



## NOTICE OF MEETING

**Meeting:** Cabinet

**Date and Time:** Thursday, 3rd December, 2020 and 7.00 pm

**Place:**

**Telephone Enquiries to:** 01252 622122  
committeeservices@hart.gov.uk

**Members:** Ambler, Axam, Bailey, Cockarill, Kinnell,  
Neighbour, Oliver, Quarterman and Radley

Joint Chief Executive

CIVIC OFFICES, HARLINGTON WAY  
FLEET, HAMPSHIRE GU51 4AE

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## 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](#)**

<b>1</b>	<b>MINUTES OF THE PREVIOUS MEETING</b>	5 - 7
	The minutes of the meeting held on 5 November 2020 are attached for confirmation and signature as a correct record.	
<b>2</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>3</b>	<b>DECLARATIONS OF INTEREST</b>	
	To declare disclosable pecuniary or any other interests.	
<b>4</b>	<b>CHAIRMAN'S ANNOUNCEMENTS</b>	
<b>5</b>	<b>PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)</b>	
<b>6</b>	<b>MINUTES OF CLIMATE CHANGE WORKING GROUP</b>	8 - 11
	To note the Minutes of the meeting held on 8 October 2020.	
<b>7</b>	<b>MINUTES OF HART HEALTH AND WELLBEING PARTNERSHIP</b>	12 - 17
	To note the Minutes of the meeting held on 15 October 2020.	
<b>8</b>	<b>MINUTES OF THE CIVIC REGENERATION WORKING GROUP</b>	18 - 20
	To note the Minutes of the meeting held on 3 November 2020.	
<b>9</b>	<b>2020/21 BUDGET MONITORING TO END OF SEPTEMBER</b>	21 - 30
	To advise Cabinet of the position on revenue and capital expenditure at the end of September.	
<b>10</b>	<b>TREASURY MANAGEMENT STRATEGY - HALF YEAR REVIEW 2020/21</b>	31 - 49
	To inform Cabinet of the position on revenue and capital expenditure at the end of September.	
	Please note a verbal update will be provided to this report detailing changes resulting from the second lockdown imposed on 5 November 2020.	
<b>11</b>	<b>2021/22 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY</b>	50 - 54
	To give an early consideration of the emerging budget for 2021/22 and the draft Medium Term Financial Strategy (MTFS)	
<b>12</b>	<b>DEVELOPMENT MANAGEMENT SERVICE ACTION PLAN</b>	55 - 70
	To consider the Development Management Service Action Plan.	

**13 IT SECURITY AND ACCEPTABLE USE POLICY 71 - 85**

To consider and endorse the revised IT Security and Acceptable Use policy.

**14 RENEWAL OF THE SHARED BUILDING CONTROL SERVICE WITH RUSHMOOR BOROUGH COUNCIL 86 - 89**

To agree the renewal of the Shared Building Control Service between Hart District Council and Rushmoor Borough Council Building Control Partnership to 31 March 2025.

**15 PETITION**

To receive the following petition organised by Mr Steve Forster and signed by over 1,000 residents of Hart District:

“To the Leader, Cabinet and members of Hart District Council  
The Humble Petition of the residents of North East Hampshire, Declares that there was insufficient consultation ahead of the closure of Fleet Road to traffic; further that there have been significant implications for neighbouring roads as a result of the re-routing of traffics; and further that the closure of the road has made it more difficult for local people to get in to their local town centre. The petitioners therefore urge Hart District Council to re-open Fleet Road as a matter of urgency; further pledge to retain on street parking for cars and motorcycles; and further pledge that access along Fleet Road for cars and motorcycles will be maintained in the future. And the petitioners remain, etc.”

At the meeting, the petition organiser will be given three minutes to present the petition. The petition may then be discussed by Councillors for a maximum of 20 minutes. The Cabinet will decide how to respond to the petition at this meeting. It may decide to:

- take the action the petition requests (if it is within the Council’s power to do so),
- not to take the action requested for reasons put forward in the debate,
- to commission further investigation into the matter, for example by Overview and Scrutiny Committee or relevant Service.

The final response/outcome of the petition will be published on the Council’s website [www.hart.gov.uk](http://www.hart.gov.uk)

**16 CABINET WORK PROGRAMME 90 - 94**

The Cabinet Work Programme is attached for consideration and amendment.

**17 EXCLUSION OF THE PUBLIC**

The following item contains exempt information.

Members must decide whether the public interest in maintaining an exemption outweighs the public interest in disclosing the information.

18. **HART DISTRICT COUNCIL LEISURE CONTRACT - COVID 19** 95 - 96  
3

**Date of Despatch: Saturday, 28 November 2020**

## **CABINET**

**Date and Time:** Thursday, 5 November 2020 at 7pm

**Place:** Council Chamber, Civic Offices, Fleet

**Present:**

## **COUNCILLORS**

Ambler, Bailey, Kinnell (7.03pm), Neighbour (Chairman), Oliver, Quarterman, Radley

**In attendance:** Axam, Forster, Smith

### **Officers:**

Patricia Hughes      Joint Chief Executive  
Helen Vincent      Committee Services

## **51 MINUTES OF PREVIOUS MEETING**

The minutes of the meeting of 01 October 2020 were confirmed and signed as a correct record.

## **52 APOLOGIES FOR ABSENCE**

Apologies received from Cllr Cockarill.

## **53 DECLARATIONS OF INTEREST**

None declared.

## **54 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had nothing to announce.

## **55 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)**

None received.

## **56 REVISED FINANCIAL REGULATIONS**

Members considered the revised Financial Regulations.

Members discussed and asked for clarification on whether the approach taken on Parish precepts was different this year, due to the new Financial Regulations. It was confirmed that until adopted at Council, the existing Financial Regulations were being used and the alteration of approach was aimed to provide Parishes with further information.

### **RECOMMENDATION to Council**

That the revised Financial Regulations recommend to Council for their inclusion in the Constitution.

#### **57 REVISED DRAFT UPDATE TO CONTRACT STANDING ORDERS**

Members considered the revised Contract Standing Orders.

Members discussed:

- Ensuring the Contract Standing Orders sufficiently encompassed the Councils ambitions around Climate Change and the inclusion of contract conditions relating to this.
- If consideration had been given to EU policies after 31<sup>st</sup> December 2020. Members agreed that the successor statues will hold sway.
- Ensuring contracts placed with suppliers are not split – either by time span or function, to prevent a higher level of governance within the Contract Standing Orders being utilised. It was confirmed that the Contract Standing Orders made clear that procurements and contracts must not be split in this way.

### **RECOMMENDATION to Council**

That the updated Contract Standing Orders be included in the Constitution.

#### **58 SOUTHWOOD PAVILION**

Members considered the options they would like the Council to pursue with regard to the management of Southwood Pavilion and associated sports ground.

Councillor Radley moved a new recommendation, based on updated information as follows:

That,

Cabinet approves the creation of a 15 year contracted out lease to include milestones, requiring maintenance, and repair to be carried out and a 'rolling break clause' enabling the Council to 'step in' if it did not consider that the Football Club were keeping the site safe or secure or responsibly.

Cabinet delegates to the Joint Chief Executive, in consultation with the Portfolio Holder for Finance and Corporate Services powers to complete negotiations and the lease agreement subject to instruction of solicitors on agreed heads of terms by 24th December 2020.

In the event that it is not possible to conclude these negotiations by the 24th December, Cabinet agrees to:

- a. the provision of a 5 year lease on the same terms outlined above and if that was not achievable,

b. In the event of a 5 year lease also not being able to be completed - the Council would allow for public tender to seek expressions of interest from all parties to lease the premises for leisure purposes.

**DECISION**

- A. Cabinet approves the creation of a 15 year contracted out lease to include milestones, requiring maintenance, and repair to be carried out and a 'rolling break clause' enabling the Council to 'step in' if it did not consider that the Football Club were keeping the site safe or secure or responsibly.
- B. The Joint Chief Executive, in consultation with the Portfolio Holder for Finance and Corporate Services be authorised to complete negotiations on the lease agreement by 24th December 2020.
- C. In the event that it is not possible to conclude these negotiations by the 24th December, Cabinet agrees to:
  - a) the provision of a 5 year lease on the same terms outlined above and if that was not achievable, or
  - b) in the event of a 5 year lease also not being completed - the Joint Chief Executive is authorised through public tender expressions of interest from all parties to lease the premises for leisure purposes

**59 MINUTES FROM CIVIC REGENERATION WORKING GROUP**

Members were informed that Hampshire County Council Property Services and Library Services were being consulted by the Working Group and early engagement with the community is prioritised.

The minutes of the meeting held on 06 October 2020 were noted.

**60 CABINET WORK PROGRAMME**

The Cabinet Work Programme was considered and amended.

- Car boot sales to Cabinet in January 2021.

The meeting closed at 7.51pm

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

Thursday 8<sup>th</sup> October 2020

Present:

Councillor Butler	-	GB
Councillor Crampton	-	AC
Councillor Drage	-	AD
Councillor Neighbour	-	DN
Councillor Oliver (Chair)	-	AO
John Elson	-	JE
Peter Summersell	-	PS
Celia Wood (notes)	-	CW

APOLOGIES FOR ABSENCE

Councillors Radley (JR) and Forster (SF)

Item		Action
<b>1.0</b>	<b>Welcome</b>	
	<p>Chairman introduced Peter Summersell Hart's Full Time Sustainability Officer who will lead the Project for Climate Change.</p> <p>Noted that the group has been unable to hold the Launch Event and did not have the meeting in February.</p> <p>No launch to the Parishes in March due to Pandemic.</p>	
<b>2.0</b>	<b>Minutes of last meeting/matters arising</b>	
2.1	Notes from the meeting of 7 <sup>th</sup> January 2020 were noted and agreed.	
2.2	<p><b>Matters arising:</b> The Sustainable Business network event on 28 February in Basingstoke and Deane was attended by PS and SF. Next event will be Sustainable recovery post-Covid on 23<sup>rd</sup> October 2020. Will be a virtual format. PS to send invites to Climate Change Group. (CCG).</p>	PS
2.3	Renewable Tariffs: Hampshire are working hard proper Green Renewable tariff that we can buy into – to be deferred until we have our next procurement. On Action plan to be reviewed in 2021.	PS
2.4	<p>Contact made with Reading and Surrey Universities slowed progress due to Covid-19.</p> <p>Of note Hampshire Offices working group are setting up an expert panel bringing in relevant experts from Universities and we should be able to access that expertise. Information on timeframes for getting that group together to be reported at next meeting.</p>	PS



2.5	<p><b>Feedback to Overview &amp; Scrutiny:</b> despite being unable to progress much on the action plan it is agreed that PS will update O &amp; S on what has been done and to invite their feedback so they are part of the process.</p>	PS
2.6	<p><b>Stakeholder launch</b> to promote engagement: will have to be virtual for the foreseeable future and a decision on the technology to be used (MS Teams or Zoom). The event will focus on what we are going to do and have done so far with an invitation to feedback their thoughts and ideas.</p>	ALL
3.0	<p><b>Feedback on the Climate Change Action Plan</b></p>	
	<p>Notes on action points and progress:</p> <p>STRATEGY:</p> <p>S1 – Renewable tariffs - ongoing - in discussion with Hants to bring down the costs of using Consultants.</p> <p>S2 – Part completed: now included as part of the procurement process. Local Plan – allocate to Planning Policy Manager.</p> <p>S3 - Commercialism – EV charging points –received interest in funding 3 of Hart’s car parks and from Engenie. Looking at countryside and leisure car parks. PS in the process of preparing a briefing note. Consult with Cllr Quarterman regarding this as a source of income as well as the significant benefits to climate change agenda.</p> <p>White energy – Hart will not pursue this further.</p> <p>ENERGY:</p> <p>E1 – engaged with Refit Framework – Hart property estate is small compared to what they normally deal with – still interested, ongoing. Alternatively, we could go out to Tender with smaller independent energy efficient assessors. May struggle with heating in the Hart offices/Leisure Centres. Big infrastructure investment – ensure we have a good payback period.</p> <p>E2 – S/E energy hub have fed back alternatives to create solar power energy. Green tariff through Hampshire – currently on hold to be reconsidered at next review.</p> <p>E3 - Residential reduced emissions (Green Grant) make public aware through newsletter and website. Leaflets to be produced/distributed.</p> <p>Grant funding – Hampshire unable to access this due to tight timescales – no details how this will work, to be reported back at next meeting.</p> <p>TRANSPORT</p> <p>T1 – Pandemic has affected a shift to more sustainable transport options. Action: to ensure the Green Grid supports our climate change agenda. Planning Policy Manager to ensure sustainable transport in all future planning applications.</p>	<p>PS</p> <p>PS</p>

T2 – ad hoc basis, trials arranged but unable to be carried out due to current restrictions. Ongoing and in future encourage people to buy in to future energy efficient vehicles – Hart are looking at an electric cargo bike for one of the rangers.

T2.6 and T2.7...most are in operational use due to Covid – recognise the need to be considerate to those who cannot use technology. Staff working from home have been offered equipment from the office (part of Revitalise Hart). Bring this item up to date in the action plan.

Staff survey and data analysis before and after Covid-19 lockdown and per week saving 2.8 tonnes of CO2 and preventing 9469 miles per week of people commuting. Large impact on our operational emissions.

T3 – grant funding and licensing powers. Update ready to submit – need to complete a residents' survey to identify demand as part of the grant conditions. Talking to Comms team for the best way to do that before Christmas. OLEV On-street Residential Chargepoint Scheme grant would pay up to £7,500 of the cost of installing charge points, looking at two suitable locations without off street park.

Energy bus on demand – community buses – submitted bid through Net Zero challenge to team up with a university for a feasibility study.

Car-pooling and car share not so popular currently, watching brief – could be option post Covid.

Taxis – HART policy for low-emission vehicles 2025 - all new purchase vehicles must comply with low-emission requirement. To be included in the Action Plan.

#### NATURE

N1 – meeting scheduled w/c 19/10, update will be sent round with minutes.

#### COMMUNITY LEADER AND PARTNERSHIP

P1.1 – on hold over lockdown. JGG – meeting w/c 19<sup>th</sup> – Electric waste vehicle has been trialled. If successful (and reliable) Serco will be able to hit CO2 targets.

P1.2 - Leisure services - no update to EA to be chased Paul Weaver is working on a new contract for more efficient equipment.

P2 - Identifying community groups – we need to get senior management to reallocate. JE pick up with leadership team.

P3 – linking with HCC to access funding for a green home roll out. More information on this will follow.

P4 – local businesses – virtual meeting 23<sup>rd</sup> October.

Event proposed next year at Farnborough Airport to bring businesses together.

P5 – Health and wellbeing – work with Liz Glenn. Waste and recycling Maria.

5.2 Good practice guide – working with local event organisers to encourage good practise (licensing issue sits with Head of Place). We have a road in there if need be to introduce better methods of

	controlling waste/using sustainable material.  MONITOR Looking for initiatives and agenda, trying to keep on top of them, get projects ready for when projects become available. ADAPTION A1 Check where the various services are – risk assess their service and look at ideas going forward and understand how the service impacts on climate change. Add to Leadership Team agenda and annual service plan.	
<b>4.0</b>	<b>Future Plans and General Notes</b>	
	<b>Post Covid opportunities</b> - an online meeting will be held to look at the action plan, what this looks like for the future and how we would like to move forward.  Conference for sustainable recovery on 23 <sup>rd</sup> October – invitation will be sent round to everyone.	PS  PS
<b>4.0</b>	<b>Date of next meeting</b>	
4.1	AO – date of next meeting to be advised as there are a lot of actions from this meeting – possibly early November - where we are on the actions and how we will approach this with O & S and Cabinet.  Seek advice from O & S Chair regarding timings and what may be required.  Meeting ended 17:01	PS/AO  DN



**Minutes**

**Hart Health and Wellbeing Partnership Board Meeting**

**15 October 2020 at 2.00 pm**

**Present:**

Cllr Stuart Bailey	HDC
Liz Glenn (LG)	HDC
Sarah Falzarano	HDC
Patricia Hughes (PH)	HDC
Brian Bridger	HDC
Kirsty Jenkins	HDC
Vickt Atkinson	HDC
Gemma Watts	HDC
Cllr Wendy Makepeace-Browne	HDC
Caroline Winchurch (CW)	HVA
Dr Steven Clarke (SC)	North East Hampshire and Farnham CCG
Ginny East	Odiham Cottage Hospital
Jo Lockhart (JL)	HCC Public Health
Julia Tymukas	Citizens Advice Hart
Cristina Harris	Church Crookham Parish Council
Jessica Berry (JB)	North Hampshire CCG
Laura Mouzouris-Lodge	Andover Mind CS/DA
Nicola Ward	Adult Services
Cllr Gill Butler	HDC
Sandra Pain	NHS Southern Health, Health Visiting
Nikki Jenkins	Andover Mind Well Being Centre
Jenna Lofthouse	HCC Children's Services
Steven Manley	North East Hampshire and Farnham CCG
Dr Matt Nisbet	North Hampshire CCG

		<b>Actions</b>
<b>1</b>	<b>Apologies for Absence, Minutes of the Previous Meeting (13 February 2020) and Matters Arising</b>	
	Apologies: Becky Rogers                      North Hampshire CCG Kim Francis                         Andover Mind	

2	<p><b>Minutes of the Previous Meeting (13 February 2020) and Matters Arising</b></p> <p>The minutes were agreed.</p> <p>Matters arising :-</p> <ul style="list-style-type: none"> <li>• Action 1. Mental health indicators meeting action to be carried forward. Mental health is being looked at as part of the Hart Community Recovery.</li> <li>• Action 2. JB gave a brief update regarding the low carb diet pilot run in Whitewater &amp; Chineham which showed good results.</li> <li>• Action 3. SC and PH advised that they would pick up the conversation about transport for Hart Residents to local hospitals including Fleet Hospital and Frimley Park as this had not taken place due to the pressures of COVID.</li> <li>• Action 4. New Head of Place for North East Hampshire and Farnham CCG to be invited to a future meeting.</li> <li>• Action 5. 'Hidden Needs' brief information and data gathering was put on hold due to COVID but is now picked up as part of the Community Recovery.</li> </ul>	
3	<p><b>COVID-19 Community Recovery Presentation</b></p> <ul style="list-style-type: none"> <li>• <b>Liz Glenn</b> (Hart District Council) Nicky Ward (Hampshire County Council) and Jo Lockhart (HCC Public Health) joint presentation see attached slides.</li> <li>• <b>Nicky Ward</b> thanked Hart &amp; HVA for all their support and work during lockdown and working collaboratively. Response and recovery phase go hand in hand. Hampshire Welfare Recovery Group focuses on welfare countywide, and there is a group looking at voluntary sector capacity. Also groups looking at mental health and digital enablement and being able to provide access and support. HantsHelp4vulnerable now renamed as the Hampshire Coronavirus Support and Helpline. The Helpline is seeing a shift in the issues people are presenting with including support for people needing to isolate due to Test and Trace, and now beginning to see some hardship concerns.</li> <li>• <b>Jo Lockhart</b> presentation (see attached slides) data drawn from a range of sources to provide an overview of community impacts of the pandemic and where are disparities in impacts between different groups (inequalities). Nationally we are seeing health inequalities increasing. Certain populations are at increased risk of negative impact either due to clinical vulnerability, increased exposure to the virus or increased vulnerability to economic downturn and impacts of lockdown.</li> <li>• Covered areas of impact and areas to focus on in the period of recovery including mental health and loneliness, physical activity, diet, financial changes, community and voluntary</li> </ul>	

	<p>sector resilience, digital exclusion, family relationships and domestic abuse.</p> <ul style="list-style-type: none"> <li>○ Children’s activity levels have fallen and screen time likely to have increased.</li> <li>○ Financial impacts change health behaviours and family unit dynamic.</li> <li>○ Impact of financial strain on mental health</li> <li>○ Young adults struggling to get back into jobs because they have less experience than older workers</li> <li>○ Impacts on parents of children having to be off school and isolating due to Covid-19 symptoms.</li> <li>○ Increasing inequalities in mental health and people who had a lot of mental resilience before the pandemic are finding they are being pushed beyond what they can cope with.</li> <li>○ Significant increase in domestic abuse and more disclosures as children returned to school. Increasing digital inequality.</li> </ul> <ul style="list-style-type: none"> <li>● <b>Liz Glenn</b> gave an overview of the Hart Community Recovery Plan including (see slides). The Plan will be delivered through a range of partnerships including a newly established Hart Community Recovery Working Group with representatives from key “safety net” organisations such as Citizens Advice and DWP.</li> </ul>	
4	<p><b>COVID-19 community Recovery Group Discussion – All</b></p> <ul style="list-style-type: none"> <li>● <b>Dr Matt Nisbet</b> North Hants CCG. Thank you for a thorough and interesting presentation. COVID had been an enormous challenge and opportunity to provide services. Increased digital access to some services has benefitted some patients such as those without access to a car or with mobility issues, however, there have also been challenges that need to be explored further and how to maximise the benefits going forward.</li> <li>● <b>Caroline Winchurch</b> HVA asked a question on JL’s presentation. Are you seeing a need to adapt commissioned services to meet emerging needs? JL replied that the Hampshire Welfare Recovery Group looks at commissioned services including how/when to pick up face-to-face offer while continuing to offer digital access, to provide a variety of access channels.</li> <li>● <b>Nicky Ward</b> – commented that it was important that we make sure that we can respond to emerging needs during COVID particularly carer breakdown. Digital access may help and encourage access for those in a caring role.</li> <li>● <b>Laura Mouzouris-Lodge</b> - Andover Mind. Commented that they had seen an increase in carers in crisis, especially in the last 4-5 weeks, partly due to lack of respite such as day centres not open. The Carers Support &amp; Dementia Advice</li> </ul>	

Service is offering Zoom and face-to-face support. Support is being provided for carers to get on-line and the majority have been given training to help with this.

