ensure Healthy Communities and People.
- 2.14 Examples of types of housing which may help to address the needs of Hart residents include:

- More affordable housing
- Key worker Housing in Proximity to Workplace
- Starter Homes

- 2.15 The housing company gives the Council the opportunity to deliver a clean, safe green and safe environment by the provision of high quality, environmentally efficient properties which are built with key energy saving features.
- 2.16 In addition to new housing being brought forward on green, vacant or re-designated and we recognize the opportunity to redevelop and repurpose abandoned, derelict or long term vacant properties. For example this could be a long-term empty former public house which has the potential for housing development and / or commercial or community use.
- 2.17 The reason we are creating the company is to ensure a revenue flow to the Council to fund essential services providing further financial sustainability and meeting the Corporate priority of an efficient and effective Council.

3. THE ECONOMIC CASE

- 3.1. The economic case considers the value to society of this initiative compared to continuing with Business As Usual. It considers the risks and their costs, and how they are best managed.
- 3.2. From the Strategic Case it can be seen that there are many benefits of delivery of the more housing of the right type which will address Hart's housing and development needs especially where the market is not delivering effectively.
- 3.3. The recommendation to establish a Corporate vehicle for property holding purposes (The wholly owned company - WOC) was approved by Council in Jan 2021. Other delivery structures were considered from best practice referencing similar projects developed by other Local Authorities and from legal and financial advice.
- 3.4. The 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.
- 3.5. The WOC will use existing Council resources, where possible, to manage the property portfolio. These services will be charged to the WOC at commercial rates. This assumption has been incorporated into the financial model thus supporting the base budget position.
- 3.6. 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.

3.7. The key economic risks have been identified as follows and sensitivity around these points have been incorporated into the Financial Model:

- Demand for affordable rented accommodation
- Affordability of accommodation in current COVID world
- Risk of bad debt
- Cost of borrowing

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	41

4.3. 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 Financial model

4.4. 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

4.5 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.

- 4.6 It is important to note that the Council will take security over the WOC's assets (specifically the land) to protect its investment.
- 4.7 The key commercial aspects are currently reflected in the modelling as follows:
- 4.7.1 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.
 - 4.7.2 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.
 - 4.7.3 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.
 - 4.7.4 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.
 - 4.7.5 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.
 - 4.7.6 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.
 - 4.7.7 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.
 - 4.7.8 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.
 - 4.7.9 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.

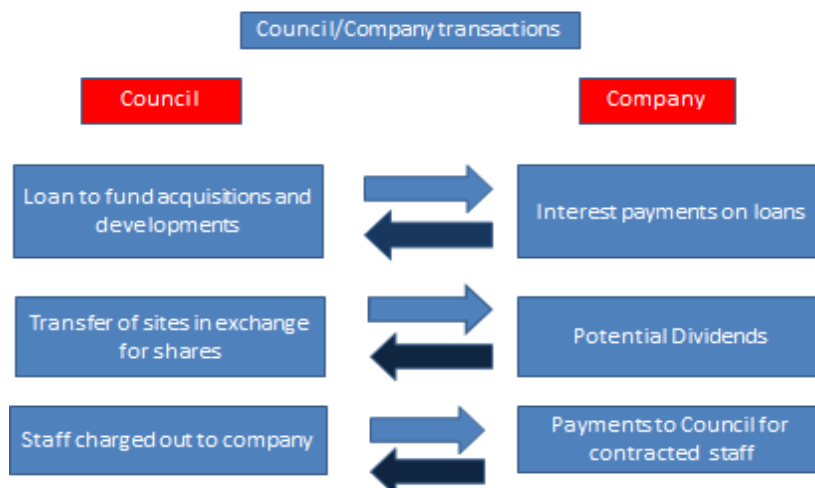
- 4.8 The key financial assumptions underlying program modelling are shown in the following table. The assumptions have been based on information provided by property and financial consultants utilising industry benchmarking and data.

Item	Assumption
Funding rate/term	<i>50 years, 2.8%</i>
WOC Funding rate	<i>50 years, 3.8%</i>
Land cost	<i>Included in the Construction cost</i>
Construction costs	<i>£7m. Completion is expected by end of April 2021</i>
Rents/ letting profile	<p><i>Rents are based upon 80% of current market rents:</i></p> <p><i>£800 pm for a one-bedroom apartment</i></p> <p><i>£1000 pm for a two-bedroom apartment</i></p> <p><i>Rents will be adjusted in line with market conditions respecting tenants' rights.</i></p> <p><i>The first tenants are expected by end of June 2021.</i></p>
Annual maintenance/ operating costs	<i>Management, maintenance, client management and lifecycle costs reflect analysis of Council/local Registered provider costs and benchmarked data, uplifted at 3.0% per annum for modelling purposes</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

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

Revenue Returns to the General Fund



Dividends

4.10 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.

