



NOTICE OF MEETING

Meeting:	Cabinet
Date and Time:	Thursday 6 January 2022 at 7.00 pm
Place:	Council Chamber
Enquiries to:	Committee Services Committeeservices@hart.gov.uk
Members:	Bailey, Clarke, Cockarill, Kinnell, Neighbour (Leader), Oliver, Quarterman and Radley

Joint Chief Executive

CIVIC OFFICES, HARLINGTON WAY
FLEET, HAMPSHIRE GU51 4AE

AGENDA

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

Please download all papers through the Modern.Gov app before the meeting.

- **At the start of the meeting, the Lead Officer will confirm the Fire Evacuation Procedure.**

- **The Chairman will announce that this meeting will be recorded and that anyone remaining at the meeting had provided their consent to any such recording.**

1 MINUTES OF THE PREVIOUS MEETING 5 - 9

The minutes of the meeting of 2 December 2021 are attached to be confirmed and signed as a correct record.

2 APOLOGIES FOR ABSENCE

To receive any apologies for absence from Members*.

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

3 DECLARATIONS OF INTEREST

To declare disposable pecuniary, and any other interests*.

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

4 CHAIRMAN'S ANNOUNCEMENTS

5 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

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

[Public Participation leaflet 2021.pdf \(hart.gov.uk\)](#)

6 MINUTES FROM THE CLIMATE CHANGE WORKING GROUP 10 - 14

Minutes of the meeting held on 29 November 2021 to be noted.

7 MINUTES FROM THE CIVIC QUARTER REGENERATION WORKING GROUP 15 - 17

MINUTE 3 – Review of Terms of Reference

RECOMMENDATION to Cabinet

To seek Cabinet approval to amend the terms of reference of the Civic Quarter Regeneration Working Group to permit all Hampshire County Councillors and Hart District Councillors elected to represent Fleet to attend the Working Group meetings as passive observers, except during meeting discussions where there is a conflict of interest. It was noted that this must be properly enforced at the meeting, especially in respect of potential commercial and financial conflicts.

Minutes of the meeting held on 13 December 2021 to be noted.

8	WELCOME BACK FUND	18 - 28
	<p>This report provides an update on the approved Welcome Back Fund application by Fleet BID as well as introducing a new application. This report also provides an amendment to one of Yateley Town Council's approved Welcome Back Fund applications.</p> <p>RECOMMENDATION</p> <p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Approves Fleet BID's new application for promotional videos for Fleet town centre to progress to the next stage of the Welcome Back Fund process. 2. Approves Yateley Town Council's amended application to purchase addition wildflower turf to progress to the next stage of the Welcome Back Fund process. 	
9	PROJECT INTEGRA JOINT MUNICIPAL WASTE MANAGEMENT STRATEGY	29 - 34
	<p>This report sets out the Joint Municipal Waste Management Strategy (JMWMS) and seeks endorsement of the strategic direction for the partnership. This will be supported by a new operational partnership agreement and detailed action plan to take Project Integra (PI) forward, including meeting the requirements of the Environment Bill.</p> <p>RECOMMENDATION</p> <p>That Cabinet endorses the principle to move to the "twin-stream" approach to recycling but noting the clear proviso, that no commitment can yet be made to it, until the requirements of the Environment Bill and the associated financial arrangements are made clear, and agreement is reached on any revision to Project Integra with Hampshire County Council.</p>	
10	QUARTER TWO BUDGET MONITORING	35 - 70
	<p>This report contains the revenue and capital outturn for the first six months of the year ending 30 September 2021. It also contains predictions of forecasts of revenue and capital expenditure to year end (31 March 2022). Finally, the report contains a brief update from the provisional Local Government Settlement received on 16th December 2021.</p> <p>RECOMMENDATIONS</p> <p>That Cabinet notes:</p> <ol style="list-style-type: none"> A. the revised projections and main revenue variances highlighted in Paragraph 4.1 and Appendices 1 and 2. 	

- B. the provisional full year revenue outturn position as of 30 September 2021 of an £612K overspend as detailed in Table 4.3.
- C. the capital outturn position as of 30 September 2021. To date the capital programme has underspent against profiled against budget by £9.863m. This is shown in Table 5.3.

11 TREASURY MANAGEMENT STRATEGY STATEMENT HALF-YEAR REVIEW REPORT 2021/22 71 - 95

To report the Council's Treasury Management activities and performance during the first half of the 2021/22 financial year (April-September 2021).