- **Jessica Berry** provided an update from North Hampshire CCG. There is a focus on trying to reinstate business as usual and get people back into the surgeries. Some patients feel anxious about coming back into the practice. Seeing an increase in demand and flu clinics are busy. Planning for 2<sup>nd</sup> wave alongside keeping people well over winter such as managing common illnesses. Looking at areas of deprivation in the CCG patch and encouraging people to get moving to improve weight management and for older adults to help with mobility to improve strength. JB advised that additional roles are being recruited to in Primary Care Networks (PCNs) including a Health and Wellbeing Coach at Whitewater Lodden PCN. **Action:** LG to invite Health and Wellbeing Coach to relevant meetings.
- **Ginny East** – Advised that Day Centres are opening in phases – 2<sup>nd</sup> November for Rosefield. There is some fear among service users of going out. Additional costs of PPE, staff/client ratio, bubble of 3 and to stay in bubble whilst at the centre. It is difficult to recreate the social joy within a socially distanced environment.
- **Nikki Jenkins** – new Wellbeing Centre location in Farnborough for face to face, 1:1 and groups, the uptake has been slow. People that were not previously anxious are now anxious which is creating a more challenging environment. There is a challenge for us all to think more creatively about how we engage people. Peer support workers are instrumental in building confidence through a softly softly approach needed to encourage people back. Zoom groups and contact continues to be offered.
- **Steve Manley** – North East Hampshire & Farnham CCG has come together with local authorities and other partners to focus on addressing inequalities in the patch (Hart, Rushmoor and Waverley). A Healthier Communities Partnership Committee has been created to steer this work and this will include provision of some innovation funding to support local community ideas.
- **Julia Tymukas** – Citizens Advice Hart advised that CA are operating remotely and had lost 40% of volunteers. The demand is increasing which is challenging with a smaller workforce. The Help to Claim service is highly used. The community still need to know that we are available for them and still operating and to look at ways of building back the volunteer bank. There is interest in any opportunities to come together with partners in a community hub model in long term or short term pop-up hubs, for example, in a shopping centre.
- **Vicky Atkinson** – the domestic abuse health advocacy project is going well at Basingstoke Hospital. Advocates have

	<p>a dual role in picking up cases of domestic abuse and training hospital staff to ask the right questions of patients. There is online learning and videos available which could be adopted for other partners to possibly use. The Hampshire Domestic Abuse Partnership has an action plan and communication plan for COVID.</p> <ul style="list-style-type: none"> <li>• <b>Caroline Winchurch</b> – highlighted that there is a correlation between lower levels of volunteering and areas of greater deprivation. This is a national issue. JL queried whether there could be a focus in those areas on volunteering as something that can help you back into work. However, Caroline highlighted some challenges to that approach including ensuring people want to volunteer rather than feeling it is something they have to do.</li> <li>• <b>Cllr Wendy Makepeace-Browne</b> – highlighted the challenges of spontaneous volunteering such as issues around GDPR and safeguarding, and asked whether HVA had seen any issues of this nature in local spontaneous volunteer groups. Caroline said this was something HVA is looking at. There is a fantastic network of spontaneous volunteering in the district but HVA were keen to promote the support they can provide to those networks. Cllr Makepeace Browne asked whether it would be helpful for Councillors to feedback to HVA when they see spontaneous volunteer groups forming in their community. Caroline and Brian to discuss outside the meeting.</li> </ul>	
5	<p><b>AOB and update from Partners - All</b></p> <ul style="list-style-type: none"> <li>• <b>Cllr Stuart Bailey</b> – asked members to share any updates.</li> <li>• <b>Caroline Winchurch</b> – Advised that the Youth Counselling Rooms are available at Odiham Cottage Hospital</li> <li>• <b>Steven Clarke</b> – North East Hampshire &amp; Farnham CCG to merge with other CCGs in the Frimley System from April 2021. A lot of work has gone into planning flu vaccination. Fleet Primary Care Network intends to introduce a Health and Wellbeing Coach role from April 2021.</li> <li>• <b>Laura Mouzouris-Lodge</b> – The Carers Support &amp; Dementia Advice Service is still carrying out assessments and 1-2-1s. The carers hub has been established at the Harlington Centre in Fleet.</li> <li>• <b>Cllr Wendy Makepeace-Browne</b> thanked all those involved with this meeting and the services who had been continuing to provide valuable support to residents during the pandemic. She said it was heartening to know of all the work that is done in the background and wanted to add a personal thank you. Cllr Bailey added his thanks.</li> <li>• Meeting closed at 4.00 pm</li> </ul>	



<b>6</b>	<b>2021 meeting dates</b> <b>To be confirmed</b>	

**Civic Campus Regeneration Working Group**

**Minutes**

**03 November 2020 – 11:00**

**Virtual Teams Call**

**Attendees**

Cllr Richard Quarterman  
 Cllr Chris Dorn  
 Cllr Wendy Makepeace-Browne  
 Cllr David Neighbour  
 Cllr James Radley  
 Patricia Hughes  
 Mark Jaggard  
 Glyn Lloyd  
 Celia Wood (notes)

Cllr Bob Schofield	Fleet Town Council
Samantha Whiting	HCC
Chris Jelliffe	HCC
Olivia Paine	HLM Architects
Simon Hope	Montagu Evans
David Milner	Create Streets
<i>Nicholas Boys-Smith</i>	Create Streets

Apologies: Cllr Anne Crampton

<b>1</b>	The meeting opened with an introduction to Chris Jelliffe from Hampshire County Council working alongside Samantha Whiting on the Estates side.	
<b>2</b>	<p><b>Update following Overview &amp; Scrutiny meeting on Tues 20<sup>th</sup> Oct 2020</b></p> <p>The update to the Overview and Scrutiny Committee of the work being carried out by the Working Group (WG) was well received:</p> <ul style="list-style-type: none"> <li>• WG tasked by the Chairman of O &amp; S to deliver a further update in the January O&amp;S meeting – either a further update or final recommendation for the next stages (to be discussed today and December WG meeting).</li> <li>• A question was asked why we are focusing on the Civic Site and not on the High Street. It was explained that our remit was</li> </ul>	<b>GL</b>

	originally set out to focus on the Civic Site in terms of what assets the Council currently holds to understand all potentially viable options before expanding the search area further (if required).	
<b>3</b>	<b>Update following meeting with HCC on Fri 23<sup>rd</sup> Oct 2020</b>	<b>GL</b>
	<p>Cllr Quarterman and GL met with Samantha and Chris and representatives from HCC to discuss the Library.</p> <p>HCC have a similar approval process in terms of the library. HCC recognize it is probably a little too big for their current requirements and the building is of a certain age, it will require some long term maintenance - we have asked Chris to join this meeting today. HCC very much want to work with us to potentially deliver an agreeable solution for all parties.</p>	
<b>4</b>	<b>Updated communications plan for WG discussion</b>	<b>DM</b>
	One potential option is the use of an interactive map with a questionnaire attached based on Place to get constructive comments and get fast feedback that would help to reach a wider part of the community.	
	<b>Members discussed the key points:</b>	
	Advice is to include reference to the Neighbourhood Plan to avoid unreasonable requests, set boundaries on what we can reasonably deliver.	
	Create Streets confirmed they are able to collate and analyse the data (HDC may not have the resources).	
	Hopefully any engagement process will avoid potential negativity on social media and we need to ensure the process encourages the silent majority to have their say.	
	Ensure that we capture the responses from a good cross section of people - some have strongly held views - draw them in and try to work with them – engage the comments but not limit the debate.	
<b>5</b>	<b>Updated opportunities discussion from project team</b>	<b>OP/SH</b>
	<p>Where are we now and by December – scoring is a preferred option for the various directions of travel to be considered.</p> <p>Sustainability – options/concepts - this is where public consultation would be useful.</p> <p>While public consultation is going on, look at office requirements/design analysis for spatial requirement to keep wheels turning within the project.</p>	

	<p>Harlington Centre – look what is affordable to deliver more for the town and consider is it sustainable for the area. Public consultation may help to frame and provide direction.</p> <p>Advisory team to come back with what the listening exercise looks like with a draft set of questions and how the interface looks if done by URL for recommendation to O&amp;S and Cabinet in January.</p>	
	<p>Working Group to discuss size of consultation. This is a Council asset and so should be District wide</p>	
	<p>HCC stated as the Library is their asset, they will also need to conduct some form of consultation at County level but subject to agreement.</p>	
<b>6</b>	<b>Observations on potential feasibility issues</b>	<b>SH</b>
	<p>No added benefit to bringing in additional 3<sup>rd</sup> party land which may prove costly and potentially leads to delay. Would not result in better outcome to the masterplan.</p>	
	<p>Victoria road car park – a medium term decision and not an important starting point – it is not being used to full capacity so car parking provision should be viewed as a whole across Fleet and not on a per car park basis.</p>	
	<p>Recommend looking at further business case for the theatre and bringing in specialist consultants to look at the overall revenue and funding for the theatre which has a community value factor and community social value to understand and accept at this point – WG should assess affordability versus value to the town as a whole. Use as a starting point of a masterplan where we are with the overall business case and feed those into the options as well.</p> <p>Review and come back in a month's time.</p> <p>Meeting for further discussion to be organized with SH, OP and GL.</p>	<b>GL</b>
<b>7</b>	<b>AOB</b>	
	<p>Thank you for time and continued hard work. In summary, advisors are tasked with continuing the work on the business cases and then deliver a summary to the WG early December including potential options for the draft engagement/listening exercise may look like.</p>	
	<b>Meeting ended 12.35pm.</b>	

**CABINET**

**DATE OF MEETING: 3 DECEMBER 2020**

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

**Report of: Head of Corporate Services**

**Cabinet Member: Councillor James Radley**

**1 PURPOSE OF REPORT**

- 1.1 To inform Cabinet of the position on revenue and capital expenditure at the end of September. Overview and Scrutiny considered this report at its meeting on 17 November 2020.
- 1.2 At its September meeting, the Council agreed a revised balanced budget. Full details of variances to the end of September are shown in the attached appendix. At the point the variance analysis was carried no variances were considered to be of undue concern, however this will be revisited in the light of the second wave of Covid-19.
- 1.3 Please note a verbal update will be provided to this report detailing changes resulting from the second lockdown imposed on the 5 November 2020.

**2 OFFICER RECOMMENDATION**

- 2.1 To note the revised projections and reasons for the main revenue variations shown in Appendix 1 and Paragraph 4 below.
- 2.2 To note the current spending position for Capital shown in Appendix 2.

**3 BACKGROUND**

- 3.1 This report covers the period from 1 April to 30 September 2020.
- 3.2 It is important that regular monitoring of budgets is undertaken to ensure financial targets being set by the Council are being met and to make any necessary changes to approved budgets.

**4 REVENUE BUDGET MONITORING**

- 4.1 The revenue budget for 2020/21 was approved and is a balanced budget for 2020/21.

This position will be closely monitored for the remainder of the financial year and any variance from this position will be reported at the quarterly updates.

The significant variances this period are:

Pressures

- Closure of Leisure Centre – Loss of Income £315k
- Waste Contract – Invoices of £1.5m not yet raised to BDBC.
- Reduced Car Parking Income - £205k
- Unbudgeted Planning Policy Costs of £29k to date
- Additional IT Costs of £98k Savings
- Staff vacancy savings of £138k

**5 CAPITAL EXPENDITURE MONITORING**

5.1 Capital expenditure at the 30<sup>th</sup> September 2020 was £120k.

5.2 The estimate out turn for capital is unchanged from the original budget. There is a risk that the Fleet Pond Green Corridor Engineering Project will slip into the 2021/2022 financial year. The planning application is due to be submitted for review in December after which the tender process can begin.

Assuming no delays, the work will commence in late Q4 20.

Total variances of £445k for the financial year up to September 2020 of which the main ones are as follows: -

Pressures

- IT Upgrades – cost relating to unbudgeted expenditure of £45k.
- £16k cost relating to unbudgeted expenditure at Edenbrook Skate/Bike Park.

Deferred Expenditure

- £15k saving as no expenditure incurred to date in Private Sector Renewals.
- £13k saving as reduced expenditure incurred to date in Mill Corner (Drainage Project).
- £117k saving as reduced expenditure to date in Fleet Pond Green Corridor Engineering
- Disabled Facilities Grant - £255k savings to date due to scheduled work being delayed by Covid 19.

**6 MANAGEMENT OF RISK**

6.1 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.

**7 CONCLUSION**

7.1 The budget remains on course to achieve the Council's financial objectives in 2020/21.

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**APPENDICES**

Appendix 1 Revenue and Capital Variance Commentary

APPENDIX 1 - EXPLANATION OF THE MAIN REVENUE VARIATIONS.

BUDGET MONITORING UPTO THE END OF SEPTEMBER 2020-21.

Cost Centre	Description	Year To Date			Variance Narrative	Variance Analysis
		Current Budget	Actuals + GRN Commitments	Variance		
HACOML	Commercialisation	£38,606.00	£53,816.53	£15,210.53	Costs incurred to date on the site of The Swan PH North Warnborough are to ensure that the site remains safe and secure. Total cost to date £15k includes spend on Scaffolding, Architects and Bat Survey.	£15K unplanned costs to make safe the site of the Swan PH in North Warnborough.
HAAPPT	Corporate - Apprentices	£4,665.00	£6,057.70	£1,392.70	September 2020 Apprentice Levy was not journalled in September £1k.	
HACOMM	Corporate Communication	£74,233.00	£84,498.87	£10,265.87	Total of £10k of invoices received now that were forecasted to occur later in the year.	£10K spend made earlier than budgeted.
HAPERF	Corporate Performance Team	£38,594.00	£37,442.32	(£1,151.68)	£1k of salary related increases which took effect in October.	
HACVID	Covid19	(£8,426,801.00)	(£8,445,503.74)	(£18,702.74)	The income and expenditure for Covid-19 is expected to balance by the end of the financial year. Grants were received in April 2020, which will be utilised over the course of the year. Some grants are ring fenced for specific purposes e.g. business grants, whilst others will be used to support the community in general. Any underspends will be returned to the Awarding Body.	The income and expenditure for Covid-19 is expected to balance by the end of the financial year. Grants were received in April 2020, which will be utilised over the course of the year. Some grants are ring fenced for specific purposes e.g. business grants, whilst others will be used to support the community in general. Any underspend will be returned to the Awarding Body.
HASCCO	Customer Services Contracts	£97,377.00	£6,463.66	(£90,913.34)	Awaiting invoices from Basingstoke and Deane Borough Council for Q1 and Q2 £91k.	Invoices delayed from BDBC to cover services received YTD (£91k)
HADIGI	Digitalisation	£38,137.00	£36,822.11	(£1,314.89)	£1k of salary related increases which took effect in October.	
HAXAUD	External Audit	£31,734.00	£21,576.40	(£10,157.60)	Q1 and Q2 invoices totalling £32k had not been received at 30th September. Offset by £22k of additional work for 2018/2019 audit that was unforecast. The forecast has been amended to include the additional cost.	Invoices delayed of (£32k) off-set by additional expenditure £22K relating to 2018/19 audit.
HAHRCO	HR Contract	£46,110.00	£17,853.24	(£28,256.76)	£18k saving in salaries due to the delay in recruitment of the HR Business Partner. Recruited to position on 1st November 2020. £10k of Corporate Management Training was yet to be delivered due to current working circumstances.	(£18K) saving due to HR Business Partner vacancy. (£10K) postponed training.
HALOTT	Hart Lottery	£0.00	(£15,184.06)	(£15,184.06)	£11k generated in 2019/2020 yet to be allocated to the Mayors designated charities. At 30th September, invoices totalling £3k for the lottery provider had not yet been received. Expenditure £1k on Publicity for the lottery had yet to be incurred.	Variances due to accounting allocations not yet made. (£11K) - 2019/20 - to be distributed to designated charities
HAITCO	IT Contract	£235,178.00	£332,970.75	£97,792.75	£94k had been spent on upgrading the Wi-Fi connections within the Civic Offices, setting up the VPN for remote working, and the purchase of laptops and mobile telephones to ensure officers could work remotely and effectively. It is envisaged that these costs will be capitalised. Expenditure also included £3k of depreciation which had been put through mid year as opposed to year end. Opposite entry is in HAZORR.	£94K spend on upgrading IT equipment and systems to enable staff to work remotely. This is part of the Digitalisation strategy which was accelerated due to COVID.
HALEGL	Legal Services	£162,178.00	(£5,191.80)	(£167,369.80)	Q1 and Q2 of invoices for the shared service had not been received from Basingstoke & Deane £167k.	BDBC Legal have not yet issued invoices for Q1 & Q2 - (£167K).
HANEIG	Neighbourhood Planning	(£20,000.00)	(£42,090.00)	(£22,090.00)	Neighbourhood planning work had yet to commence due to Covid work resulting in less associated expenditure as at 30th September of £22k.	Planned spend delayed due to COVID - (£22K).
HASETT	New Settlement	£34,280.00	£47,654.43	£13,374.43	£13k of unforecasted spend related to the Covid survey that was issued to residents to understand the impact of Covid on different communities.	Unplanned spend - COVID residents survey - £13K.
HANODC	Non Distributed Costs	£0.00	£77,786.34	£77,786.34	Costs of £78k received for H2 2019/2020 that was not accrued for. Forecast was adjusted to reflect this amendment in October.	Accounting adjustment for pension added years.
HAPPLY	Planning Policy	£148,703.00	£172,762.08	£24,059.08	£6k of salary related increases which took effect in October. Unbudgeted expenditure of £34k was incurred to date in respect of consultant use (£29k) and printing (£5k). £4k of invoices to East Hants District Council had not been received as at 30th September as the work was delayed due to Covid.	Unplanned spend on Planning Consultancy £29K. Delayed printing invoice (£5K).
<b>Corporate Services</b>		<b>(£7,497,006.00)</b>	<b>(£7,612,265.17)</b>	<b>(£115,259.17)</b>		
HACAPI	5 Council Contract - Capita	£1,331,700.00	£347,758.69	(£983,941.31)	Invoices from South and Vale for Indexation and monthly fees to September 2020 not received at 30th September £984k	indexation & client cost invoice delay from 5C contract - as these need to be agreed collectively by all 5151 officers (984k).
HAVINC	5 Council Contract - Vinci	£0.00	£0.00	£0.00		
<b>Corporate Services Contracts</b>		<b>£1,331,700.00</b>	<b>£347,758.69</b>	<b>(£983,941.31)</b>		
HACIVC	Civic Function & Chairman	£4,285.00	£17.00	(£4,268.00)	£4.3k of savings due to no events for the Chairman to attend during Covid.	Chairman unable to attend events due to COVID (£4K).
HAHDEV	Hart Development	£19,534.00	£38,448.21	£18,914.21	£20k of EM3 LEP subscription costs unbudgeted. This forecast movement was amended in October. £1k of salary related increases which took effect in October.	£20K unbudgeted spend on EM3 Local Enterprise Partnership membership. This will assist in the economic development of Hart post COVID.
HALEAD	Leadership Team	£389,950.00	£393,704.71	£3,754.71	£12k LGA Membership. The cost will be moved to HAMEMB to match the forecasted spend. £5k of salary related increases which took effect in October. £1k of training refunded as the course could not go ahead due to Covid. Incorrect coding of £2k credit to be corrected.	LGA membership £12K budgeted in 'Support to Elected Bodies' cost centre but paid by Leadership cost centre.
<b>Democratic Services</b>		<b>£413,769.00</b>	<b>£432,169.92</b>	<b>£18,400.92</b>		