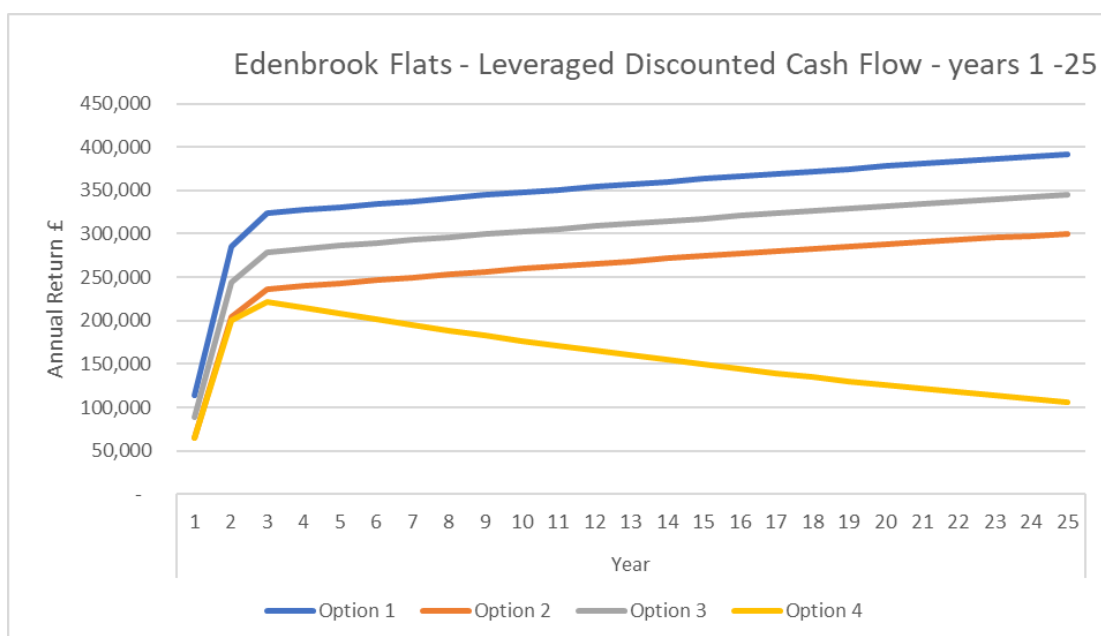
Options modelled

4.11 A total of five options of tenure mix have 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 5	100% Affordable Rent – 0% Rent Increase

4.12 All options indicate the WOC would generate a positive annual cash flow. The cash flow includes debt repayment and MRP provision. This is shown graphically below. Supporting financial tables will be made available for consideration by members along with the theoretical balance sheet and profit and loss information for the Company and the Council balance sheet and General Fund impact in the annual business plan.



4.13 The performance indicator that was chosen for the purposes of the financial model was that the investment would generate an annual average yield of at least 4% and 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.

Risks and sensitivities

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 Sensitivities considered are as below (using Option 2). The base point used was Net Present Value (NPV) of the investment being zero (NPV needs to be >0 to qualify as an acceptable investment). Please note the Council has a minimum bench-mark threshold of 4% average yield, a NPV of zero would not meet this criterion.

Rent per month	Monthly rent decreases by 46% equivalent to £432 for a one-bed flat and £450 for a two-bed flat
Void percentage increase	Void percentage increases by 40% - equivalent to an additional 127 unoccupied days per flat per annum.
Bad Debts	The loss of income is equivalent to voids
Annual rental increase	Negative inflation of 2.36% would need to be applied annually for the investment

- 4.17 Whilst the WOC is an investment vehicle, the drivers behind a number of key metrics are centered 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 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.
- 4.18 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.
- 4.19 The cost of borrowing assumed was 2.8% which covers the interest rate and the MRP (Minimum Revenue Provision) provision. This is prudently high in the current market.

Rent Increase Legislation

- 4.20 Rent increases for fixed-term tenancy agreements can only be raised when the fixed-term ends. The rent increases must be fair and realistic – i.e. in line with reasonable rents in the open market.
[Renting out your property: Rent increases - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- 4.21 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.
- 4.22 The Financial Case (Option 2) meets the minimum investment return criteria specified in the Council’s Commercial Strategy with adequate margins in the sensitivity analysis.

5 THE COMMERCIAL CASE

- 5.1 The Commercial Case considers whether a realistic and credible commercial deal is feasible and achievable and if the risks of this deal can be managed.
- 5.2 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

- 5.3 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.
- 5.4 The Council has the ability to establish a Local Housing Company to both develop new housing on land acquired or owned by the Council, for sale or rent. The Council may utilize Section 1 of the Localism Act 2011 to do so – using the “General Power of Competence”. If the Council is using this power for a commercial purpose, then it can only exercise this power using a company – but it is not precluded from using one otherwise.
- 5.5 The company will be set up in accordance with the Companies Act 2006, including appointment to the Board of the Company. The Memorandum and Articles of Association will be written under professional advisement from Bevan Brittan LLP. The Council will hold 100% of the shares in the Company and have full ownership.