RECOMMENDATIONS

1. That Cabinet agree the recommendation to increase the Barclays Counterparty limit to £10m to accommodate the investment in the Barclays Green Investment fund.
2. That following the acquisition of Centenary House, Cabinet agree the recommendation to increase the Operational Boundary and Authorised Limit as detailed in Paragraph 4.3.

12 CABINET WORK PROGRAMME 96 - 100

To consider and amend the Cabinet Work Programme.

Date of Publication: Friday, 24 December 2021

CABINET

Date and Time: Thursday 2 December 2021 at 7.00 pm

Place: Council Chamber

Present:

Bailey, Clarke, Cockarill, Kinnell, Neighbour (Leader), Oliver, Quarterman and Radley

In attendance: Axam, Butcher and Smith

Officers:

Patricia Hughes	Joint Chief Executive
Adam Green	Ecology and Countryside Manager
Daniel Hawes	Planning Policy and Economic Development Manager
Jenny Wood	Principal Planning Policy Manager
Gemma Watts	Strategy and Development Officer
Amy Summers	Media and Communications Manager
Joanne Rayne	Finance Manager
Ashley Grist	Contracts and Procurement Manager
Helen Vincent	Committee Services Officer

78 MINUTES OF THE PREVIOUS MEETING

Minute number 76 of the minutes of the meeting held on 4 November 2021 were amended.

2. The Level Two business cases contained in Appendix One were discussed and agreed.

The updated minutes were confirmed and signed as a correct record.

79 APOLOGIES FOR ABSENCE

No apologies received.

80 DECLARATIONS OF INTEREST

The Chairman announced a non-pecuniary interest to minute number 85 as he is a Member of the Hampshire and Isle of Wight Wildlife Trust and Butterfly Conservation.

81 CHAIRMAN'S ANNOUNCEMENTS

The Chairman had two announcements. The first was to apologise to Councillor Forster and anyone else who may have been offended by his inappropriate reference made to a fellow Member of the Council at the previous meeting.

The second was to announce an urgent report which was presented by the Joint Chief Executive. The report requested approval for additional use of Council assets to help in the battle against Covid 19 and specifically to support the extended vaccination programme by the NHS up to March 2022.

It was explained that the exact requirements aren't know at this time, but the assets are associated with the Civic Campus area and the timescales had been requested by the NHS.

DECISION

Cabinet agreed to delegate to the Joint Chief Executives the powers to make decisions associated with the Councils Assets (including buildings and car parks) to facilitate the delivery of the Government's expanded vaccination programme up to the 31st March 2022.

82 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

None.

83 COMMUNICATIONS AND ENGAGEMENT STRATEGY

This report sought Cabinet approval on the proposed Communications and Engagement Strategy alongside the proposed Content Strategy.

Members were informed that the Communications and Engagement Strategy included key messages which related to the current corporate plan and were reassured that these are flexible and represent the Council consistently.

Members praised the report content and excellent advice detailed on the Council's approach to communication contained in both strategies, and welcomed assistance offered by Members to improve the content further.

DECISION

Cabinet approved the adoption of the two strategies for the period of 2022 – 2026 and because both documents are living documents they would be reviewed regularly during their lifetime.

84 HART INTERIM PLANNING POLICY STATEMENT ON FIRST HOMES

Cabinet were presented with a report which reflected the introduction of First Homes as an affordable housing product by the Government in May 2021 and sets out a suggested approach to be applied in Hart district, through the introduction of an Interim Planning Policy Statement.

It was suggested that we use an interim policy statement instead of a full review of the Government policy to ensure that the Government guidelines are followed in setting up the First Homes policy, giving space for planning officers to gather

evidence on what works better within this planning policy allowing time for more research to be carried out on the approach made by other authorities for further learning and future review going forward.

Members had concerns around the shared ownership opportunities becoming less attractive and less sustainable and were advised that legal advice was sought to take First Homes out of the Affordable Home Ownership element of the policy. However, the Council has decided to go for the standard approach on an interim basis to allow time to gather the evidence required to ascertain accurately what is needed for a viable approach to protect the rented units better. Also, the planning team are working with a Hampshire wide working group with other local authorities for comparisons. The standard approach was considered the safer option and within the Government guidelines until such research could be concluded.