Cost Centre	Description	Year To Date			Variance Narrative	Variance Analysis
		Current Budget	Actuals + GRN Commitments	Variance		
HAHEL	Hart Election Costs	£49,534.00	£48,080.62	(£1,453.38)	£1k of salary related increases which took effect in October.	
HARELC	Rechargeable Elections	£0.00	£14,384.06	£14,384.06	£14k of costs associated with the general election. Reimbursement from Central Government is expected in December 2020.	This over spend will be reimbursed by Central Government in Q3.
HARGST	Register Of Electors	£90,063.00	£64,115.61	(£25,947.39)	£16k of canvassing costs yet to be incurred. £3k postage had not yet been fully incurred and related to the electoral register reminders issued to residents.	(£16K) costs not yet incurred. (£3K) postage not yet incurred.
HAMEMB	Support To Elected Bodies	£201,896.00	£182,258.95	(£19,637.05)	£4k of salary related increases which took effect in October. £1k of savings from no training & travel costs incurred due to Covid. £3k unspent of members IT allowances. £12k of LGA membership which was shown in HALEAD but has now been moved to match the budget.	LGA membership (£12K) budgeted in this cost centre but paid by Leadership cost centre.
<b>Elections</b>		<b>£341,493.00</b>	<b>£308,839.24</b>	<b>(£32,653.76)</b>		
HACFIN	Corporate Finance	£298,957.00	£206,197.82	(£92,759.18)	£63k of savings as a result of recruitment delays. £2k of unspent staff travel savings due to Covid. Consultant costs £13k for September not received at the reporting date of 30th September. £15k of software purchase not yet received relating to council tax software to check all properties invoice was in HARBCO but now moved to match forecasted spend.	(£63K) saving due to vacancies/recruitment delay. (£15K) delayed spend on Council Tax software. (£13K) delayed consultancy invoices.
HAIAUD	Internal Audit	£44,129.00	£41,693.75	(£2,435.25)	£2k relates to the NFI audit invoice for 2019/2020 not received at 30th September.	
<b>Finance</b>		<b>£343,086.00</b>	<b>£247,891.57</b>	<b>(£95,194.43)</b>		
HAFLCT	Frogmore LC Building	£0.00	£29,335.88	£29,335.88	£29k of depreciation which had been put through mid year as opposed to year end. Opposite entry is in HAZORR.	Accounting adjustments relating to depreciation.
HAHLCT	Hart Leisure Centre Building	£0.00	£0.00	£0.00		
HALEIS	Leisure Centres	(£271,886.00)	£176,879.31	£448,765.31	£136k of depreciation which had been put through mid year as opposed to year end. Opposite entry is in HAZORR. £315k of reduced income as a result of the Leisure centre being closed during Covid. £1k of salary related increases which took effect in October. £2k of invoices expected for Staff memberships at the leisure centre not yet received.	Accounting adjustments relating to depreciation £136K Income loss due to enforced COVID closure £315K.
<b>Leisure</b>		<b>(£271,886.00)</b>	<b>£206,215.19</b>	<b>£478,101.19</b>		
HAHCTB	Housing/Council Tax Benefits	(£14,800.00)	£135,499.76	£150,299.76	£199k of additional rent allowances paid out offset by £49k of additional rent allowance subsidy. A further grant was requested from Central Government to eliminate the difference.	Addition rent allowances paid - £199k, off-set by additional rent subsidy (£49K). Overspend should be eliminated by Government Grant application.
HARBCO	Revenues & Benefits Contract	(£174,420.00)	(£133,581.92)	£40,838.08	£8k of software purchase was moved to HACFIN to match the forecasted spend. £37k of reduced income from Court fees. Offset by £4k of unspent court costs and bailiffs fees due to Covid.	Unbudgeted Court Fees £37K
<b>Revenue and Benefits</b>		<b>(£189,220.00)</b>	<b>£1,917.84</b>	<b>£191,137.84</b>		
HASAFE	Community Safety	£88,588.00	£5,444.71	(£83,143.29)	Invoice for Q1 and Q2 from Rushmoor Borough Council £83k not received as at 30th September.	Rushmoor BC have not yet issued invoices for Q1 & Q2 - (£83K).
<b>Community Safety</b>		<b>£88,588.00</b>	<b>£5,444.71</b>	<b>(£83,143.29)</b>		
HAPRIV	Private Sector Housing	£95,216.00	£113,494.05	£18,278.05	£3k of salary related increases which took effect in October. £1k of staff travel not incurred during Covid. £1k of subscription costs not yet spent. £2k of overtime costs incurred from staff working on the Hart Response Hub. £18k of work undertaken on Providence House which will be funded from reserves at year end. £3k of reduced income due to no reports of any Houses of Multiple Occupancy received to date.	£18k of work undertaken on Providence House which will be funded from reserves.
<b>Private Sector Hsg</b>		<b>£95,216.00</b>	<b>£113,494.05</b>	<b>£18,278.05</b>		
HAHOUS	Strategic Housing Services	£62,049.00	(£365,006.62)	(£427,055.62)	£3k of overtime that was unbudgeted relating to staff working on the Hart Response Hub. £430k of developer contributions that have been moved into reserves. Opposite side is in HAZTDC.	(£430k) of developer contributions moved into reserves
<b>Strategic Housing</b>		<b>£62,049.00</b>	<b>(£365,006.62)</b>	<b>(£427,055.62)</b>		
HADOMA	Domestic Abuse	(£494,773.00)	(£31,352.01)	£463,420.99	£463k relating to grants that have already been paid out at the beginning of the year but the budget profile was equally split across the year. This will diminish as the year progresses.	Domestic Abuse is funded by a Government Grant. Hart is the lead authority for several counties. The grant is apportioned evenly over the year but the payments are made to other authorities in advance. The variance will reduce to zero over the financial year.
HANEED	Housing Needs Service	£177,558.00	£228,602.84	£51,044.84	£2k of overtime relating to Hart Response Hub work. £19k of Software costs budgeted for later in the year. £13k of additional rent deposit payments. £81k of grant received but sitting in HAINCL. This has now been moved. £5k of housing register sales not yet invoiced. Expected to occur December/January. £9k of salary related increases which took effect in October. £2k of staff travel and £2k of medical fees not incurred during Covid. £28k of homelessness costs and £7k of debt write off costs not yet incurred. £14k of Bed and Breakfast costs invoices had not been received. £7k of additional cost recovery.	Grant allocations (£81K) to be added to Housing Needs. Homeless costs £28K under budget
HAPRSF	PRSAcessFund	£0.00	(£97,200.00)	(£97,200.00)	£97k of grant funding received in 2019/2020 but had not yet been paid to BDBC.	(£97K) grant funding to be paid to BDBC.
<b>Homelessness</b>		<b>(£317,215.00)</b>	<b>£100,050.83</b>	<b>£417,265.83</b>		
HABLAZ	Homelessness Trailblazer	£0.00	£0.00	£0.00		
HAINCL	Social Inclusion & Partnership	(£92,733.00)	(£208,503.43)	(£115,770.43)	£81k grant received that has been transferred to HANEED. £9k of salary related increases which took effect in October. £25k of homelessness related costs not yet incurred.	Grant allocations (£81K) to be transferred to Housing Needs. Homeless costs (£25K) under budget
<b>Social Inclusion</b>		<b>(£92,733.00)</b>	<b>(£208,503.43)</b>	<b>(£115,770.43)</b>		
HATAXI	Hackney Carriages	£8,835.00	(£43,755.43)	(£52,590.43)	£52k of invoices not yet received for Q4 2019/2020 to Q2 2020/2021 from Basingstoke & Deane.	BCBC Licencing have not yet issued invoices for Q1 & Q2 - (£53K).

Cost Centre	Description	Year To Date			Variance Narrative	Variance Analysis
		Current Budget	Actuals + GRN Commitments	Variance		
HALNCE	Licences	£16,974.00	£11,503.36	(£5,470.64)	£24k of savings from not having received Q1 and Q2 2020/2021 invoices from Basingstoke & Deane. £19k of income not yet received from Basingstoke. Licences extended by Basingstoke to allow for continued trading during lockdown.	BDBC Licencing have not yet issued invoices for Q1 & Q2 - £24K. BDBC income not yet received - (£19K).
<b>Licences</b>		<b>£25,809.00</b>	<b>(£32,252.07)</b>	<b>(£58,061.07)</b>		
HAEHCM	Env Health Commercial	£78,667.00	£78,673.21	£6.21		
HAEHPR	Environmental Protection	£125,482.00	£97,298.65	(£28,183.35)	£28k of salary related savings due to recruitment delays and the increases which took effect in October.	(£28K) saving due to vacancies/recruitment delay.
HAOOHN	Out Of Hours Noise Service	£10,778.00	£8,217.51	(£2,560.49)	£3k of savings due to reduced demand during lockdown.	
HAPEST	Pest Control	(£61.00)	£1,724.77	£1,785.77	£2k of reduced income from the sub contractor. Officer is investigating this.	
<b>Environmental Health</b>		<b>£214,866.00</b>	<b>£185,914.14</b>	<b>(£28,951.86)</b>		
HABLDG	Admin Bldgs - R & M	£276,441.00	£254,012.93	(£22,428.07)	£3k of overtime not yet transferred to provide cover during lockdown. £55k of building repairs, £11k of electricity, £3k of gas invoices, £5k of water rates, £3k of catering costs, £3k of security systems and £3k of contract cleaning invoices not yet received. Costs expected to be reduced due to officer remote working. £2k of additional income from rent of office space. £5k of additional equipment for Covid such as hand sanitisers and desk wipes. £24k of additional AV equipment which is funded from a reserve for the Council chamber. £37k of depreciation which had been put through mid year as opposed to year end. Opposite entry is in HAZORR.	Invoices expected which will eliminate the underspend.
HABSST	Business Support Staff	£222,026.00	£361,411.19	£139,385.19	£147k of software costs that had been forecast later in the year. £4k of agency staff invoices not received and £4k saved on stationery due to remote officer working.	IDOX software expense, budgeted for later in the year £147K. Agency Staff Invoices not yet received (£4K). Reduced stationery use due to staff working remotely (£4K).
HAPRNT	Print Room & Photocopying	£11,000.00	£7,252.21	(£3,747.79)	£4K saved due to officers remote working and so reduced use of the print room.	
<b>Business Support</b>		<b>£509,467.00</b>	<b>£622,676.33</b>	<b>£113,209.33</b>		
HASHRC	Churchyards	£6,000.00	£6,064.20	£64.20		
HADOGS	Dog Warden	£33,695.00	£27,589.87	(£6,105.13)	£3k of sub contractor, £1k of kennelling fees, £1k of vets fees and £1k of vehicle servicing and licence fees invoices not yet received.	Invoices expected which will eliminate the underspend.
HAECDV	EconomicDevelopment	£26,897.00	£21,778.98	(£5,118.02)	£5k of publicity not yet incurred.	
HAHSFY	Health & Safety	£32,996.00	£30,334.88	(£2,661.12)	£1k of salary related increases which took effect in October. £2k of training not yet incurred.	
HAWELL	Health and Wellbeing	£27,843.00	£27,191.18	(£651.82)		
HALCHG	Local Land Charges	(£38,725.00)	(£63,984.58)	(£25,259.58)	£25k of invoices not yet received from Hampshire County Council.	HCC have not yet issued invoices for Q1 & Q2 - (£25K).
<b>Regulatory Services</b>		<b>£88,706.00</b>	<b>£48,974.53</b>	<b>(£39,731.47)</b>		
HABCFE	Building Control - Fee Earning	(£45,696.00)	(£76,654.20)	(£30,958.20)	£25k of invoices from Rushmoor BC for Q2 not received. £5k of additional income.	Rushmoor BC have not yet issued invoices for Q1 & Q2 - (£25K).
HABCNF	Building Control - Non-Fee	£52,085.00	(£7,275.11)	(£59,360.11)	£59k of Rushmoor BC invoices not yet received.	Rushmoor BC have not yet issued invoices for Q1 & Q2 - (£59K).
HAPDEV	Planning Development	£64,423.00	£18,266.49	(£46,156.51)	£34k of salary related increases which took effect in October. £2k of additional developers contributions. £10k of cost recovery from planning appeals won.	Accounting adjustments relating to salary increases will reduce this variance in October (£34K). Planning appeal won (£10K).
HANAME	Street Naming & Numbering	(£1,551.00)	(£5,448.48)	(£3,897.48)	£4k of additional sales income.	
<b>Planning</b>		<b>£69,261.00</b>	<b>(£71,111.30)</b>	<b>(£140,372.30)</b>		
HABIOD	Biodiversity	£27,947.00	(£80,913.95)	(£108,860.95)	£104k of developers contributions that have been transferred to reserves. The opposite entry is in HAZTDC. £5k of savings from delay in recruitment. Post recruited in October.	Developers contribution transferred to reserves - £104K.
HABSNG	Bramshot Farm	£50,532.00	(£868,409.20)	(£918,941.20)	£931k of S106 developer contributions moved into reserves. The opposite entry is in HAZTDC. £3k of salary related increases which took effect in October. £2k of Clothing and uniforms not yet incurred. £17k of depreciation which had been put through mid year as opposed to year end. Opposite entry is in HAZORR.	Developers contribution transferred to reserves - (£931k). Accounting adjustments relating to depreciation - £17K.
HAESNG	Edenbrook Country Park	£27,432.00	£12,500.24	(£14,931.76)	£11k of S106 developer contributions that were transferred into reserves. The opposite entry is in HAZTDC. £3k of sub contracted work invoices not yet received.	Developers contribution transferred to reserves - (£11K).
HAEHNR	Elvetham Heath Nature Reserve	£1,490.00	(£1,619.52)	(£3,109.52)	£3k of Sub-Contractor invoices not yet incurred.	
HAEVPO	Environment Promotion Strategy	£214,960.00	£127,178.51	(£87,781.49)	£24k of salary related savings from recruitment delay and increases which took effect in October. £4k of vehicle servicing, £3k of equipment purchases, £30k of sub-contracted work not yet incurred. £20k of Blackwater Valley Canal Project costs not yet received. £5k of clothing costs not yet spent. £2k of publicity not yet incurred.	(£24K) saving due to vacancies/recruitment delay. (£30K) saving on sub-contract work on delayed projects. Invoices not yet received (£27K), including: Blackwater Valley Canal Project (£20K).
HAPOND	Fleet Pond	£30,477.00	£37,422.69	£6,945.69	£5k of repairs and maintenance costs and £1k of sub-contracted work Invoices not yet received. £13k of depreciation which had been put through mid year as opposed to year end. Opposite entry is in HAZORR.	Accounting adjustments due to depreciation - £13K off-set by invoices not yet received (£6K).
HACOMS	Hartley Wintney Commons	(£2,618.00)	(£986.33)	£1,631.67	£2k of sub contracted work that was forecast later in the year.	
HAREPO	Land Repossessions	£0.00	£0.00	£0.00		
HACONS	Landscape & Conservation	£30,155.00	£28,718.05	(£1,436.95)	£1k of salary related increases which took effect in October.	
HAOCOM	Odiham Common	£897.00	(£1,208.94)	(£2,105.94)	£2k of Sub-Contracted work invoices not yet received.	