The Funding Route

- 5.4 The two main options for the Council to consider include the use of S.106 contributions, internal borrowing and the drawdown of Public Works Load Board (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

- 5.5 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

- 5.6 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 program 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.

- 5.7 The Council and the Company will ensure that appropriate governance arrangements are put in place to enable the Council, as the sole shareholder to set and oversee the strategic direction of the company whilst allowing the Directors of the company discretion to carry out the operational management effectively, efficiently and with clear targets and milestones. This will require a clear decision-making framework reflecting the Council's own Financial Regulations, Standing Orders and Delegation which will form part of the Annual Business plan for approval.

6 MANAGEMENT CASE

- 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 which details procurement regulations financial regulations and Scheme of Delegation.
 - 6.5.4 Acquisition of land or dwellings

6.5.5 Entering into contracts

These and other items requiring consent will be contained in a shareholder agreement and referenced within the business plan.

- 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.
- 6.13 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.

- 6.14 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.
- 6.15 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. It also needs to ensure 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.
- 6.16 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.
- 6.17 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.

Staffing

- 6.18 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.
- 6.19 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.
- 6.20 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

- 6.21 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. An on-line package such as QuickBooks or Xero would help automate account statement production and is a simple way to manage a small business.

The company will also require its own bank account.

Project Management

- 6.22 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.

Risk Management

- 6.23 Risk registers will be updated quarterly and be reported in line with current risk reporting to the Overview and Scrutiny Committee. A Statement of Governance will also be reported to the Annual General Meeting of Shareholders.

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.
- 7.2 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.
- 7.3 A company will give the Council the freedom to participate in the housing market to meet housing needs and to achieve greater financial sustainability.

Authors and Contact details:

Daryl Phillips	Daryl.phillips@hart.gov.uk
Joanne Rayne	Joanne.Rayne@hart.gov.uk
Emma Foy	Emma.foy@hart.gov.uk

CABINET

DATE OF MEETING: 4 MARCH 2021

TITLE OF REPORT: 2020-21 BUDGET MONITORING – TO END OF DECEMBER

Report of: Head of Corporate Services

Cabinet Member: Councillor James Radley, Deputy Leader and Finance

1 PURPOSE OF REPORT

- 1.1 To advise Cabinet of the position on revenue and capital expenditure at the end of December 2020. Overview & Scrutiny Committee considered this report at its meeting on Tuesday 16th February 2021.
- 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.		£3
		Public/Civic Events expenditure not yet incurred due to Covid restrictions.		£2
HACOML	Commercialisation	Fees for Hired Services at Edenbrook Apartments & Q4 Service Charge at the Pavilion	£7	
		Work undertaken to make Swan Public House safe	£44	
		Postage not yet incurred		£3
		Contributions to Voluntary Organisations not yet incurred.		£5
HACOMM	Corporate Communication	Additional Salary Costs relating to maternity cover being in post longer than forecast	£12	
		Hired service expenditure ahead of forecasted spend and miscoded invoices	£6	
		Software development costs incurred ahead of forecast	£7	
		Recruitment Delay - Savings (S151 and D S151)		£55
		Invoice for Recruitment Costs of SFBP - Not yet received.		£9
		Brokers Fees not yet incurred		£2
HACFIN	Corporate Finance	Software Licenses and GRN that has already been received		£7
		Savings on Staff Travel and Car Allowances		£3
		Additional Bank Charges from Prior Years	£29	
		Cyber Insurance to be allocated across other Cost Centres	£35	
		Additional Finance Consultant Costs	£20	
HACVID	Covid19	Actuals after adjustment		£15
HASCCO	Customer Services Contracts	Jade invoices not yet received (October to December 2020).		£11
		Payments not yet made for Q1 to Q3 2020/21.		£123

HAECDV	Economic Development	Publicity Spend not yet incurred		£8
		Salary differences	£1	
HAFLECT	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	
HALOTT	Hart Lottery	Project Consultant Invoices yet to be received.		£20
		Savings on Professional Fees		£5
		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	
HAITCO	IT Contract	Consultation Costs not yet incurred.		£14
		Additional Employee Training Costs	£7	
		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	