The Chairman announced that he accepts the recommendation and understands this is an untested area but supports the solution provided for the interim until the impact of this legislation on the market is evident and we can demonstrate the risk is a genuine risk.

DECISION

Cabinet agreed to adopt the First Homes Interim Planning Policy Statement at Appendix A.

85 BIODIVERSITY AND CARBON OFFSETTING DELIVERY STRATEGY

This report required Cabinet approval to provide funding for the appointment of consultants to investigate the potential for Biodiversity Net Gain and Carbon Sequestration and to prepare a report setting out projects that will form the basis of a biodiversity and carbon offsetting delivery strategy. 10% offsetting and an opportunity for us to utilise this on our own site or to enable developments to delivery their 10% net gain.

Members welcomed the biodiversity and carbon offsetting strategy especially as our district is blessed with lowland acid heaths and chalk downlands, both of which are not known for sustaining trees. This will make the scheme challenging to implement, but the Council is keen to encourage the steps to finding the solutions and use the opportunities available.

Cabinet learnt that there is a level of baseline which needs to be defined and is a key part of the project which allows offset payment to deliver the scheme. Members were advised that a future tree planting strategy will be forthcoming.

DECISION

Cabinet approved for £29k of Section 106 Biodiversity offsetting funding, collected and earmarked for the purpose, be allocated for scoping exercises,

identification of potential projects and the development of a potential biodiversity and carbon offsetting delivery strategy.

86 FUNDING FOR GREEN GRID SIGNAGE STRATEGY

Cabinet approval was sought to provide funding for the appointment of consultants to develop the branding and signage strategy to support the delivery of Harts Green Grid.

Clarification was sought on what the funds would include, and it was confirmed that this will be used to cost external resources to form the basis of what is required to be delivered across the district, but the branding strategies are independent to local authority areas. It is an opportunity for visualisation work on our Green Grid for residents. It was agreed that Councillor Clarke will be included in the tender process to help and assist framing our ambitions of providing signs that will be recognised by branding zones and areas displaying safer routes and footpaths.

DECISION

Members agreed that £28k is allocated in the council 21/22 budget to fund the consultancy costs required to prepare a wider signage strategy.

87 FROGMORE DAY CARE CENTRE

Cabinet were updated on the Frogmore Day Centre (FDC) and were asked to approve to move a proportion of the Commercialisation funds that were placed in ear marked reserves, to support the delivery of a building in a condition suitable to accommodate a new lessee (Age Concern).

Members were advised of the need to invest approximately £25k of funding to bring a district asset back into serviceable use. Members sought clarification on how quickly the work can be completed so the facility can be handed over to the new tenants and were confident to learn that the Council will endeavour to project manage the delivery of quality renovations as quickly as possible. Cabinet were advised that the new lease sets out an agreement that the new tenants are required to maintain and repair the building for the duration of their tenancy.

DECISION

1. That Cabinet agreed to invest in the maintenance of FDC so that the building can be leased to Age Concern in a safe and clean condition.
2. That Cabinet authorised the granting of a new full repairing lease to Age Concern for the building, for the period of 10 years, with break clause after 5 years, on a peppercorn rent.

Appendix 3 of this report is exempt from publication.

88 CABINET WORK PROGRAMME

The Cabinet Work Programme was considered and amended as follows:

The Joint Municipal Waste Management Strategy is anticipated to come forward to Cabinet in January 2022.

The meeting closed at 8.17 pm

TECHNICAL AND ENVIRONMENTAL OFFICERS CLIMATE CHANGE WORKING GROUP MEETING NOTES

Date and Time: Monday 29th November 2021 14:00pm

Place: Teams Virtual Meeting

Present:

Cllr David Neighbour	- DN
Cllr Alan Oliver	- AO
Cllr Steve Forster	- SF
Cllr Alex Drage	- AD
Cllr Anne Crampton	- AC
Peter Summersell	- PS
John Elson	- JE
Nicky Williamson	- NW
Adam Green	- AG
Wilf Hardy	- WH