Cost Centre	Description	Year To Date			Variance Narrative	Variance Analysis
		Current Budget	Actuals + GRN Commitments	Variance		
HASSNG	Small SANG Sites	£17,403.00	(£31,944.51)	(£49,347.51)	£46k of S106 developer fees that were moved to reserves. The opposite side of the transaction is in HAZTDC. £1k of clothing and uniforms not yet incurred. £2k of sub-contracted works invoices not yet received.	Developers contribution transferred to reserves - (£46K).
HATREE	Tree Preservation Orders	£86,949.00	£80,814.71	(£6,134.29)	£2k of salary related increases which took effect in October. £2k of consultants costs and £2k of fees invoices not yet received.	Invoices not yet received (£4K).
<b>Countryside and Ecology</b>		<b>£485,624.00</b>	<b>(£698,448.25)</b>	<b>(£1,184,072.25)</b>		
HAWBDC	Basingstoke Waste Contract	£0.00	£1,476,818.12	£1,476,818.12	£1.5m of invoices not as yet created for the costs in this budget. This will be done in the coming months.	Hart have not yet issued invoices for Q1 & Q2 - £1.5M.
HABULK	Clinical and Bulky	(£13,055.00)	(£25,548.12)	(£12,493.12)	£12k of invoices not yet received. The costs are sitting in HAWSTE and have been moved across to sit with the forecasted spend.	Invoices not yet received (£12K).
HAWCLT	Waste Client Team	(£540,506.00)	(£630,794.06)	(£90,288.06)	£6k of salary related increases which took effect in October. £1k of agency staff savings during Covid. £2k of printing invoices not received from Basingstoke & Deane. £11k of Project MAF contribution invoice not yet received from Hampshire County Council. £88k of additional garden waste income. £15k of GRN'd domestic bin invoice but the invoice has not yet been received. PO has been cancelled. £3k of consultants costs relating to joint governance group work unbudgeted. The forecast has now been updated	Garden Waste income (£88K). These are payments in advance which will be distributed across 12 months - consequently some of this income relates to 2021/22 and will be subject to an accounting adjustment.
HAWSTE	Waste Contract	£845,774.00	£639,620.78	(£206,153.22)	£198k of Serco core contract and £20k of Serco variable contract invoices for September not yet received. Reduced income of £12k against bin sales.	September invoice not yet received from Serco - (£198K).
HAWORD	Waste Contract Split Orders	£0.00	£0.00	£0.00		
HAWCOM	Waste Education & Comms	£10,100.00	(£1,312.38)	(£11,412.38)	£11k of printing costs related to waste recycling leaflets for residents not yet incurred.	Delay in producing and distributing waste information leaflets to residents - (£11K).
<b>Waste &amp; Recycling</b>		<b>£302,313.00</b>	<b>£1,458,784.34</b>	<b>£1,156,471.34</b>		
HAEP LN	Emergency Planning	£26,808.00	£5,531.94	(£21,276.06)	£21k of invoice from Hampshire CC for Local Resilience Plan not yet received.	Hampshire CC have not yet issued invoice for local resilience plan - (£21K).
HADRNG	Hart Drainage	£71,463.00	£34,199.84	(£37,263.16)	£39k of sub-contracted work had not been incurred. £2k of depreciation had been put through mid year as opposed to year end. Opposite entry is in HAZORR.	(£39K) saving on sub-contract work on delayed projects.
HAHIDC	Highways Agency - Development	£0.00	£0.00	£0.00		
HAHITM	Highways Traffic Management	£32,173.00	£52,948.93	£20,775.93	£2k overspend on overtime due to officer work on the Hart Response Hub. £12k overspend of sub-contracted works relating to the Fleet Road pedestrianisation. Officers have been asked if these costs will be capitalised. £14k less revenue from reduced road closure fees. £4k saved on advertising costs as less demand for road closure notices. £3k of savings on consultants not yet incurred.	£26K over-spend on sub-contract work on Fleet Road pedestrianisation, off set by consultancy savings (£3K).
<b>Infrastructure</b>		<b>£130,444.00</b>	<b>£92,680.71</b>	<b>(£37,763.29)</b>		
HAPKOF	Off Street Parking	(£46,229.00)	£140,536.95	£186,765.95	£2k of salary related increases which took effect in October. £7k of notice board expenditure not yet incurred. £1k of printing cost invoices not yet incurred as a result of the free parking for the period April to July. £1k of software purchases not yet incurred. £5k of sub-contracted work invoices not yet received. £17k of ticket machine cost incurred earlier than forecast. £185k of reduced income as a result of the free parking from April to July. Annual forecast already reduced.	£185K reduced income due to car park closure (April-July).
HAPKON	On Street Parking	£42,105.00	£60,417.42	£18,312.42	£2k of salary related increases which took effect in October. £5k of printing costs not incurred due to free parking from April to August. £3k of software invoices and £2k of sub contracted work invoices yet to be received. £5k of ticket machine additional costs. Forecast has been adjusted accordingly. £2k of depreciation which had been put through mid year as opposed to year end. Opposite entry is in HAZORR.. £23k of lost income due to the free parking from April to July. Annual forecast already adjusted.	£23K reduced income due to car park closure (April-July). Additional spend on car parking equipment (£5K).
<b>Parking</b>		<b>(£4,124.00)</b>	<b>£200,954.37</b>	<b>£205,078.37</b>		
HACCTV	CCTV	£83,684.00	£76,468.28	(£7,215.72)	£11k of Q2 invoice from Rushmoor not yet received. £4k of depreciation which had been put through mid year as opposed to year end. Opposite entry is in HAZORR.	Rushmoor BC have not yet issued invoices for Q2 - (£11K) off-set by accounting adjustment - depreciation -£4K
HACLMT	Climate Change	£20,100.00	£7,157.79	(£12,942.21)	£13k of salary related savings due to recruitment delay and the annual increment which took effect in October.	(£12K) saving due to vacancies/recruitment delay.
HAESTA	Estates/Asset Management	£30,048.00	£20,555.19	(£9,492.81)	£18k of invoices from Southampton City Council for Officers time yet to be received. Offset by £8k of depreciation which had been put through mid year as opposed to year end. Opposite entry is in HAZORR.. £1k wayleaves income not yet invoiced.	Southampton CC have not yet issued invoices for Officers time (£18K), offset by accounting adjustment for depreciation £8K.
HAGNDS	Grounds Mtn Contract	£183,386.00	£82,179.11	(£101,206.89)	£144k of fees and hired services invoices from Basingstoke & Deane for Q1 and Q2 not yet received. £37k of additional cost for Elvetham Heath verge maintenance payment. £6k of reduced income from Hampshire County Council invoice not yet created.	BDBC have not yet issued invoices for Q1 & Q2 - (£144K). Additional cost for Elvetham Heath verge maintenance - £37K.
HASTRT	Street Cleaning	£342,292.00	£150,810.05	(£191,481.95)	£171k of Fees and Hired Services invoices from Basingstoke and Deane BC for Q1 and Q2 not yet received. £20k of invoices from East Hants District Council enforcement not yet received.	BDBC have not yet issued invoices for Q1 & Q2 - (£171K). East Hants DC not yet issued invoices for enforcement - (£20K).
HAFURN	Street Furniture	£1,505.00	£3,794.23	£2,289.23	£2k of equipment purchase was incurred ahead of the forecasted spend.	
<b>Tech Serv</b>		<b>£661,015.00</b>	<b>£340,964.65</b>	<b>(£320,050.35)</b>		

Cost Centre	Description	Year To Date			Variance Narrative	Variance Analysis
		Current Budget	Actuals + GRN Commitments	Variance		
HAZAOE	Other Operating Expenditure	£1,697,737.00	£3,395,473.85	£1,697,736.85	£1,698k relates to the total precepts paid for the year whereas the forecast profile was evenly split.	£1,698K relates to the total precepts paid for the year whereas the budget was split evenly across year.
<b>Other Operating Expenditure</b>		<b>£1,697,737.00</b>	<b>£3,395,473.85</b>	<b>£1,697,736.85</b>		
HAZEFN	Financing & Investment Income	(£166,751.00)	(£269,563.13)	(£102,812.13)	£49k of Q2 interest payable invoice yet to be received. £117k of Q3 income on investment property raised in advance of the forecast. £63k of interest receivable was yet to be received.	(£120K) rental income (unbudgeted) from Investment property received as a reduction in purchase price as compensation for tenants payment holiday.
<b>Financial &amp; Investment Income</b>		<b>(£166,751.00)</b>	<b>(£269,563.13)</b>	<b>(£102,812.13)</b>		
HAZJTG	Taxation & Non Specific Grants	(£3,414,249.00)	(£5,688,544.00)	(£2,274,295.00)	£2,274k of grant income received at the start of the year whereas the forecast shows money split across the year.	(£2,274k) of grant income received at the start of the year whereas the budget is evenly split across the year.
<b>Taxation &amp; Non Specific Grants</b>		<b>(£3,414,249.00)</b>	<b>(£5,688,544.00)</b>	<b>(£2,274,295.00)</b>		
HAZTDC	MIRS - Direct Costs	£0.00	£1,522,081.78	£1,522,081.78	£430k of Affordable Housing, £104k Biodiversity, £931k of Bramshot Farm SANGS, £11k of Edenbrook Country Park SANGS, £46k of Small SANG Sites transfers to reserves.	Developers contributions to be transferred to reserves: Affordable Housing £430K Biodiversity £104K Bramshot Farm £931K Edenbrook Country Park £11K Small SANGS £46K
HAZORR	MIRS - Reversal of Revenue	(£49,388.00)	(£250,731.93)	(£201,343.93)	£201k of depreciation charges as the opposite side of the charges shown above.	Accounting adjustment for depreciation (£201K).
<b>MIRS</b>		<b>(£49,388.00)</b>	<b>£1,271,349.85</b>	<b>£1,320,737.85</b>		
<b>Grand Totals</b>		<b>(£5,141,429.00)</b>	<b>(£5,564,139.16)</b>	<b>(£422,710.16)</b>		

APPENDIX 2 - EXPLANATION OF THE MAIN CAPITAL VARIATIONS

BUDGET MONITORING UPTO THE END OF SEPTEMBER 2020-21.

Cost Centre	Description	Year To Date			Variance Narrative	Variance Analysis
		Current Budget	Actuals + GRN Commitments	Variance		
HAY044	Frogmore Investment	£0.00	£0.00	£0.00		
HAY037	IT Upgrade	£0.00	£44,853.27	£44,853.27	The spend incurred has a £500k reserve that will be drawn down at year end.	Digital Transformation Reserve of £500k to fund expenditure.
HAY040	Investment Property	£22,061.00	£22,061.04	£0.04	This is for the Edenbrook Flats being built. Monthly Management charges.	
HAY009	Sports Hall	£0.00	£0.00	£0.00		
<b>Capital Corporate Serv</b>		<b>£22,061.00</b>	<b>£66,914.31</b>	<b>£44,853.31</b>		
HAY001	Disabled Facs - Mandatory	(£369,322.00)	(£624,605.95)	(£255,283.95)	Grant shown on one line and total expenditure equalling the grant on a second line. If at the end of the year, we have not spent all of the money, the unused grant will go into a reserve HABALS B8062 CGS0001. Due to Covid we have been unable to access homes to carry out the works required.	Due to Covid - Contractors have been unable to access homes to undertake works required.
HAY043	Grants for Affordable Housing	£0.00	£0.00	£0.00		
HAY010	Private Sector Renewal	£15,000.00	£0.00	(£15,000.00)	This is a demand led service. If the spend does not occur as the year progresses, the forecast will be reduced.	This is a demand led service. If the spend does not occur as the year progresses, the forecast will be reduced.
<b>Capital Community Serv</b>		<b>(£354,322.00)</b>	<b>(£624,605.95)</b>	<b>(£270,283.95)</b>		
HAY049	Allotments at Edenbrook	£5,000.00	£0.00	(£5,000.00)	No spend has occurred as yet but will be funded from S106 money.	No expenditure incurred to date. Funding to be transferred at Financial Year End.
HAY008	Bramshot Farm	£0.00	(£1,702.29)	(£1,702.29)	S106 funded and will be drawn down at the year end.	
HAY013	Church Road Improvements	£1,250.00	(£316.45)	(£1,566.45)	Investigation into the failed new car park surface. Waiting for officer to confirm if he has taken this issue to council to request more money to pay for this. No reserves put aside at year end.	
HAY030	Cricket Hill Pond Phase 2	£0.00	£0.00	£0.00		
HAY032	Edenbrook CP - Skate/Bike Park	£0.00	£16,432.00	£16,432.00	Edenbrook is S106 funded. All spend will be drawn down from reserves at year end.	Edenbrook is S106 funded. Funding to be transferred at Financial Year End.
HAY034	Edenbrook CP - Visitor Improve	£0.00	£2,700.00	£2,700.00	Edenbrook is S106 funded. All spend will be drawn down from reserves at year end.	
HAY035	Fleet Pond Fencing	£0.00	(£16,310.00)	(£16,310.00)	Incorrect fencing was installed. Supplier refuses to supply and install correct fencing. Invoice for the wrong fencing is on hold. This is with officers for resolution.	Dispute with regards to incorrect Fence Installed and Invoiced in 2019/20. Invoice will only be paid once dispute resolved.
HAY046	Fleet Pond Green Grid Eng	£118,438.00	£800.00	(£117,638.00)	The funding for this is from S106 and LEP Loan money. This portion is for the engineering works that have just begun. Works delayed by Covid.	The funding for this is from S106 and LEP Loan money. This portion is for the engineering works that have just begun. Works delayed by Covid.
HAY027	HW QEII Fields	£0.00	(£25,207.04)	(£25,207.04)	GRN'd purchase order that has not materialised. Request to officers to close unused PO's before October month end.	Requested to officers that that unused Purchase Order (£25k) be closed.
HAY023	Hazeley Heath Grazing Project	£0.00	£0.00	£0.00	Waiting for acceptable proposals from DEFRA on cow control without using fences.	
HAY025	Hazeley Hth Access Improvement	£0.00	£0.00	£0.00		
HAY024	Hazeley Hth, Dilly Ln NoteBd	£0.00	(£2,046.00)	(£2,046.00)	S106 money funded. GRN'd invoice not materialised. Request for unused PO's to be closed before October month end.	
HAY015	Kingsway Flood Alleviation Sch	£0.00	£1,490.87	£1,490.87	Environment Agency funded. The reserve will be drawn down at the year end.	
HAY012	Mill Corner, North Warnborough	£14,000.00	£750.00	(£13,250.00)	Environment Agency funded. The reserve will be drawn down at the year end.	Environment Agency Funded. Funding to be transferred at Financial Year End.

Cost Centre	Description	Year To Date			Variance Narrative	Variance Analysis
		Current Budget	Actuals + GRN Commitments	Variance		
HAY003	Odiham Common	£0.00	£0.00	£0.00	Timing difference as work is seasonal - Autumn/Winter due to nesting birds.	Expenditure expected to incur over Autumn/Winter Months.
HAY011	Phoenix Green, Hartley Wintney	£0.00	£0.00	£0.00		
HAY039	Refuse Vehicles	£0.00	(£57,399.04)	(£57,399.04)	Invoices to be journalled to offset year end accruals.	Accounting Adjustments to remove (£62k).
HAY017	S106 Leisure Parish	£0.00	£0.00	£0.00		
HAY031	Service Vehicles	£0.00	£0.00	£0.00		
<b>Capital Env and Tech Serv</b>		<b>£138,688.00</b>	<b>(£80,807.95)</b>	<b>(£219,495.95)</b>		
<b>Grand Totals</b>		<b>(£193,573.00)</b>	<b>(£638,499.59)</b>	<b>(£444,926.59)</b>		

**CABINET**

**DATE OF MEETING: 3 DECEMBER 2020**

**TITLE OF REPORT: TREASURY MANAGEMENT STRATEGY– HALF YEAR REVIEW 2020/21**

**Report of: Head of Corporate Services**

**Cabinet Member: Councillor James Radley, Deputy Leader and Finance**

**1 PURPOSE OF REPORT**

To report the Council's Treasury Management activities and performance during the first half of the 2020/21 financial year (April-September 2020).

**2 OFFICER RECOMMENDATION**

That Cabinet review the report and note the treasury management activities and performance during the first half of the 2020/21 financial year.

**3 BACKGROUND**

**3.1 Capital Strategy**

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. Since 2020/21, all local authorities have been required to prepare a Capital Strategy providing

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- an overview of how the associated risk is managed.
- the implications for future financial sustainability.

**3.2 Treasury Management**

The Council operates a balanced budget meaning cash raised during the year meet its cash expenditure. Part of our Treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans which may either be met from existing reserves of borrowing. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

## 4 INTRODUCTION

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2020/21 financial year provided by Link Asset Management.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators.
- A review of the Council's investment portfolio for 2020/21.
- A review of the Council's borrowing strategy for 2020/21.
- A review of any debt rescheduling undertaken during 2020/21.
- A review of compliance with Treasury and Prudential Limits for 2020/21.

## 5 ECONOMIC UPDATE

### 5.1.1 Economic update written by Link Asset Services the Council's investment advisors shown below in italic.

*As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6<sup>th</sup> August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:*

- *The fall in **GDP** in the first half of 2020 was revised from 28% to 23%. This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.*
- *The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.*
- *It forecast that there would be excess demand in the economy by Q3 2022 causing **CPI inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.*
- *It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.*
- *The MPC still expects the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.*
- *In conclusion, this would indicate that the Bank can now just sit on its hands as the economy is recovering better than expected. However, the*



MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to **downside risks**, which were judged to persist both in the short and medium term. One has only to look at the potential for a second wave of the virus to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down in the furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE. Overall, the pace of recovery is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. There will also be some painful longer-term adjustments as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.

- One key addition to **forward guidance** was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years’ time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- The **Financial Policy Committee (FPC)** report on 6<sup>th</sup> August revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.
- Overall, it is expected that there has been a strong pickup in economic growth during the back end of quarter 2 of 2020. However, that pace is likely to fade as the furlough scheme ending in October will lead to many job losses during the second half of the year. Consumers will also probably remain cautious in spending and this will dampen growth. Uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind.
- **US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked its inflation target from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary

policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary “trap” like Japan. It is to be noted that inflation has actually been under shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- **EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP. However, there are growing fears of a second wave of the virus that could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** There are some concerns that a second wave of the virus is gaining momentum and could damage economic growth further. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.
- **World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

**Interest rate forecasts**

The Council's treasury advisor, Link Group, has provided the following forecasts (PWLB rates are certainty rates):

Link Group Interest Rate View 11.8.20		Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View		0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month average earnings		0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
6 Month LIBID		0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
12 Month LIBID		0.20	0.20	0.20	0.20	0.20	0.20	0.20	-	-	-	-
5yr PWLB Rate		1.90	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate		2.10	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate		2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate		2.30	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

Additional notes by Link on this forecast table: -

- As LIBOR rates will cease from the end of 2021, there are no LIBID forecasts for 2022/23. Link will be continuing to look at market developments in this area and will monitor these with a view to communicating with clients when full financial market agreement is reached on how to replace LIBOR. This is likely to be an iteration of the overnight SONIA rate and the use of compounded rates and Overnight Index Swap (OIS) rates for forecasting purposes.
- Please note that we have made a slight change to our interest rate forecasts table above. Traditionally, we have used 3m LIBID forecasts, with the rate calculated using market convention of 1/8th (0.125%) taken off the LIBOR figure. Given that 3m LIBOR is currently running below 10bps, that would give a figure of around 0% to somewhere modestly into negative territory. However, the liquidity premium that is still in evidence at the short end of the curve means that 3m rates actually being achieved by local authority investors are still modestly in positive territory. While there are differences between counterparty offer rates, our analysis would suggest that an average rate of around 10bps should be achievable. The coronavirus outbreak has done huge economic damage to the UK and around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its last meeting on 6<sup>th</sup> August, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31<sup>st</sup> March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

**GILT YIELDS / PWLB RATES.** There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context

for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a falling trend during the year up until the coronavirus crisis hit western economies. Since then, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies and moved cash into safe haven assets i.e. government bonds. However, major western central banks started massive quantitative easing purchases of government bonds and this has acted to maintain downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance, in "normal" times would have caused bond yields to rise sharply. At the close of the day on 28<sup>th</sup> August, all gilt yields from 1 to 4 years were in negative territory, while even 25-year yields were at only 0.97% and 50 year at 0.82%. Meanwhile, equity markets have enjoyed a rebound since the lows of March as confidence has started to return among investors that the worst is over and recovery is now on the way.

From the local authority borrowing perspective, HM Treasury imposed **two changes of margins over gilt yields for PWLB rates** in 2019-20 without any prior warning. The first took place on 9<sup>th</sup> October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11<sup>th</sup> March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4<sup>th</sup> June, but that date was subsequently put back to 31<sup>st</sup> July. It is clear that the Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial

property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11<sup>th</sup> March 2020 in margins over gilt yields, the current situation is as follows:

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year

As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

#### **The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably relatively even but is subject to major uncertainty due to the virus.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

#### **Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- **UK** - second nationwide wave of virus infections requiring a national lockdown
- **UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of

*Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.*

- *Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.*
- ***German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.*
- ***Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.*
- ***Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.*
- ***Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.*
- ***US – the Presidential election in 2020:** this could have repercussions for the US economy and SINO-US trade relations.*

#### **Upside risks to current forecasts for UK gilt yields and PWLB rates**

- ***UK** - stronger than currently expected recovery in UK economy.*
- ***Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.*
- *The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.*

## 6 TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY UPDATE

- 6.1 The Treasury Management Strategy Statement (TMSS) for 2020/21 was approved by the Council on 6<sup>th</sup> February 2020. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved

Prudential Indicator 2020/21	2020/21 Original £'000	2020/21 Revised £'000
Authorised Limit	30,000	30,000
Operational Boundary	25,000	25,000
Capital Financing Requirement	41,489	41,489

## 7 THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)

- 7.1 This part of the report is structured to update:
- The Council's capital expenditure plans.
  - How these plans are being financed.
  - The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
  - Compliance with the limits in place for borrowing activity.