HALEGL	Legal Services	Project Consultant Costs not yet incurred re Modern Gov - Civica.		£10
		Basingstoke Shared Service Invoices (Q1 and Q2 2020/21) not yet received.		£232
HALEIS	Leisure Centres	Plain English Ltd - Costs to re-write the Council's Constitution.	£19	
		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
HAMEMB	Support to Elected Bodies	Support Costs to EA from 1st April to 31st October 2020.	£372	
		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	
HANODC	Non Distributed Costs	Invoices received in advance of Forecasted Spend	£157	
HAPRSF	PRS AccessFund	Purchase Orders in HANEED to be moved to HAPRSF		£96
HARELC	Rechargeable Elections	General Election expenditure in 2019 - waiting for Government reimbursement.	£23	
HARGST	Register Of Electors	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	
		Salary Adjustments relating to Canvassers	£10	
HARBCO	Revenues & Benefits Contract	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	
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.	£20	£4 £5

		Software Purchases crossing years.	£21	
		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

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

HAOCOM	Odiham Common	Country Stewardship Grant received.		£9
		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
		Miscellaneous savings and expenses not yet incurred (incl Travel & Equipment Purchases		£9
HAWCLT	Waste Client Team	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	
		Printing Costs not yet incurred.		£15
HAWCOM	Waste Education and Comms.	Publicity Costs not yet incurred.		£6
		Serco Core Invoices not yet received.		£236
HAWSTE	Waste Contract	Serco Variable Invoices not yet received		£22
		Street Signposting incurred ahead of forecast.	£4	
HAFURN	Street Furniture			
	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>
		Q2 and Q3 2020/21 Invoices from Rushmoor BC not yet received.		£114
HABCFE	Building Control - Fee Earning	Decrease in Building Regulation Inspection and Application Fees (Forecast adjusted to reflect this).	£20	
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

		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

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				
Cost Centre	Cost Centre Description	Variance	Adv - £'000	Fav - £'000
HAZEFN	Financing and Investment Income	Investment Interest not yet received Property Income received ahead of Budget	£109	£129

HAZORR	MIRS - Reversal of Revenue	Reversal of Depreciation - Charged incorrectly in CIES		£931
		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 Overpaymet 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	

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
HAHOUS	Strategic Housing	Forecast increased for the Capital Receipt flows through CIES		£554

MISC	Remove Forecast -S106 Developer Contributions	£554	
	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 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
HAFSNG	Edenbrook Country Park	Forecast increased for the S106 receipt flows through CIES	£491
		Remove S106 Funds (Capital)	£491

HAESNG	LEEDS/COUNTRY PARK	Sub Contracted Works	£4	
		Miscellaneous adjustments	£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		£14
		Forecast Adj (Dec 2020) - Sub contracted work has stalled for the year		£68
		Miscellaneous Forecast Adjustments		£3
HAHITM	Highways Traffic Management	Forecast Adj (Oct 2020) - Increase in demand for TTRO to enable work during Covid 19		£37
		Forecast Adj (Dec 2020) - Reduction in EM3 LEP Claim	£5	
		Forecast Adj (Nov 2020) - Salary Adjustments	£3	
HAPKOF	Off Street Parking	Reduced Income due to Covid 19	£221	
		Car Park Fee Compensation		£61
		Fixed Penalty Fee Income increase		£6
HAPKON	On Street Parking	Additional Car Parking Fees		£10
		Miscellaneous adjustments	£5	
HASSNG	Small Sang Sites	Forecast Adjustment for S106 Developer Contributions		£1,434
		Forecast Adjustment for S106 Monitoring Fees		£42
		Remove S106 DC Funds (Capital)	£1,434	
		Removed S106 Monitoring Fees	£42	

		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	
		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
HAEHPR	Environmental Protection	Salary Adjustments		£54
		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	

		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

March 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	
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	
Consideration of the arrangement for the future Client Management function for the Waste Contract	Apr 21	Further to a report to Staffing Committee to consider the arrangements for the Client Management function for the Waste Contract shared with Basingstoke and Deane Borough Council	Apr 21		Y	AO		

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
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	Mar 21	Apr 21	Y	SB	H	Y
Climate Change Working Group	Mar 21	To update on the action plan of the Working Group.	Apr 21			AO	TS	
Service Plans	Annual	Post consideration by Overview & Scrutiny Committee, agree the 2021/22 Service Plans	Apr 21			DN	All	
Equality Objectives 2021-2023	Mar 21	Post consideration by Overview & Scrutiny of Hart's equality objectives for 2021-2023	Apr 21			JR	CS	
Car Boot Sales	Sep 20	To update Cabinet on car boot sales	Jan 21	Apr 21		RQ	JCX	
Debt Recovery Policy	Nov 20	Post consideration by Overview & Scrutiny to update Cabinet on the Debt Recovery policy	May 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
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	
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	

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
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	
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	SA	Digital	RQ	Commercialisation (Cn)	SB	Community (Cy)
SK	Regulatory	AO	Environment	JR	Finance and Corporate Services	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