Item		Action
1.0	Introduction and apologies	
	Apologies received from Cllr James Radley and Tamsin Briggs	
2.0	Notes form previous meeting	
2.1	PS provided an update on Serco waste & recycling contract and September 26 – 32% reduction on carbon emissions over the lifetime of their contract.	
2.2	AC asked for an update to the group on the Civic Quarter. No plan is in place yet to scope what the carbon would be as not had consultation of various option. This will be discussed at the Civic Quarter Working Group (CQWG). SF advised he is not allowed to attend CQWR, and the library is a major contributor to carbon savings in the civic quarter so would like to be updated, or he would like to attend those meetings to observe. DN advised it is for that working group to work out with him, and not for discussion here.	
3.0	Environment Act	
3.1	NW provided an updated on the Environment Act about the details recently published for the four main areas: Waste and Recycling; Clean Air; Water; Nature and Biodiversity	
3.2	AC requested the parts that affect local authorities to be circulated to the group.	NW

3.3	WH commented the general consensus regarding the Act is, it is an ambitious act and well accepted. The problem is the implication and accountability issues where there are some concerns.	
3.4	<p>DN spoke of some aspects of the Act which will not be directly relevant to the Climate Change Working Group but will impact a direct impact on the Council. Collectively we will need sight of where the triggers are.</p> <p>NW will confirm if the Environmental Improvement Plan is a statutory requirement and guidance received for this.</p>	NW
3.5	<p>AO spoke about waste and recycling and HDC being the collection authority and aligned with HCC as the disposal authority. HCC need the detail from this to assess cost implications and to understand waste streams to plan suitable action plans.</p> <p>SF declared interest as executive member for HCC and commented HDC can be more proactive rather than wait for HCC.</p> <p>An example discussed was Rushmoor and their new food waste collection and discussions to see if we get involved with that once it is up and running and issues ironed out.</p>	
4.0	Friends of the Earth Letter	
4.1	A letter received from BVFOE had been circulated to the group for discussion.	
4.2	<p>Recycling - Project Integra in operation, but hopefully the Environment Act will incentivise this to progress, having regard to contract timelines. WH felt HDC together with neighbouring authorities could put pressure on HCC to fast-track.</p> <p>SF responded recent HCC meetings show a political cross-party desire to do more, but Hampshire are one of largest in Country.</p> <p>WH recognised HCC are working towards improving, but information he received two weeks ago from one of the assistant directors was not ambitious and did not have timescales. WH felt a 65% recycling rate by 2025 could be achievable.</p> <p>JE a report is going to O&S (possibly in December) on the implication of the Waste and Resources Strategy and the discussion for the working group should follow that report.</p>	
4.3	Sustainable Development - some parts listed are being done, other parts may not have legislation in place to enable us to, and rats, badgers, ground nesting birds and a species of newts are covered.	

	<p>The planning policy team will come up with and work with housing for net zero homes. EV points in flats we took charge of and carparks, and a grant for help with passive house can all be used to evidence.</p> <p>In relation to Policy, AO advised Place Portfolio will put technical notes to support our local plan, they can only do this with the legalisation in place. This working group could look at and give feedback to officers developing this. DN confirmed most guidance will flow from the Planning White Paper in spring. SF questioned how much can be provided by local neighbourhood plans against local plans as in terms of EV charging this will be mandated, but an early local plan review would be welcomed.</p>	
4.4	Pension Divestment – HDC staff pay into the pension fund, but it is administered at County Council level. HDC can ask, not insist on requirements of divest from fossil fuels.	
4.5	Transport – most falls within remit of HCC. Walking and cycling networks plan being worked on now and currently developing Green Grid with HCC. Use of S106 monies, but any funding needs to be into most appropriate scheme.	
4.6	Farnborough Airport WH wanted to flag up there are plans to increase flight to the maximum from 30,000 to 50,000. Could affect Crookham area. SF been working with TAG staff, and they are responsive to lowering noise and air-pollution and use of new fuels to lower the carbon footprint.	
5.0	Update Hart Climate Change Action Plan	
5.1	<p>PS reported the Carbon net zero pathway tender received 13 responses. These are being scored, hopefully to appointment by end of week. From this a plan for meeting net zero for the Council's activities by 2035 with priority steps including financial and carbon reduction information. It will also look at the 2040 target.</p> <p>PS reported together with NW they have put a Biodiversity net gain paper together, to identify opportunity for carbon offsetting projects.</p> <p>SF questioned the reference to carbon offset, which is not carbon reduction. PS clarified to reach goals of net zero by 2035 and 2040 the offsetting is understanding we can only get so far to reduce, then offset last amounts and opportunities to reach those targets. DN clarified the terminology carbon offset means alternative ways to capture carbon to mitigate areas where we do not yet have the technology to get zero carbon from an operation. JE and AO advised a paper is going to Cabinet which should help reassure the group. AG confirmed any opportunities relating to carbon can be brought back to the group. Opportunities may be minimal, but an exercise will be done to quantify alongside biodiversity offset.</p>	