### 7.2 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget

Capital Expenditure by Service	2020/21 Original Estimate £'000	2020/21 Revised Estimate £'000
Corporate Services	893	893
Community Services	579	579
Place	24	24
Environmental and Technical Services	4,581	4,581
Commercialisation	16,300	16,300
<b>Total capital expenditure</b>	<b>22,377</b>	<b>22,377</b>

### 7.3 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans, highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Financing	2020/21 Original Estimate £'000	2020/21 Forecast £'000
<b>Total capital expenditure</b>	<b>22,377</b>	<b>22,377</b>
Financed by:		
S106 Contributions	1,773	1,773
Grants	1,959	1,959
Housing Capital Receipts Revenue	45	45
<b>Total financing</b>	<b>3,777</b>	<b>3,777</b>
<b>Borrowing requirement</b>	<b>18,600</b>	<b>18,600</b>

### 7.4 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary



7.4.1 The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

#### 7.4.2 Prudential Indicator – Capital Financing Requirement

We are on target to achieve the original forecast Capital Financing Requirement.

#### 7.4.3 Prudential Indicator – the Operational Boundary for external debt

Operational Boundary for external debt	2020/21 Original Estimate £'000	2020/21 Revised Estimate £'000
CFR	41,489	41,489
<b>Total CFR</b>	<b>41,489</b>	<b>41,489</b>
Borrowing	11,008	11,008
<b>Total debt (year-end position)</b>	<b>11,008</b>	<b>11,008</b>

#### 7.5 Limits to Borrowing Activity

7.5.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose\*. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent. The Council's Operational Boundary is £25m

	2020/21 Original Estimate £'000	2020/21 Revised Estimate £'000
Borrowing	11,008	11,008
<b>Total debt</b>	<b>11,008</b>	<b>11,008</b>
<b>CFR (year-end position)</b>	<b>41,489</b>	<b>41,489</b>

7.6 The Head of Corporate Services reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

7.7 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is

prohibited. It is set and revised by Members. It reflects the level of borrowing could be afforded in the short term and is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Council's Authorisation Limit is £30m

	2020/21 Original Estimate £'000	2020/21 Revised Estimate £'000
Borrowing	11,008	11,008
<b>Total</b>	<b>11,008</b>	<b>11,008</b>

## 8 INVESTMENT PORTFOLIO 2020/21

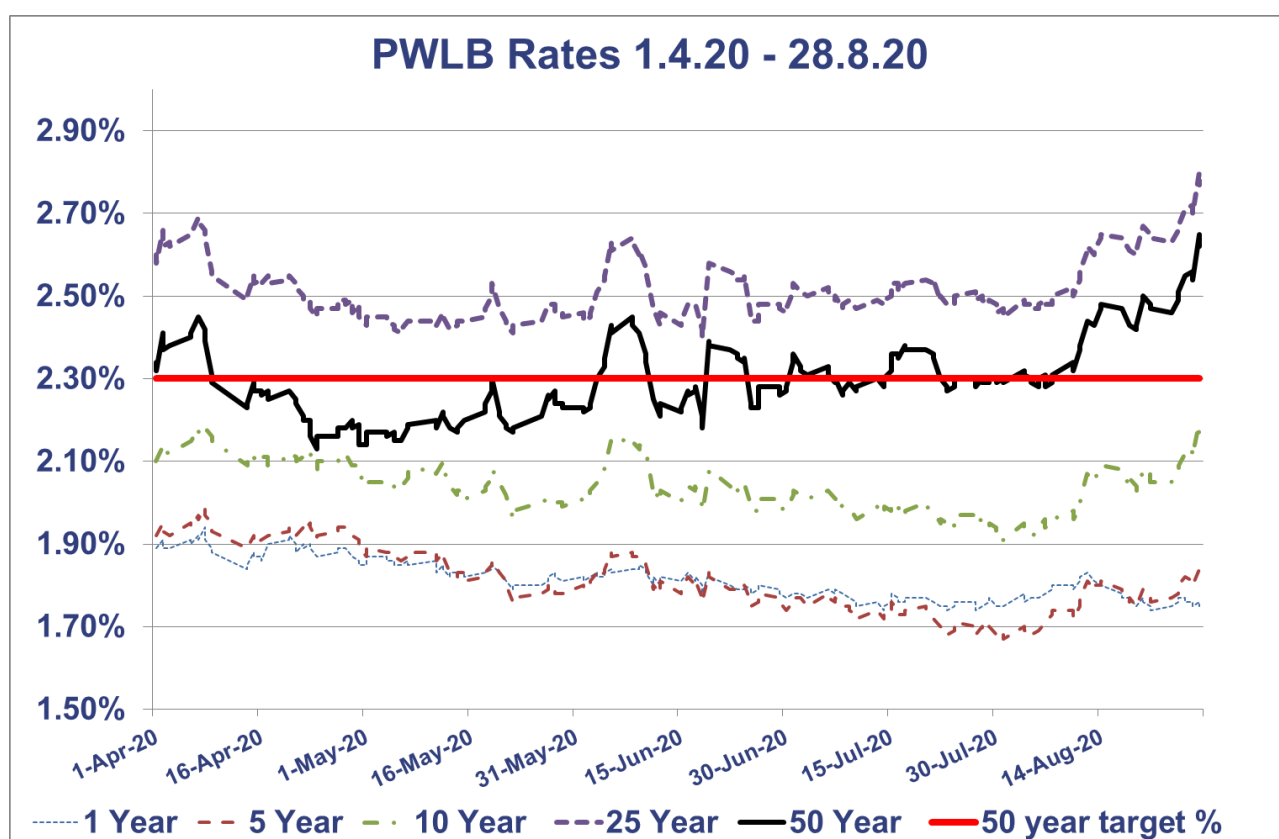
- 8.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by the forecasts in section 3.2, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates up to 12 months are either negative or barely above zero now that Bank Rate is at 0.10%. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31st March 2023, investment returns are expected to remain low.
- 8.2 The Council held £35.83m of investments as of 30 September 2020 (£29.64m on 31st March 2020). The full list of investments held on 30 September 2020 can be found below in Appendix 2.
- 8.3 The Annual Investment Strategy approved limits were breached once during the first 6 months of 2020/21.
- 8.4 On 15 September 2020 we breached our counterparty limit of £5m with Barclays by £169,990.80. This was due to receiving a large unexpected NDR receipt of £247,668.60 after 4pm on the day in question. Officers at Mendip District Council who provide the service have taken steps to improve our processes to avoid any further breaches in the future.
- 8.5 The Council's budgeted investment return for 2020/21 is £200,000, and performance for the year to date £37,000.

## 9 BORROWING

- 9.1 The Council's capital financing requirement (CFR) for 2020/21 is £41.49m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is

generally driven by market conditions. Table 8.4 shows the Council has borrowings of £11m and has utilised £12.4m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

- 9.2 Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), no new external borrowing has been undertaken. However, due to the increase in PWLB margins over gilt yields in October 2019, and the subsequent consultation on these margins by HM Treasury - which ended on 31st July 2020 - the Authority has refrained from undertaking new long-term PWLB borrowing. It is anticipated that the only reason for further borrowing to be taken out would be because of commercial investments.
- 9.3 The graph and table below show the movement in PWLB certainty rates since the start of the current financial year. PWLB rates have varied within a relatively narrow range between April and July but the longer end of the curve has risen during August.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.74%	1.67%	1.91%	2.40%	2.13%
Date	14/07/2020	30/07/2020	31/07/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.80%	2.65%
Date	08/04/2020	08/04/2020	08/04/2020	28/08/2020	28/08/2020
Average	1.81%	1.81%	2.04%	2.52%	2.30%

## 10 DEBT RESCHEDULING

Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

## 11 OTHER

### 11.1 Changes in risk appetite

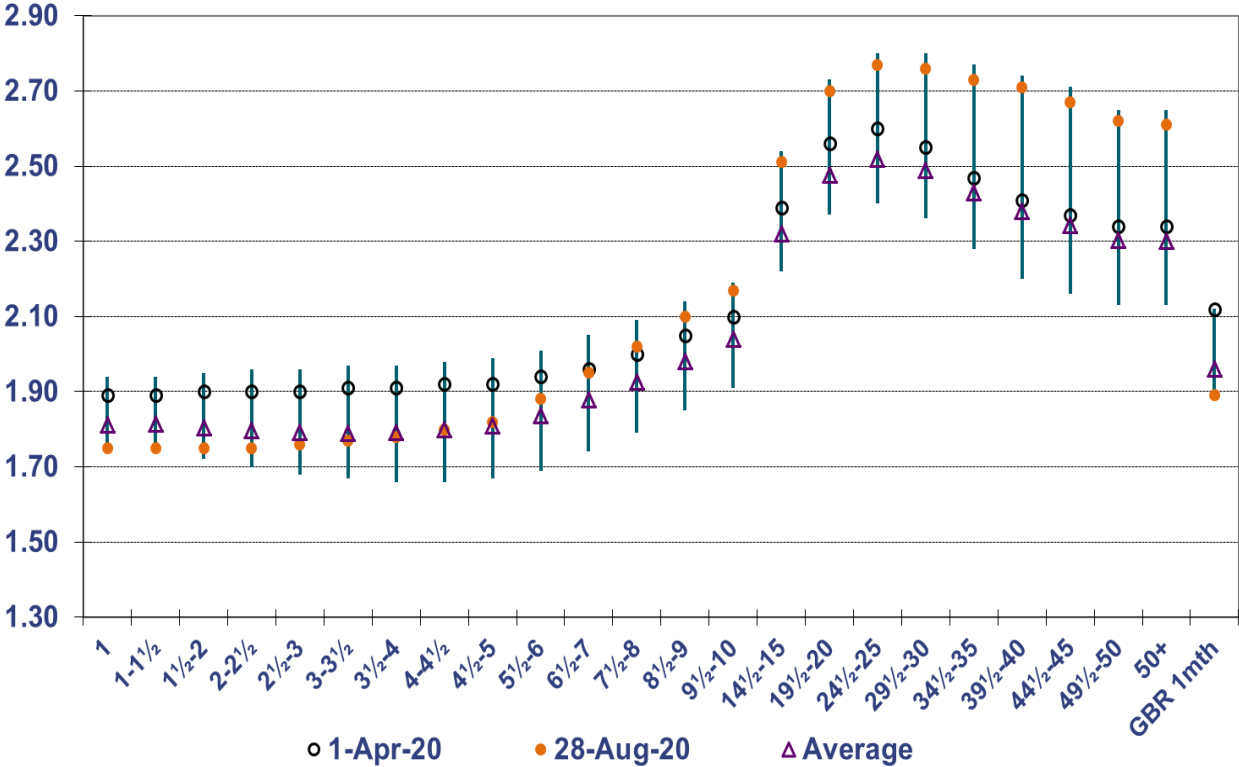
There is no change in the risk appetite as the security of the Council's funds is paramount and will continue to follow Link Services advice placing funds in line with The Treasury Management Strategy Statement. Link Assets services are running a series of workshops in December for Members to understand alternative investments and change to the risk appetite.

### 11.2 Counterparty limits

Approval was sought to implement emergency additional measures to enable the Council to handle the significant additional cash it receives (£14m+) and pay out in Grant Payments during this phase of the Covid19 response. The recommendation was to increase counterparty limits from £5m to £10m from April 2020 – June 2020

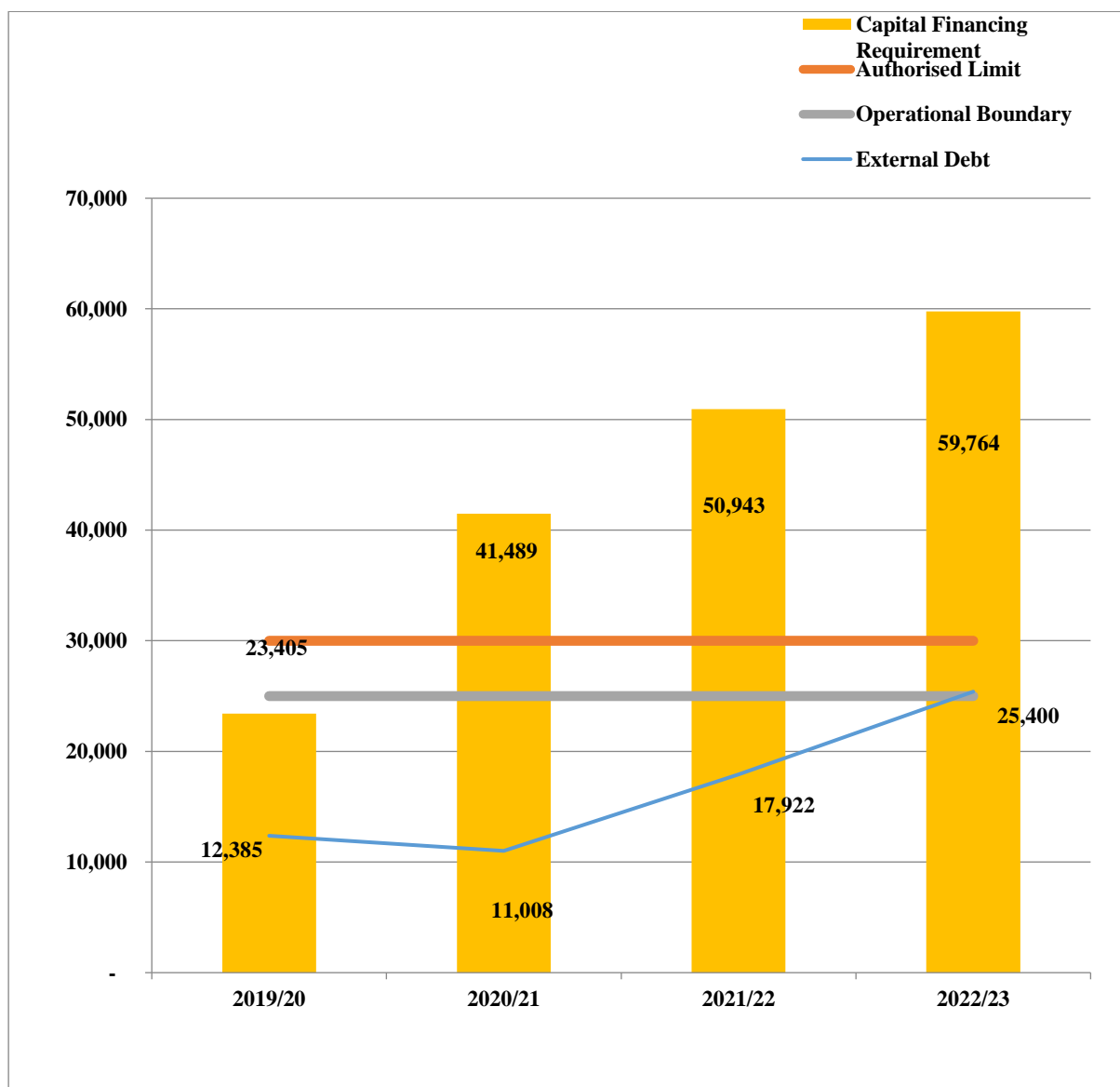
APPENDIX 1: BORROWING

PWLB Certainty Rate Variations 1.4.20 to 28.8.2020



### Comparison of borrowing parameters to actual external borrowing

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Authorised Limit	30,000	30,000	30,000	30,000
Operational Boundary	25000	25000	25000	25000
Capital Financing Requirement	23,405	41,489	50,943	59,764
External Debt	12,385	11,008	17,922	25,400
Under / (over) borrowing	11,020	30,481	33,021	34,364
Change in External Debt	7,385	(1,377)	6,914	7,478

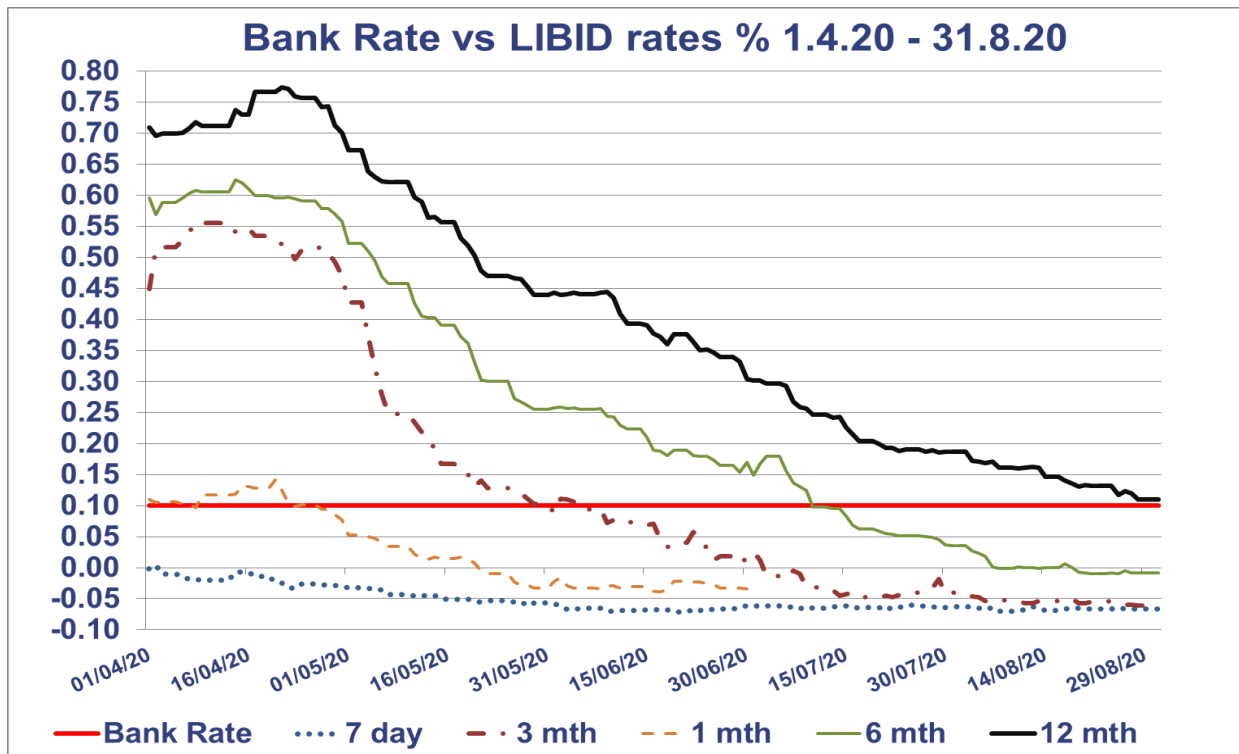


## APPENDIX 2: INVESTING

Investment performance year to date as of 30 September 2020

Investments / Lending Summary as at		30th September 2020				
Borrower	Amount Invested	Limit	Length of deposit	Within Limit Y/N	Terms	Rate %
Fareham Borough Council	5,000,000.00	5,000,000.00	229 days	Y	Fixed	0.90%
First Abu Dhabi	3,000,000.00	5,000,000.00	58 days	Y	Fixed	0.14%
Sumitomo Mitsui Banking Corp.	1,000,000.00	5,000,000.00	58 days	Y	Fixed	0.08%
Standard Chartered	5,000,000.00	5,000,000.00	91 days	Y	Fixed	0.34%
Qatar National Bank	5,000,000.00	5,000,000.00	26 days	Y	Fixed	0.32%
Lloyds Bank	5,014,493.33	5,000,000.00	471 days	Y	32-day notice	0.10%
Santander	976,931.21	5,000,000.00		Y	Call	0.12%
Bank of New York Mellon - Federated	907.02	5,000,000.00		Y	Call	0.07%
Bank of New York Mellon - Federated	5,005,633.33	5,000,000.00		Y	Call	0.33%
Barclays	831,367.65	5,000,000.00		Y	Call	0.05%
Aberdeen Liquidity-Standard Life	5,005,579.59	5,000,000.00		Y	Call	0.10%
<b>Total</b>	<b>35,834,912.13</b>					

	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	0.00	0.14	0.56	0.62	0.77
High Date	01/04/2020	02/04/2020	20/04/2020	08/04/2020	14/04/2020	21/04/2020
Low	0.10	-0.07	-0.07	-0.06	-0.01	0.11
Low Date	01/04/2020	19/06/2020	21/08/2020	28/08/2020	25/08/2020	28/08/2020
Average	0.10	-0.05	-0.01	0.14	0.25	0.41
Spread	0.00	0.08	0.22	0.62	0.63	0.66





**APPENDIX 3: Approved countries for investments as of 28 August 2020**

*Based on lowest available rating*

*AAA*

- *Australia*
- *Denmark*
- *Germany*
- *Luxembourg*
- *Netherlands*
- *Norway*
- *Singapore*
- *Sweden*
- *Switzerland*

*AA+*

- *Canada*
- *Finland*
- *U.S.A.*

*AA*

- *Abu Dhabi (UAE)*
- *France*

*AA-*

- *Belgium*
- *Hong Kong*
- *Qatar*
- *U.K.*

**CABINET**

**DATE OF MEETING: 3 DECEMBER 2020**

**TITLE OF REPORT: 2021/22 BUDGET & MEDIUM TERM FINANCIAL STRATEGY**

**Report of: Head of Corporate Services**

**Cabinet Member: Councillor James Radley, Deputy Leader and Finance**

**1 PURPOSE OF REPORT**

1.1 To allow an early consideration of the emerging budget for 2021/22 and the draft Medium Term Financial Strategy (MTFS).

**2 OFFICER RECOMMENDATION**

2.1 That the issues around the emerging budget for 2021/22 be discussed and noted.

**3 BACKGROUND**

3.1 The financial challenges for local authorities will continue indefinitely and there are a number of factors which make accurate medium-term financial forecasting problematic at this stage. This report outlines the issues that may have the most impact on the Council's revenue budget.

**4 SIGNIFICANT FACTORS AFFECTING THE BUDGET**

4.1 Local Government Settlement

The Government is due to publish a one-year spending review on 25<sup>th</sup> November 2020. The longer-term Spending Review has been delayed with more immediate challenges such as the COVID pandemic and Brexit dominating government attention.

Hart has not received a Revenue Support Grant (RSG) since 2017/18. In 2020/21 Hart was likely to have a negative grant whereby the Council would have to pay the Government at least £500,000. However, the Technical Consultation confirmed that the Government will continue to fund "negative RSG" itself for another year. It is unknown if this will continue in 2021/22.

4.2 New Homes Bonus (NHB)

The Council relies heavily on funding from NHB. NHB provided £2.377 million towards the revenue budget of £9.432 million in 2020/21.

The Government made substantial changes to the NHB scheme from April 2017, as it diverted funding away from districts to counties and unitaries to

fund adult social care pressures. Payment periods have also been reduced from 6 to 4 years. A baseline has also been introduced. For 2017/18 the first 0.4% increase in housing growth was disallowed for NHB allocation. The Government has indicated that it may change the level of this threshold in 2020/21.

It is not clear whether there will be a replacement, nor whether Hart would qualify for any future payments. However there is a possibility that this scheme will be extended be another year. If this is confirmed then the NHB for 2021/22 could be in the region of £2.26M

#### 4.3 National Non-Domestic Rates (NNDR)

The new system of 75% business rates retention was delayed until 2021/22 and there is no current update on this implementation. It is too early to predict the exact consequences for the Council, but the new system is unlikely to lead to significant extra funding.

#### 4.4 Fair Funding Review

The formulae the Government uses for calculating local government funding are still under review. Further funding from April 2021 could be significantly affected by this review, however there is doubt over whether this could be implemented in time for 2021/22.

#### 4.5 Other Budget Pressures

The Council faces a number of other potential budget pressures such as:

- Collection fund deficits on the NNDR account, particularly as the result of appeals and Covid-19.
- Continued reductions in funding by Hampshire County Council for a variety of agency and other services, including a £500,000 reduction in waste funding from 2021/22
- Pay increase for staff as required by NJC.
- Inflationary adjustments and indexation on major contracts.
- Reductions of fees and charges income as a result of Covid-19.
- Additional costs of delivering Exchequer due to changes to the Corporate Services contract.

## **5 2021/22 LOCAL GOVERNMENT FINANCE SETTLEMENT TECHNICAL CONSULTATION PAPER**

- 5.1 The Government has not yet released its consultation on the continuation of limiting council tax increases in 2020/21 to less than 3% or up to and including £5, whichever is the higher, without triggering the need for a referendum. For Hart, an increase of 3% would be £5.

## 6 RESERVES

- 6.1 The Council is required to maintain a minimum level of General Fund Reserves that equates to approximately 10% of net expenditure (£1m in Hart's case). For the life of this strategy the reserve needs to be set at a minimum of £1m.
- 6.2 At the end of 2019/20 the reserves were over £6m, comfortably more than the minimum level required. Although this is a healthy balance there are undoubtedly significant financial pressures to come in future years. The current level of reserves provides an opportunity to prepare for those future pressures without the need for sudden reductions in service levels.
- 6.3 The Council has a good record in controlling costs over the last few years and it is necessary for that discipline to continue.

## 7 MEDIUM TERM FINANCIAL STRATEGY

- 7.1 The MTFs is attached as **Appendix 1**. This outlines a number of changes possibly due in 2021/22:
- Spending Review 2020 – currently delayed but is likely to continue cuts to central government funding of local government
  - Fair Funding Review – likely to redistribute funding within local government to councils with Social Care responsibilities
  - New Homes Bonus – likely to be phased out, maybe a year later than expected
  - Business Rates – changes unlikely to benefit Hart
- 7.2 The Council faces a possible “perfect storm” of detrimental changes to funding, including the potential loss of all New Homes Bonus.

## 8 COMMERCIAL STRATEGY

- 8.1 The Council has already recognised the risk of losing New Homes Bonus and has adopted a Commercial Strategy to try to make good any such losses.
- 8.2 However, there is much risk involved in this approach, and there are no guarantees that sufficient profitable opportunities will be found and developed in the timescales required.
- 8.3 In addition, the Council will be taking on additional risks such as voids and the timing of acquisitions and construction. Factors such as the performance of the wider economy may impact on future income.
- 8.4 In March 2020 Hart acquired an office building in Southampton and is in the process of acquiring residential apartments in Fleet. The commercial building began generating income in late 2019/20 and the residential building will start to generate income in 2021/22. The search for additional investment opportunities has been curtailed by the Covid-19 pandemic.

## 9 KEY MESSAGES

- 9.1 The Council is likely to face a perfect storm of reduced central government funding from 2021/22.
- 9.2 New Homes Bonus, which currently funds 20% of the revenue budget, could be phased out over three years from 2020/21.
- 9.3 Business rates income will not increase significantly. As larger businesses withdraw from the district income may reduce and Hart will increasingly rely on the safety-net.
- 9.4 The Commercial Strategy is active but prone to several risks.
- 9.5 As a result of these changes, Hart will continue to face financial challenges and may require significant further savings once the 2021/22 picture is clearer.

## 10 NEXT STEPS

- 10.1 Officers will continue to work on the budget and refine the figures.
- 10.2 Key milestones with regards to the 2021/22 budget include:
  - The 2021/22 Local Government Spending Review – anticipated on Nov 25<sup>th</sup>.
  - Changes to the New Homes Bonus
- 10.3 Based on the evidence available, the annual budget report will be submitted to Overview and Scrutiny Committee in January 2021 with endorsement by Cabinet and final consideration by Council, in February 2021. This will include an updated MTFS.

**Contact Details:** Emma Foy, email: [Emma.Foy@hart.gov.uk](mailto:Emma.Foy@hart.gov.uk)

### APPENDICES:

Appendix 1 – Medium-Term Financial Strategy 2021/22-2023/24

### BACKGROUND PAPERS:

- Various Government Consultation Papers
- Council Reports

	Medium Term Financial Strategy		
	2021_22	2022_23	2023_24
Net Service Budget	10,439	10,651	10,797
SANG Expenditure			
<b>Cost of Service</b>	<b>10,439</b>	<b>10,651</b>	<b>10,797</b>
Debt Interest	12	12	12
MRP	522	533	540
New Homes Bonus	- 2,260 -	- 1,093 -	- 588
Other non-ringfenced grant			
Pressures	1,510	420	
<b>Net Expenditure</b>	<b>10,223</b>	<b>10,522</b>	<b>10,762</b>
<b>Financed by:</b>			
Council Tax	- 7,252 -	- 7,252 -	- 7,252
Council Tax Increase	- 410 -	- 615 -	- 820
Business Rates Retained	- 1,486 -	- 1,506 -	- 1,526
Collection Fund - CTSurplus			
Collection Fund - NNDR Deficit			
S106 Receipts	- 53 -	- 53 -	- 53
SANG Receipts	- 220 -	- 220 -	- 220
Commercial Income Target	- 801 -	- 875 -	- 890
<b>Total Financing</b>	<b>- 10,223 -</b>	<b>- 10,521 -</b>	<b>- 10,761</b>
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

**CABINET**

**DATE OF MEETING: 3 DECEMBER 2020**

**TITLE OF REPORT: DEVELOPMENT MANAGEMENT SERVICE ACTION PLAN**

**Report of: Head of Place**

**Cabinet member: Cllr Graham Cockarill, Portfolio for Place**

**1 PURPOSE OF REPORT**

- 1.1 To agree the Development Management Service Action Plan (appended to this report).

**2 OFFICER RECOMMENDATION**

- 2.1 That Cabinet approves the Development Management Service Action Plan as set out in Appendix A and that Overview and Scrutiny Committee be invited to regularly monitor the implementation of the Action Plan.

**3 BACKGROUND**

- 3.1 The Council appointed the Planning Officer's Society Enterprises (POSe) to carry out a Peer Review of the Development Management (DM) Service in November 2019.

- 3.2 An initial Action Plan which was considered by Overview and Scrutiny Committee (O&S) in July 2020 and agreed to set up a Task and Finish Group of O&S Members to work to shape the Action Plan. In addition, Planning Committee created its own Working Party to consider those recommendations which specifically related to the work of the Planning Committee.

- 3.2 The Planning Committee endorsed a number of actions relating to work of Planning Committee at its meeting on 17<sup>th</sup> August 2020. The Overview and Scrutiny Committee considered an updated Action Plan on 17<sup>th</sup> November 2020 and recommended that Cabinet approve it.

**4 CONSIDERATIONS**

- 4.1 The Peer Review highlights a number of Actions that the Review Team recommended that the Council consider implementing in order to turn the Service from a Good to Great Service.

- 4.2 The various improvements set out in the draft Action Plan have been allocated into one of three categories; short, medium and long term. These dates are when the actions will be completed. These are explained below:

<p>Short Term (S)                  Expected completion by 31<sup>st</sup> March 2021</p>
<p>These are either urgent matters or where significant improvements can be achieved in the short term with limited work and input. Some of these improvements are already underway with a number already completed.</p>

<p>Medium Term (M)                  Expected completion by 31<sup>st</sup> December 2021</p>
<p>These are matters that need further time to be developed or they are relatively wider projects where separate timetables will need to be developed</p>

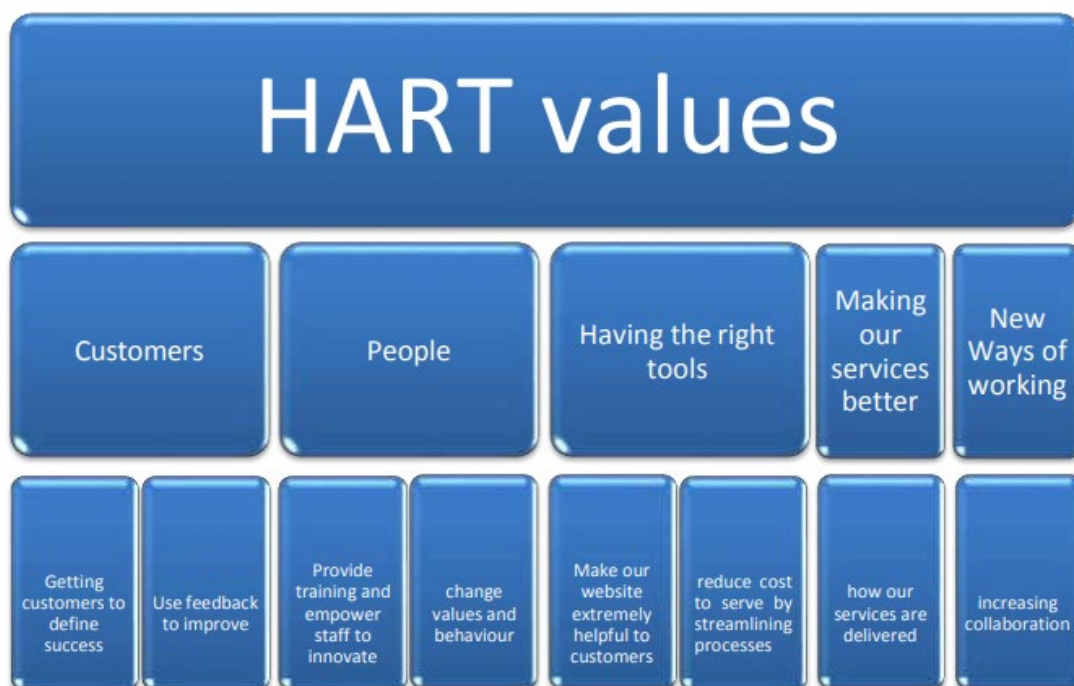
<p>Long Term (L)                  Expected completion by 30<sup>th</sup> June 2022</p>
<p>These are longer term matters which in some case will be dependent on work in other categories or by the Council as a whole e.g. aspects relating to IT are dependent on the Council's Digitalisation Strategy.</p>

- 4.3 It must be recognised that creating an exemplary service will not be entirely dependent on completing each of the improvements or actions set out in the Action Plan. Aspects of the Action Plan can be grouped together as projects and in some cases there will be overlaps. For example, delivering Excellent Customer Service for example links into a number of different Actions but also into the wider Corporate Aims as set out in the Corporate Plan. The Service will need to consider how to deliver more for less whilst looking at the use of Information Technology to improve efficiency and ease of access to information for residents. Whilst there are improvements that could be made to the Council's website for example these need to be linked to the overall Corporate Digitalisation Strategy.
- 4.4 It is important that consideration is also given to other potential improvements that may not be explicitly identified in the Action Plan. For example, there is currently an audit of our Planning Database been carried out where the suppliers are reviewing how we are currently using the system compared to how it could be used. This is to assist training but also to ensure that our systems are used as efficiently as possible.
- 4.5 Whilst work on each of the actions will commence, it must be recognised that they cannot be dealt with in isolation and that there still needs to be a strategic and holistic review of the Service – to transform it into more of a customer focused enabling service. The actions will be the building blocks for bigger changes although it should be recognised that cultural change cannot happen overnight.

**5 RELEVANCE TO THE CORPORATE PLAN AND/OR THE HART VISION 2040**



- 5.1 Whilst planning affects or influences many of the priorities set out in the Council’s Corporate Plan, the Service Improvements specifically link to the Strategic Priority of delivering an efficient and effective Council. Many of the improvements will also cross reference to the new operating model that the Council wishes to create in order to deliver the Hart Vision 2040.
- 5.2 ‘The Hart Values - Our operating model that guides how we design and deliver services’ includes the following table, which encapsulates what we are seeking to do with the DM Service Action Plan.



- 5.3 The Corporate Plan states that as a Council it is committed to ensuring that the following values are embedded in all that it does:
- Putting our residents first
  - Providing real opportunities for engagement with residents and other stakeholders
  - Being open to change
  - Taking responsibility for our actions
  - Being fair, open and transparent

5.4 The intention is to embed these values as a golden thread running through the Action Plan.

**6 Service Plan**

Is the proposal identified in the Service Plan?	Yes
Is the proposal being funded from current budgets?	Yes
Have staffing resources already been identified and set aside for this proposal?	Yes

**7 ACTION**

That Cabinet agrees to approve the Development Management Service Action Plan attached at Appendix A.

**Contact Details:** Emma Whittaker [emma.whittaker@hart.gov.uk](mailto:emma.whittaker@hart.gov.uk)

**Appendices:**

**Appendix A: Development Management Service Action Plan**

## Development Management Service Action Plan

Completed

Items where the actions have already been completed

Short Term (S)

Expected completion by 31<sup>st</sup> March 2021

These are either urgent matters or where significant improvements can be achieved in the short term with limited work and input. Some of these improvements are already underway with a number already completed

Medium Term (M)

Expected completion by 31<sup>st</sup> December 2021

These are matters that need further time to be developed or they are relatively wider projects where separate timetables will need to be developed

Long Term (L)

Expected completion by 30<sup>th</sup> June 2022

These are longer term matters which in some case will be dependent on work in other categories or by the Council as a whole e.g. aspects relating to IT are dependent on the Council's Digitalisation Strategy

**COMPLETED ACTIONS**

No.	Recommendation summary	Service Plan Theme	COMMENTS
17	Confirm a process for signing off decision notices	Good to Great	Completed
21	Improve policy support for DM	One Council	Regular DM/Policy meetings set up to discuss issues, Policy support provided in relation to planning applications
25	Cease the practise at Committee of the Chairman proposing the motion to accept the officer recommendation <b>prior</b> to the debate	Good to Great	October Planning Committee adopted a new procedure
27	Allow officers to introduce their own cases at Committee	Good to Great	Implemented
28	Reconsider whether it is appropriate for Committee members to ask questions to speakers	One Council	October Planning Committee agreed to retain the ability to ask speakers questions
30	Review the continued need for a Major Sites Sub-Committee	One Council	October Planning Committee resolved to retain the use of the Major Sites Sub-Committee ensuring that any application s referred to it from Planning Committee had clear terms of reference

## SHORT TERM ACTIONS

No	Recommendation summary	Expected Start Date	% Completed	Service Plan Theme	COMMENTS ON PROGRESS
1	Prepare Improvement Action Plan, in consultation with the staff	Jan-20	75%	Good to Great Best in Class	Cabinet November for final adoption
2	Establish clear service objectives with priorities, targets and performance indicators	Winter 2020		One Council Income generation	Key Performance indicators will be reviewed. Other internal performance indicators will be adopted and kept under review and adapted accordingly
4	Establish objectives and targets agreed by Members as part of a performance management framework	Winter 2020		Good to Great	As above
5	Set performance criteria to align with MHCLG structure	Winter 2020		Best in Class Good to Great	As above
7	Set targets for reducing the average length of time taken to determine applications (and reduce reliance on Extensions of Time)	Winter 2020		Good to Great	
8	Introduce a protocol for Extensions of Time	Oct-20	50%	Good to Great Best in Class	Protocol is drafted

No	Recommendation summary	Expected Start Date	% Completed	Service Plan Theme	COMMENTS ON PROGRESS
9	Report performance monthly to Service Management Team <i>(cross ref. DM Audit report – Risk 3 &amp; 5)</i>	Autumn 2020		Good to Great  Best in Class	Content of monthly Service Management Team report to evolve in line with work pressures/above actions re service priorities/performance indicators
10	Report performance quarterly to Planning Committee and Overview and Scrutiny Committee	Autumn 2020		Good to Great  Best in Class	Quarterly reports to Planning Committee to resume on Planning Application performance, Appeal performance and Enforcement  O&S - need input re what needs to be reported/updating KPIs (cross link to 1/2/4)
12	Provide more detailed and regular validation training for BSU staff  <i>(cross ref. DM Audit report – Risk 1 &amp; 4)</i>	Dec-19	ongoing	One Council  Good to Great	Validation Training held December 2019  Validation Surgery Sessions are held regularly  Further training will take place on the new Validation requirements once adopted (November 2020)
14	Review the application allocation process to consider a “triage” approach and possibly self-allocation for householder cases	Summer 2020	50%	Good to Great	Self-Allocation was trialled following the lean review of DM however it led to unbalanced caseloads and sometimes prevented career development Triaging of cases will be reviewed
15	Adopt a 3-week consultation period for parishes (with flexibility in certain cases)	Autumn 2020		Good to Great  GOLD	