5.2	<p>AD spoke about a scheme outside Potley School with wildflower meadows, where seeds had been provided. He questioned as HDC own a lot of land what is the thought for these schemes for biodiversity? AG confirmed these had been encouraged for many years, but we are looking at a grander scheme on our own land to deliver more major offsets. Still have the Roundabout fund but is about getting the message out that we can help, an addition not a supplement. All agreed getting the message out that funding may be available was important and this needs to be co-ordinated with the Comms team.</p> <p>SF advised HCC are planting 1 million trees on streets, and some of them could perhaps come to Hart. It was suggested we wait to see how HCC will run scheme and then identify how Hart could get involved as this. AG suggested this could help in tandem with a tree strategy being developed.</p> <p>The group agreed to contact HCC regarding the tree planting opportunities.</p>	<p>AG</p> <p>AG</p> <p>ALL</p>
5.3	PS advised there is a paper looking at energy efficiency measures on new affordable housing for housing association properties, for example passive house standards is going forwards.	
5.4	PS has identified issues with data from our buildings so looking to put in smart meters in where possible and working with Portsmouth City Council to look at potential renewable projects that can be done on our buildings.	
5.5	Leisure - energy audit of buildings, verbal update, Fleet generally fine no real opportunities but Frogmore potential good for projects with non-LED lighting. Area part owned by a school, so a 50% contribution cost required from HCC. SF advised HCC promoting community initiative for this type of project, any community building can apply for grants of up to 30K (but perhaps not schools). Peter will pass to Paul Weavers	PS
5.6	Green Grid – tenders in process for Fleet Pond corridor, expecting award letter to go out today and to run between now and next summer and complete by 31 March. SF asked if Fleet Pond to MOD land, and does it include up to Cove Road. Adam shared draft of the scheme that was received today (Phase 1) and will send this to the group	AG
6.0	Carbon Literacy Training	
6.1	Peter confirmed Carbon Literacy Training is taking place on 14 th December via Zoom. This will be circulated soon. Peter also asked for best results, people join using a laptop as opposed to another type of device.	PS

	AC asked if it an all-day event or broken into chunks. Peter will circulate agenda. Peter also advised the event will be recorded	PS
7.0	AOB	
7.1	The next meeting is scheduled for Tuesday 25 th January at 3pm	

Civic Quarter Regeneration Meeting (Teams) 13 December 2021 – 09:00

Attendees: Cllr Mark Butcher; Cllr Anne Crampton; Cllr Katie Davies; Cllr David Neighbour; Cllr Richard Quarterman; Cllr James Radley (Chairman); Daryl Phillips; Amy Summers; Joanne Rayne; Lee Rome (Minutes)

Olivia Paine HLM Architects
Cllr Bob Schofield Fleet Town Council
Elizabeth Weighill Hampshire County Council (Library Service)

Apologies: None received

1	Welcome from the Chairman	
	The Chairman welcomed the attendees.	
2	Introductions	
	The group members were well acquainted, so further introductions were unnecessary.	
3	Review of Terms of Reference	
	<p>Members discussed the benefit of widening the participation of the working group to include more stakeholders to improve the knowledge base and increase 'buy-in' and potentially accelerate the regeneration process.</p> <p>Conflicts of interest were considered. It was felt that sensitive commercial areas would need to be kept confidential. It was recognised that the current working group membership included stakeholders from HCC and the Library.</p> <p>The working group was reminded that its role was to provide Cabinet with information to allow it to make decisions on the future use of its assets.</p> <p>The benefit of the faster dissemination of information to key stakeholders and this being 'first-hand' was noted.</p> <p>RECOMMENDATION FOR CABINET That the terms of reference of the Civic Quarter Regeneration Working Group be amended to permit all Hampshire County Councillors and Hart District Councillors elected to represent Fleet to attend the Working Group meetings as passive observers,</p>	