No	Recommendation summary	Expected Start Date	% Completed	Service Plan Theme	COMMENTS ON PROGRESS
16	Cease posting of site notices except where required by statute	Spring 2020	50%	GOLD	Already completed in response to the Covid-19 restrictions Council's SCI has been amended as a temporary measure; Cabinet will need to agree permanent changes
20	Report appeal decisions on a regular basis to officers and Members.	Autumn 2020	50%	Good to Great	Quarterly reports to resume on appeal decisions Key Decisions will be reported separately to Councillors Officers already get regular updates All Councillors and Planning Officers are informed of decisions when they are received
23	Review the roles of the Conservation Team, aiming for a policy driven approach and acting as consultee for DM, rather than case officers	Spring 2020	50%	One Council	Conservation Officers have ceased being case officers
26	Introduce a simpler Committee report format with a more consistent and structured approach	Autumn 2020		Good to Great Best in Class	Discussed at Planning Working Party and Officers are starting work on this
37	Establish an Officer group to review service training needs and opportunities	Autumn 2020		Good to Great	Started

No	Recommendation summary	Expected Start Date	% Completed	Service Plan Theme	COMMENTS ON PROGRESS
38	Ensure all new staff are trained on IT systems immediately after they arrive	Autumn 2020	ongoing (as and when we have new starters)	Digitalisation	
40	Regularly review training and development requirements, and arrange training and other CPD opportunities through the PDR process	Summer 2020	ongoing	Good to Great	



## MEDIUM TERM ACTIONS

No.	Recommendation summary	Expected Start Date	% Completed	Service Plan Theme	COMMENTS
3	Consider measures to increase the management capacity in DM as a priority	Winter 2020		GOLD Best in Class	May have wider implications for budgets/resources
11	Review pre-application advice process for major applications to include consultees, local community and Members <i>(cross ref. DM Audit report – Risk 2 and Review of Pre-App advice)</i>	Spring 2021		Customer Focused Good to Great	Needs own project plan to review existing service and establish new service
13	Create a validation guidance manual for BSU	Spring 2021		One Council Good to Great	
18	Provide additional training on planning appeals for Officers, Members and Parish & Town Councils			Best in Class	Link to 31 (Member training)
22	Improve liaison between the Legal Team and Enforcement with set timescales and milestones for processing enforcement cases	Autumn 2020		Good to Great One Council	Peer Review of Enforcement has commenced

No.	Recommendation summary	Expected Start Date	% Completed	Service Plan Theme	COMMENTS
24	Review process of Ward Members being able to request site visits, and review timing of site visits to try to improve attendance by Members	Summer 2020	25%	One Council	Planning Working Party has already started looking at this  Officers to draft options to trial with the Committee.
29	Review the continued need for an Enforcement Sub-Committee	Summer 2020		One Council	Link to 22 (Peer Review of Enforcement)
31	Review the content of Member training and consider updates for parish/town councils	Summer 2020		One Council	Covid-19 has meant delivering training differently  Will continue to review content for annual training and consider setting up a Parish Forum
32	Re-instate the Enforcement and Householder Team Leader as solely responsible for enforcement	Winter 2020		GOLD	Link to wider management/staffing/resource review and Enforcement Peer Review
33	Introduce an additional Team Leader in DM and review the functions of the two DM teams	Winter 2020		GOLD	Link to 3 (Increase Management Capacity)
34	Consider further delegation of signing off applications	Spring 2021		Customer Focused	Flows from review of Management capacity and potential additional team leader posts (3, 32 and 33)

No.	Recommendation summary	Expected Start Date	% Completed	Service Plan Theme	COMMENTS
35	Improve communications in DM through a more formalised approach to Planning Forum meetings, an increased emphasis on performance management, and completing Personal Development Review (PDR) actions	Autumn 2020	Ongoing	One Council	Commencing with mid-year PDR reviews
36	Review the location and reporting lines for the Conservation Team	Spring 2021		One Council	Already changed reporting lines but it needs a proper review linked to overall review of management structure of the service (see recommendation 3)
39	Review current split of functions and processes of validation within BSU to deliver a more streamlined process	Spring 2021		Good to Great	
41	Examine level and nature of complaints received in last few years to identify any common causes or areas of concern	Winter/Spring 2021		Customer Focused Good to Great	Process for handling complaints has been reviewed and amended – commence November 2020  Part of a wider review of complaints process in Place Services
42	Encourage a culture of customer care throughout DM at all levels	Autumn 2020		Customer Focused Best in Class	

No.	Recommendation summary	Expected Start Date	% Completed	Service Plan Theme	COMMENTS
45	Review the current duty planner arrangements	Spring 2021		Customer Focused	Linked to the review of the pre-application advice service
46	Commence training for case officers and enforcement on the Enterprise programme (once its future use is confirmed)	Winter 2020		Digitalisation GOLD	Idox audit commenced November 2020, training on Uniform and Enterprise will follow

## LONG TERM ACTIONS

No.	Recommendation summary	Service Plan Theme	COMMENTS
6	Establish ambitious, but realistic, local targets with the aim to reach national upper quartile performance in 3 years	Best in Class	Needs to link to Service performance measures and be reviewed over 3 years to ensure movement towards upper quartile
19	Consider introducing annual tour of completed developments for Members and officers, when resources permit	Good to Great	On hold due to Covid-19
43	A telephone hunt group should be set up for the case officers	Customer Focused	Link to Corporate IT/Digitalisation Strategy for Council, esp the new telephony system and the call centre
44	Obtain and analyse telephone answering statistics so Team Leaders can address any issues	Customer Focused	Link to Corporate IT/Digitalisation Strategy for Council, esp the new telephony system and the call centre
47	Ensure the IT hardware is upgraded to ensure fast and efficient access to the systems (Uniform and Enterprise)	Digitalisation GOLD	Link to Corporate IT/Digitalisation Strategy for Council New laptops and phones have been rolled out in response to Covid-19 lockdown
48	Any investment in IT hardware and development of software needs to factor in new working practices when budgeting and procurement occurs	Digitalisation GOLD	Link to Corporate IT/Digitalisation Strategy for Council New laptops and phones have been rolled out in response to Covid-19 lockdown Link to Revitalise Hart



**CABINET**

**DATE OF MEETING: 3 DECEMBER 2020**

**TITLE OF REPORT: IT SECURITY POLICY**

**Report of: Head of Corporate Services**

**Cabinet Member: Councillor James Radley, Deputy Leader and Finance**

**1 PURPOSE OF REPORT**

1.1 To present the revised IT Security Policy for subsequent approval by Cabinet.

**2 RECOMMENDATION to Council**

2.1 That Cabinet approve the IT Security Policy at Appendix A.

**3 BACKGROUND**

3.1 It is best practice that the IT security policy is reviewed and revised annually to ensure that our staff are guided and comply with the most up to date guidance and security controls. Compliance is mandatory and is required to safeguard both individual users and the Organisation as a whole.

**4 NEXT STEPS**

4.1 Hart users will be supported through the application of this policy with training workshops where questions can be raised or confirmation and clarification provided.

**Contact Details: Alistair Trigg, email: [alistair.trigg@hart.gov.uk](mailto:alistair.trigg@hart.gov.uk)**

**APPENDICES:**

Appendix 1 – IT Security Policy



## ICT Security Policy

**Owner:** Alistair Trigg

**Date:** November 2020

**Expiry date:** November 2021

**Distribution:** All HDC staff and members

**Version:** 2.

### Document History

Issue	Date	Purpose	Author
1.7	01/04/2016	Annual update to ensure compliance with Govt Connect	Alistair Trigg
1.8	01/02/2019	Annual update	Alistair Trigg
1.9	19/10/2020	Refresh policy draft incl. merge of Acceptable Use Policy	Steve Bennett
2.0	20/11/2020	Review, take our duplication and add key points section at back	Emma Foy

### Review and approval process for current version

Reviewer	Date	Review/ approve
IT & Information Governance	19 October 2020	Review
Staff consultation via Change Group	3 November '20	Review
Management Team	10 November 2020	Approve
Overview & Scrutiny	17 November 2020	Review
Cabinet	3 December 2020	



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## 1. Introduction

This purpose of this policy is to ensure that all users of Hart District Council ICT systems and resources including hardware, software and telephony are given guidance on best practice for the secure and efficient use of the Council's systems.

## 2. Scope

This policy applies to the use of Hart District Council (the Council) IT systems assets and information whether working within the local offices or working remotely on Council business. This policy applies to all Council users including staff, Councillors, contractors, or temporary staff and applicable third parties.

The policy is designed to:

- Promote a level of awareness for the need for ICT security to be an integral part of the day to day operation so that all users understand the need for security and their obligations on how they use our systems
- Provide secure information systems, computer installations and networks that are available to users when required
- Safeguard information from unauthorised disclosure or modification and that data remains confidential, accurate and complete

This policy applies to all information held in manual and electronic form.

## 3. Related Policies and Procedures

All related policies and procedures are available on the Council's intranet including:

- Information Security Incident Management policy
- Remote Access Policy

## 4. Security, Support & Fault Reporting

If you suspect that a breach of security has occurred (loss of sensitive/personal data, theft /lost equipment, PC infected with a virus/malware, another person has guessed your password or gain unauthorised access, etc), or inappropriate content detected please contact IT Support immediately. If you suspect there has been a data breach, this should be reported to the Information Governance Officer within 72 hours as required by the General Data Protection Regulation You should also refer to the Information Security Incident Management policy.

IT assistance and support is available to you across all sites. All hardware and software faults and security incidents must be logged with IT Support.

Users can contact IT support by emailing Capita IT support:

- [servicedeskruddington@capita.co.uk](mailto:servicedeskruddington@capita.co.uk)  
0808 1643093

The internal IT support team should be copied in to make them aware:

- [Office365@hart.gov.uk](mailto:Office365@hart.gov.uk)  
01252 774252

## 5. Computer Viruses & Malware

Computer viruses represent a significant threat to the Council. It is your responsibility to ensure that they do not knowingly infect any of the Council's computer systems or network. Viruses can be propagated in a number of ways including links and attachments in e-mails or from a compromised internet webpage accessed from the network and via external storage media e.g. CD and USB memory sticks.

All Council laptops and PCs have the Council's corporate virus checking software installed on them - this must not be deactivated. If your antivirus checking software detects a virus, stop using your PC and contact IT Support immediately.

All storage media coming into the Council premises must be scanned for viruses, even those originating from an individual's department that is being returned. Contact IT support if you would like any advice on using the anti-virus scanning software.

## 6. Email Usage

The Council provides access to e-mail to help staff perform their day to day functions. Any inappropriate use of the e-mail system reflects directly on the Council and may damage the Council's reputation.

You must not have any expectation of privacy when using e-mails, to or from anyone inside or outside the Council. If the contents of the email or attachments are confidential you should consider how to protect them or contact IT Support for help. Use of personal e-mail accounts such as Hotmail is prohibited for use on Council business correspondence.

E-mails are legally binding communications and can be used as evidence in disciplinary and legal proceedings. Once the e-mail has been sent, you cannot control its onward distribution to other persons. Similarly, you cannot control where the e-mail is stored. Before sending, you should consider any impact on the Council and if the content may commit the Council to any particular course of action, does it contain personal opinions, is material that may offend others, or contains information that the you would not want to forward to others.

Spam is the common term used to refer to unsolicited or junk e-mail, or e-mail from an unknown source that you did not request. Please note that this explicitly excludes e-mails to which you have subscribed. Many spam e-mails may appear to be inoffensive based upon its title, but the content might often be offensive. Increasingly, spam or junk e-mails may also contain malware, viruses, or scams to obtain your personal data and is commonly known as phishing.

To avoid being added to spam or junk mailing lists:

- Your Council email address should not be used for non-business-related purposes
- You should never respond to spam email if this confirms the Council email address.

To avoid being target of a successful phishing attack, you must:

- Not open any files attached to an email from an unknown, suspicious or untrustworthy source
- Not open any files attached to an email or follow any embedded links, unless you know what it is and is from a reliable known source. Many viruses can replicate themselves and spread via email
- Not open any files attached to an email if the subject line is questionable or unexpected. If there is a business need to do so, only save files from a trusted source to your hard drive first and manually scan it before opening
- Change your password immediately if you have clicked on any links within a suspicious email
- You must take care when replying or forwarding to ensure that only relevant parties are included
- Delete chain emails and place junk email in the Junk email folder. Do not forward or reply to any to them unless this is to report them to office365@hart.co.uk
- Do not download or accept any files from unknown individuals or organisations. If in doubt, contact IT support for advice
- Exercise caution when downloading files from the Internet. Ensure that the source is a legitimate and reputable one. If possible, verify that the anti-virus program checks the files on the download site. If any doubt, you should not download the file at all and obtain advice from IT support
- Check that your anti-virus software is up to date
- Not open, download, or execute any files or email attachments that are suspicious
- Not provide your email or login id and password into any links, or online web page requesting this information. Be aware of fraudulent emails requesting this information.

You must ensure that the laptop can install updates for the virus checking software and receive the latest updates to programs and operating system.

**If you suspect or know of a virus on your system do NOT ignore it. Disconnect your machine from the network and report it immediately to IT Support providing details such as time and possible cause of infection and any error messages.**

## 7. Internet Use

The Council provides you with internet access and electronic communications services as required for the performance and fulfilment of job function and responsibilities. These services are for Council business purposes only. They must NOT be used for non-Council business activities. Occasional and reasonable personal use of the Councils internet services is permitted provided this does not interfere with day to day performance.

You should have no expectation of privacy while using Council owned IT equipment and resources. Information passing through or stored on company equipment is audited and will be monitored.

All access to the internet is logged and can be used for audit purposes. Access to several non-business-related sites is blocked. If you download information from the Internet, you must comply with applicable copyright laws. It is also your responsibility to verify the

accuracy and authenticity of downloaded information, including a scan for possible virus infection.

## **8. System access**

Requests to provide access must be made through the relevant Line Manager or Head of Service. Network passwords will be set to prevent unauthorised access to data. The use of unique passwords is especially important in the case of laptop/notebook PCs which are highly portable and less physically secure. Users must not disclose their password to anyone.

In some exceptional cases that have been authorised by the IT Client Manager a shared PC may have a network password known by several users within an office to enable access. Where this is unavoidable, secure mechanisms, such as a restricted and locked office, should exist to ensure access to the PC is solely used by authorised personnel.

Unique usernames will be allocated by the system administrators. Wherever possible, these will be consistent across applications. Access levels will be determined and implemented by systems administrators for each application area. Likewise access to any shared resource on the network e.g. printers, can be given by the network administrators.

Passwords should be used to protect all systems and should not be written down or disclosed to others not properly authorised to use them. You will be held liable for any misuse of a computer resulting from use of their password/username. See Appendix A for Password Policy

## **9. Software**

Only software installed or authorized for installation by the Council may be used solely for the purpose for which it was installed. This applies to all software including screen savers.

You must not:

- Copy software for use on another machine
- Install any software on PC's or laptops without prior authorisation from the Council's Joint Chief Executive or IT Client Manager
- Tamper with the standard hardware/software configurations on PC's or laptops,
- Disable or deactivate any element of the standard PC or laptop configuration, including disk encryption, screen saver password and anti-virus software.

## **10. Patching**

All system patches must undergo appropriate testing prior to deployment into the live or production environment. Where a vulnerability has been identified and the Council has been notified of the associated risks including where adequate testing of patches is not possible, the Council must evaluate the risks for any delay in patching those system.

Following successful testing, a patch should be scheduled for deployment and follow standard change management processes. At this stage a final assessment should be performed to ensure that the patch classification stands. It may also be appropriate to schedule deployment to co-inside with additional deployments.

The deployment of all patches must be managed via a standard change control process that includes documented back-out process.

You must shut down all systems that they access and reboot the laptop or PC at least once a week to ensure that temporary files are cleared, and any system patches and updates can be applied.

## **11. Change Management**

Changes to the Council's operational systems must be controlled with a formally documented change control procedure. The change control procedure should include references:

- Ensuring changes are submitted by authorised personnel only
- A description of the change and business reasons
- Information concerning the testing phase
- Impact assessment including business, security and operational risks
- Formal signoff and approval process
- Maintaining appropriate version control where necessary
- Communication to all relevant parties of the changes
- Procedures for aborting and rolling back the change if problems occur
- Process for tracking and audit
- Ensure all user and operational documentation are updated.

## **12. Development and Test Environments**

When introducing new systems or making major changes to existing systems, processes should follow best practice for their documentation, specification, testing, quality control and managed implementation. Any such development and testing of new systems and software must be conducted within in a segregated environment from the live or production systems and software environments.

## **13. Screen Savers**

All desktops and laptops are configured with the Council's screen saver software enabled. This will lock the screen after 15 mins inactivity and require you to input your password. Applications may also log you out after a period of inactivity. Press Ctrl-Alt-Delete and press <Enter> or Windows key and L to activate the screen saver before leaving the device for any period of time.

## **14. Storage of Business Data on SharePoint and OneDrive**

All data must be stored in corporate systems or on O365 SharePoint or the OneDrive that you have access to. Do not store Council business data, particularly personal data relating to customers on any personal device or any external cloud hosted storage systems or device. You must not install any additional software applications on your PC without prior approval.

You should avoid saving documents locally on a desktop computer or laptop, as they are not backed up and information may be irretrievable if the device fails or is stolen. This includes synchronising SharePoint and OneDrive to a local device without IT authorisation.

You must not circumvent SharePoint security measures. Corporate data/information must only be stored on team sites. You must not attempt to access content for which you do not have permission.

All staff must maintain the supported infrastructure setup by filing the documents via Adding Properties and not creating folders within folders. Site owners are responsible for managing the use of SharePoint in their area and are accountable for their actions.

Site owners are responsible for the custody or operation of their SharePoint sites and are responsible for proper authorisation of user access. Data used in SharePoint must be kept confidential and secure by the user.

You must ensure that permissions to document libraries are appropriately set and maintained to ensure the security of information. You must ensure that private or personal documents are secured (through the use of the 'only me' function) to ensure the security of information.

Data can be shared with external people/organisations using the 'External sharing' SharePoint site. All documents shared must be removed once the need to share has expired. Any sensitive data shared in this way must be done with the appropriate set up of SharePoint permissions to ensure the security of that data.

Only personal documents should be saved to OneDrive. OneDrive must not be used as a replacement for corporate shared document management. OneDrive documents could include training or meeting notes, certificates, 121 meeting notes and should not be kept for longer than necessary.

## **15. Confidential Media**

All paper records and removable media (e.g. USB memory, CDs) containing confidential and personal information must be stored securely and must be encrypted. They must not be left on a desk. Please observe the Council's clear desk policy.

Confidential records must be kept for the required period as defined under the Council's data retention schedule. Records must be destroyed securely when no longer required.

## **16. Laptops and phones**

You are responsible for the security of mobile devices allocated to you including laptop, mobile phone, tablet, etc.

- Do not leave mobile equipment unattended in a public area
- Do not leave IT assets in the boot of a vehicle for any longer than is necessary

When accessing confidential or personal data, be aware of your surroundings. Take reasonable precautions to safeguard passwords, data, and mobile devices. Mobile devices must be protected with a minimum 6-digit pin. Ensure your mobile device is placed in a



locked state when not in use. You must not connect any non-authorized device to the network or IT systems as there is no guarantee of security or confidentiality with the use of free wi-fi connection. Using the phone for personal calls should not interfere with daily business and wherever possible be made outside of working hours.

Employees are expected to use the internet responsibly and productively. Excessive personal internet browsing, including social media use, is not permitted.

Calls to premium rate numbers and overseas are not permitted, unless there is a real business need and authorisation has been provided by the relevant Head of Service.

When driving, staff are expected to comply with the Road Vehicles (Construction and Use) (Amendment)(No4) Regulations 2003, which prohibit the use of handheld mobile devices at all times when driving

All portable equipment such as laptops, PDA's/tablets, mobile telephones, including USB disks, DVDs, CDs must not be left unattended when taken out of Council buildings.

Inform the police and IT Support immediately of any item stolen or lost that you conduct Council business with.

## **17. Security Incidents**

If you suspect that a breach of security has occurred (loss of sensitive or personal data, theft /lost equipment, PC infected with a virus/malware, another person has guessed your password or gain unauthorised access, etc), inappropriate content detected please contact the IT Support immediately.

## **18. Business Continuity**

The Council has a business continuity plan that defines how it will recover in the event of a disaster. You must ensure that you are aware of your department's business continuity responsibilities and know what you are expected to do in the event of a disaster.

## **19. Physical access**

The Council's priority is to ensure that there is always adequate security at the office which reduces the physical risks from unauthorized access, damage and interference with its offices and the information they contain.

Further secure areas such as computer rooms require a higher level of authorisation and are guarded by a code entry access point. For all other levels of security, the Council provides lockable cabinets and desks for highly confidential documents, tapes, DVDs, and CDs as required by particular areas of the business.

Every Hart employee is issued with an electronic entry pass card by the Facilities Management team subject to a formal request from the Head of Service. No person should gain entry to the Council's offices using a cardkey other than the person for which it was issued.



Visitors are issued with a temporary pass and must be accompanied to and from meeting rooms. Only visitors to the ground floor public areas (including the meeting rooms) are exempt from being issued with a pass. All contractors must be supervised by a representative from the department that engaged them.

All employees, Members, temporary staff, and contractors must always wear or carry their identity card with them at all times. Any unidentified person not wearing an identity card or pass should be approached for identification and asked who they are visiting. A visitor or contractor who is lost will accept your help. Professional intruders are experts at being believable, hence the need for challenge. Anything suspicious should be reported to reception or a senior manager immediately.

Electronic equipment is located within the offices for monitoring of risks from theft, fire and smoke. The Council conforms to the Health Act 2006 which states that its premises must be smoke free if they are used as a place of work. This also includes any vehicles used for Council business. Eating and drinking is not permitted in the computer server room. All portable computer equipment must be signed out from the department.

Information systems are provided strictly for business purposes. This includes all devices, servers, workstations, laptops, mobile phones and tablets. Software must be used strictly in accordance with the licensing agreement.

## **20. Personal and confidential data management**

You may have access to personal and confidential data relating to the Council and its customers. You should exercise due care when processing any personal data and only process data on behalf of the Council where such processing is necessary for the Council's business.

You must not disclose this information to unauthorised persons within or external to the Council. This includes discussing confidential matters in public areas. If you have access to personal data, you must use the information for the purposes for which it was gathered only. You must not make copies of personal or confidential data for your own use.

## **21. Associated Legislation**

The relevant UK legislation on which the policy is based include:

- Data Protection Act 2018
- General Data Protection Regulation
- The Computer Misuse Act 1990 (UK)
- Regulation of Investigatory Powers Act 2000
- Defamation Act 1996
- Freedom of Information Act 2000
- Environmental Information Regulations 2004
- Code of Connection for Government Secure Extranet

**For more information on the UK Data Protection Act and GDPR please contact your Information Governance Officer.**

## **22. Responsibilities**

This policy will be reviewed annually by the **IT Client Manager** who will:

- Develop and publicise the Council's computer security policies
- Develop administrative, physical, and technical security controls to meet the Council's IT security objectives including allocation of passwords and security of remote access protocols
- Inform all users of any computer security issues
- Conduct periodic audits of Council systems, safeguards and procedures.
- Monitor the use of the internet and email
- Develop appropriate contingency plans to ensure continuity of systems operations
- In co-operation with the relevant Head of Service and Information Governance Officer, perform periodic risk analyses to identify potential information or data losses and the effect of such potential losses.

In consultation with the Joint Chief Executives and representatives from Unison, the recognised Trade Union, this policy will be reviewed regularly by the **HR Client Manager** who will ensure that:

- A copy of this policy is contained within the induction pack issued to new staff
- Induction training courses outline the key elements of this policy, provide general guidance on the use of electronic systems and cross reference with the Council's Equal and Diversity Policy
- IT Support are given a list of starters at least one week before their start date and leavers one week before their last working day so that user information is kept up to date. As a prerequisite a copy of the starters signed acceptance of the current "Internet and Email Users Policy" is required prior to setting up the account.

**Heads of Service** will ensure that:

- This policy is communicated to all staff, contractors, consultants, and agency staff within their Service area and to all Members
- The procedures within this policy are complied with. Appropriate security measures are established and maintained with regard to access to Council databases and other electronic information systems or resources
- Other than for temporary storage of digital images prior to sifting for permanent storage on the server, Council documents and files must only be stored within O365 OneDrive or SharePoint
- Both Councillors and staff are advised of the importance of maintaining the confidentiality and security of Council documents so that they are not accessible to persons who are not entitled to see them
- No user attempts to remove or disable the Council's virus software from devices in their department, unless authorised by the IT Support or the IT Client Manager
- A risk assessment is conducted on workstations within their department.

All **users** of the system will:

- Be responsible for ensuring that the policies and best use practices contained in this policy are complied with
- You should ensure that if you are accessing or processing personal data, your position in the office is not compromised, so that your PC screen can be viewed by unauthorised personnel or 3rd parties. i.e. they should not be positioned close to windows, facing out to gangways or by openings in doors and walls
- Not leave your PC unattended without locking their system by pressing Ctrl, Alt & Delete and selecting the "Lock Computer" option.

No amount of defences, locks or firewalls can guarantee that confidential information will never leave the system. The most important element of the policy is the principle that everyone is personally responsible for ensuring that the equipment they use for business purposes and the access they grant to information are within the limits set out by the Councils' Senior Leadership Team.

### **23. Monitoring**

All access activity to Council information systems and information assets is logged. This activity can be reviewed to detect unauthorised access attempts or inappropriate use of information systems or for investigation purposes. The Council has the right to monitor your use of IT resources to ensure any risk to its information assets are managed accordingly.

### **24. Enforcement**

The policy is designed to ensure that you use the information systems tools you are provided with in a responsible and efficient manner, ensuring that the Councils reputation is maintained appropriately. Where possible the IT team will implement logical and technical controls to verify compliance with this policy through systematic means including but not limited to business tool reports, internal audits, and feedback to the policy owner.

All breaches of this policy will be investigated. Where investigations reveal misconduct, disciplinary action may follow in line with the Council's disciplinary policy and handbook. Any queries relating to this policy should be addressed to your line manager.

### **25. Document Review**

This policy may be modified whenever there are changes to the IT environment, or as the threat level to the IT systems and infrastructure changes. The policy will be reviewed annually.

## Appendix A password policy

You are responsible for protecting your passwords. Do not give your password to anyone else, including your manager. Change your password immediately if you suspect that someone else knows it. Choose passwords that are easy for you to remember but difficult for others to guess. You must not leave user accounts logged in at an unattended and unlocked computer.

Passwords must be:

- kept secret and must not be disclosed to others
- not be written down unless the record is stored securely
- changed immediately if it has been disclosed to another individual
- not be saved and option boxes for saving passwords should not be checked (i.e. not ticked).
- be at least 12 characters and be a mix of upper / lower case letters and special characters (such as &%£!)
- a mix of letters and numbers unless there are system constraints
- different from your previous 20 passwords
- If temporary passwords are required these must be changed or deleted as soon as possible.
- Temporary passwords must be conveyed to users in a confidential manner
- Passwords should not be based on the following:
  - Family names, initials, or car registrations
  - Months of the year, days of the week or any other aspect of the date, company names, identifiers, or references
  - Telephone numbers or similar all-numeric groups
  - User ID, username, group ID or other system identifier
  - More than two consecutive identical characters
  - All numbers or letters unless the system requires it.

## Appendix B – Key Dos and Don'ts of the IT Security Policy

1. Your device is for you and only you, do not lend or let any non-Council staff use your device.
2. All access to the internet is logged and can be used for audit purposes.
3. Lock your screen when you are away from your device.
4. Save all documents to sharepoint do not download information or files to the machine itself.
5. Exercise due care when processing personal and confidential data.
6. Your work machine is for work, keep personal documents and websites away from it.
7. Keep your password safe and make sure it is sufficiently complex.
8. Your Council email address should not be used for non-business-related purposes
9. You should never respond to spam email if this confirms the Council email address.
10. Do not leave mobile equipment unattended in a public area
11. Do not leave IT assets in the boot of a vehicle for any longer than is necessary
12. Log any security issues with [servicedeskruddington@capita.co.uk](mailto:servicedeskruddington@capita.co.uk)  
0808 1643093

**CABINET**

**DATE: 3 DECEMBER 2020**

**TITLE OF REPORT: RENEWAL OF THE SHARED BUILDING CONTROL SERVICE WITH RUSHMOOR BOROUGH COUNCIL**

**Report of: Head of Place**

**Portfolio Holder: Cllr Graham Cockarill, Place**

**1 PURPOSE OF REPORT**

- 1.1 To agree the renewal of the Shared Building Control Service between Hart District Council and Rushmoor Borough Council Building Control Partnership to 31<sup>st</sup> March 2025.

**2 RECOMMENDATION**

That Cabinet:

1. Agrees, the renewal of the Shared Building Control Service between Hart District Council and Rushmoor Borough Council to discharge the statutory building control functions for both Councils until 31 March 2026, unless terminated earlier in accordance with the provisions of the agreed Deed; and
2. Delegates authority to the Joint Chief Executive in consultation with the Portfolio Holder for Place to finalise the specific terms and conditions and then sign the new Deed (the legal agreement between Hart District Council and Rushmoor Borough Council).

**3 BACKGROUND**

- 3.1 Hart District Council and Rushmoor Borough Council entered into a shared service to form a Building Control Partnership in July 2015. This arrangement was set out in a legal deed with an initial term of five years, ending on 30 June 2020. By exchange of letters in June 2020, the term of the Deed was extended until 31<sup>st</sup> December 2020, to facilitate a review of the service and the consideration of renewal for a further term.

**4 CONSIDERATIONS**

- 4.1 A review of the operation of the Partnership over the five years from 2015 has been carried out by Officers of both Councils over recent months. The scope of the review included the consideration of an Internal Audit report prepared for Rushmoor Borough Council (February 2020); an assessment of the workings and procedures used by the Partnership; and consideration of the terms and conditions of the existing Deed and the drafting of a new Deed to extend the terms of the Partnership.

4.2 In summary, the review found that the Partnership had been highly successful, delivering excellent customer service since its inception, winning back a good portion of market share and providing a solid efficient service for the benefit of residents and businesses in both districts.

4.3 In terms of performance, the Partnership has returned consistently high results for the determination of the three types of Building Regulation applications during its lifetime:

Type of Application	2016	2017	2018	2019	2020*
<b>Full Plans</b>					
Target 100% decided in 5 weeks	89%	84%	91%	85%	88%
<b>Full Plans with extension of time</b>					
Target 100% decided in 2 months	92%	94%	92%	93%	96%
<b>Building Notices</b>					
Target 90% in under 8 days	99%	100%	99%	100%	100%

\*Up until 17 November 2020

4.4 When looking at market share against Approved Inspectors, the Partnership has been successful at attracting increasing business. The table below shows the % of market share for Approved Inspectors in the area. It should be noted that the dramatic drop this year is likely to be as a result of a local Approved Inspector company ceasing trading last year, and the Partnership picked up some 90% of their work.

Market Share	2016	2017	2018	2019	2020*
Market share for Approved Inspectors	34%	35%	35%	32%	23%

\*Up until 17 November 2020

4.5 The Corporate Plan states that as a Council we are committed to ensuring that we embed the following values in all that we do:

- Putting our residents first
- Providing real opportunities for engagement with residents and other stakeholders
- Being open to change
- Taking responsibility for our actions
- Being fair, open and transparent.

The Shared Building Control Service has these values at its heart as has been demonstrated over the past five years.

4.6 It is also considered that the provision of Hart’s building control functions within the Partnership accords with the Hart values of being helpful, approachable and responsive, and taking ownership in the delivery of the service to its customers in both Council areas. This is perhaps best exemplified by praise received from Berkeley Homes received last year when they selected the Hart and Rushmoor Building Control Partnership to provide services for the Grove Farm development:

*“Given the excellent relationship and quality of service provided by your team we would like to continue to work with LABC for Building Control Services.”*

*(James McCrae, Head of Technical (West), Berkeley Homes (Southern) Limited)*

- 4.7 Whilst the operation of the Partnership has been effective and run with much success, the Audit pointed out that the Steering Group between the Councils needed to meet to review performance on a more regular basis. This had partly been due to changing personnel and managerial vacancies affecting both Councils over time, but now the opportunity can be taken to reset and refresh the Partnership by introducing more robust lines of reporting and performance management within the new Deed.

## **5 ALTERNATIVES CONSIDERED**

- 5.1 The alternative to the continuation of the Partnership would be for each authority to revert to providing its own small building control team with the attendant costs, and the lack of critical mass to effectively compete with independent Approved Inspectors. This is not considered appropriate. The continuation of the Building Control Partnership with Rushmoor Borough Council is the most logical and cost-effective way forward. It gives the service the resilience needed in a competitive market. It may be, in the future, that the Partnership can look to expand by attracting other local authorities to join the successful shared service.

## **6 FINANCIAL IMPLICATIONS**

- 6.1 The Building Act 1984 places a statutory requirement on Local Authorities to provide a Building Control service. The Act defines which functions are to be fee earning and non-fee earning. At the outset of the Partnership each authority had an individual fee schedule which have now been amalgamated into a single partnership schedule of charges. Fee income, defined within the Building (Local Authority Charges) Regulations 2010, is charged on a cost recovery basis only when reviewed over a rolling 3 year period. As such the overall cost of the service is nil to a Council. Similarly the cost of the Shared Building Control Service to Hart is nil once all costs and revenue is taken into account and reviewed over a rolling 3 year period.
- 6.2 The operation of the Building Control Partnership over the past five years, including clawing back some of the work previously lost to Approved Inspectors has left the service in a sound financial position.
- 6.3 At the commencement of the Partnership in 2015, and in the absence of any empirical evidence at the time, the Deed set out an initial split of all costs at 50:50 between the parties. Over time, it became evident that this split was disproportionate to the workload in each area, so in 2017, it was adjusted to 60:40 (Hart: Rushmoor) to more accurately reflect where the work fell. In the new Deed, it is proposed that rather than being a fixed split, the distribution of costs is reviewed on an annual basis by the Steering Group in October each year, so that it more accurately reflects, and can adapt to, the distribution of work. It should be noted that whilst presently Hart has a higher proportion of costs, reflecting the quantity of work, this is likely to change in the future as major redevelopment schemes in both Aldershot and Farnborough town centres commence.



## 7 LEGAL AND EQUALITIES IMPLICATIONS

- 7.1 The Deed has been reviewed by Legal Services and, whilst satisfied in general terms, some detailed points are being discussed with Rushmoor Borough Council. It is anticipated these will be easily resolved. The proposal to renew the Partnership is not considered to raise any equality issues.

## 8 ACTION

- 8.1 Subject to the decision of Cabinet to agree to extend the term of the Shared Building Control Service with Rushmoor Borough Council, the Joint Chief Executive, alongside colleagues from Place, Legal and Finance, will finalise the terms and conditions, and sign the new Deed.

**Contact:** Mark Jaggard, Head of Place, (x4290) [mark.jaggard@hart.gov.uk](mailto:mark.jaggard@hart.gov.uk)

**Background Papers:** Deed establishing the Hart and Rushmoor Building Control Partnership dated 2<sup>nd</sup> July 2015

**CABINET**

**KEY DECISIONS/ WORK PROGRAMME, AND EXECUTIVE DECISIONS MADE**

**December 2020**

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
Budget Monitoring	Quarterly	Post consideration by Overview & Scrutiny Committee, to consider a report on Quarterly Budget Monitoring	Dec 20 Mar 21 Jun 21			JR	F	
IT Security and Acceptable Use Policy	Dec 20	To update on IT requirements, security and policies.	Dec 20			JR	CS	
Planning Management Development Peer Review	Aug 19	Post consideration by Overview and Scrutiny to consider the Action Plan post the Peer Review	Feb 20	Dec 20		GC	P	
Treasury Management 2020/21 (Half Year Report)	Annual	Post consideration by Overview & Scrutiny Committee, to consider a Half Year review report on Treasury Management Strategy 2020/21	Dec 20			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
Budget and Medium Term Financial Strategy	Annual	To give an early consideration of the emerging budget for 2021/22 and the MTFS	Dec 20			JR	F	
Shared Building Control Service	Nov 20	To consider the renewal of the Shared Building control Service between Hart and Rushmoor	Dec 20			GC	P	
Hart Leisure Centre – Covid Subsidy	Nov 20	In light of the current Covid arrangements – to consider the contractual financial arrangements	Dec 20			JR	F	Y
Car Boot Sales	Sep 20	To update Cabinet on car boot sales	Jan 21			RQ	JCX	
Next Steps in COVID-19 Recovery	Jul 20	To provide an update on work to support the district since last July	Jan 21			JR	JCX	
Civic Regeneration Working Group	Jan 21	To update on the discussions of the Working Group	Jan 21	Feb 21		RQ	CS	
Draft 2021/22 Revenue Budget, Capital Programme and Council Tax Proposals	Annual	Post consideration by Overview & Scrutiny Committee, to agree to recommend to Council the 2021/22 Revenue Budget, Capital Programme and Council Tax Proposals	Feb 21			JR	F	

Report Title	Date item agreed for report	Outline/Reason for Report/Comments	Original Due Date	Revised Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Information
Draft 2021/22 Capital Strategy, Treasury Management Strategy Statement and Asset Management Plan	Annual	Post consideration by Overview & Scrutiny Committee, to agree to recommend to Council the 2021/22 draft Capital Strategy, the 2021/22 Treasury Management Strategy Statement and Asset Management Plan	Feb 21			JR	F	
Housing Re-Procurement	Sep 20	To inform Cabinet of new software to manage the allocations, choice-based lettings, housing options and homelessness aspects of Housing Services	Feb 21			SB	H	
Debt Recovery Update Policy	Nov 20	To update Cabinet on the Debt Recovery policy	Feb 21			JR	F	
Service Plans	Annual	Post consideration by Overview & Scrutiny Committee, agree the 2021/22 Service Plans	Apr 21			DN	All	
Outside Bodies	Annual	Post consideration by Overview & Scrutiny of the effectiveness of the Council's involvement with outside bodies	Jun 21			DN	JCX	

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
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	
Harlington Roof Repairs	Jul 20	Post consideration by Cabinet in August for updates to future works	Sep 20	TBC		RQ	CS	

**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**

21/10/20	Cllr Bailey	Recruitment of Temporary Housing Projects Officer	No Call-in
30/10/20	Cllr Cockarill	Removal of the Fleet Road Pedestrianisation Scheme	No Call-in

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Confidential