	<p>except during meeting discussions where there is a conflict of interest.</p> <p>It was noted that this must be properly enforced at the meeting, especially in respect of potential commercial and financial conflicts.</p>	
4	HLM Proposal for Engagement	
	<p>Interviews are being held before Christmas with key stakeholders. Completed for Harlington & Library, session on Hart workspace & potential partners being held today. This will enable a clear initial vision to be set out.</p> <p>The Visual poster concept was shared. These are planned to be used during the public engagement, and formal versions of these will be drawn up and refined after the key stakeholder interviews.</p> <p>Members discussed:</p> <ul style="list-style-type: none"> • Communicating the importance of the 'Why' of the project. • Themed posters for different aspects of the scheme. • Getting a representative view back, including options the public raise not on the posters and not over-raising expectations • How responses would be managed and communicating the need for public engagement, sparking those conversations, and setting out a plan that people can interact with. • The trade-off between what can be done in terms of space, cost and public priorities, and communicating that. • 'What does the community want' from the project is the first stage of engagement. • That 'Fleet Future' & the Fleet Neighbourhood Plan had asked for such feedback before, and the engagement should remind people what they asked for and that this information has been fed into this process. • The need to remind people of the opportunities presented and that taking current services away is not the intent. • The viability or not of locating the 'Market' in Gurkha Square. <p>It was agreed that the context and wording of the engagement was important and that the Working Group would be considering the final engagement plan before it went ahead.</p> <p>Engaging with the public on how they would wish to use the space, focusing on constructive conversations around how any redevelopment could be configured.</p>	

	<p>If COVID delayed the ability to conduct face to face engagements with the public, it was agreed it should be delayed until a time when these could be held.</p> <p>Members discussed:</p> <ul style="list-style-type: none"> • The need for consistency between the online and face to face information provided. • Methods for physical interaction with space configuration – models (FTC have one), software, paper, adjustable maps. • The importance of communicating the 'juggling act' when using the space. • The use of current architect plans/images as a starting point for space use discussions but not leading those. • How face to face discussions are important for dispelling any misconceptions. • How popular options are recorded. <p>It was agreed that the initial poster briefs and a first draft of the timeline would be circulated before Christmas, and potentially a place holder for the images of potential options.</p> <p>It was noted that timelines should consider the potential impact of purdah at the end of March, and that generally engagements tend to run for 6 weeks including two weekends of physical engagements.</p>	
5	AOB	
	Agenda item for next meeting – Engagement of 'Direct Interest' stakeholders & Previews	
6	Date of next meeting	
	The next meeting is to be on Monday 10 th January at 9am.	
	Meeting ended at 10.21am	

CABINET

DATE OF MEETING: 6 JANUARY 2022

TITLE OF REPORT: WELCOME BACK FUND

Report of: Joint Chief Executive

Cabinet Member: Leader of the Council

1 PURPOSE OF REPORT

- 1.1 This report provides an update on the approved Welcome Back Fund application by Fleet BID as well as introducing a new application.
- 1.2 This report also provides an amendment to one of Yateley Town Council's approved Welcome Back Fund applications.

2 RECOMMENDATIONS

- 2.1 That Cabinet:
 - 1. Approves Fleet BID's new application for promotional videos for Fleet town centre to progress to the next stage of the Welcome Back Fund process.
 - 2. Approves Yateley Town Council's amended application to purchase addition wildflower turf to progress to the next stage of the Welcome Back Fund process.

3 BACKGROUND AND UPDATE

- 3.1 The Government's Welcome Back Fund has provided councils across England a share of £56 million from the European Regional Development Fund (ERDF) to support the safe return to high streets and help build back better from the pandemic.
- 3.2 Businesses benefit from high volumes of customers, by ensuring safe public spaces there should be an increase in customers. The Welcome Back Fund helps Councils boost tourism by improving green spaces and provide increased outdoor seating areas, markets and food stall pop-ups – providing people safer options to reunite with friends and relatives.
- 3.3 The funding can be used to:
 - 1. Boost the look and feel of their high streets by investing in street planting, parks, green spaces and seating areas to make high streets as beautiful and welcoming as possible

2. Run publicity campaigns and prepare to hold events like street markets and festivals to support local businesses
3. Install signage and floor markings to encourage social distancing and safety
4. Improve high streets and town centres by planting flowers or removing graffiti

3.4 The fund cannot be used to support:

- Activity that provides no additionality. This funding needs to create additional activity and should not be replacing the income for already committed expenditure.
- Capital expenditure – This is a revenue funding project intended to help local authorities address the longer-term impact of Covid-19 on local economies. This can include activities that last as long as restrictive measures are in place as well as activities that help future proof high streets. Permanent changes are not permitted. The cost of purchasing items should be reasonable and demonstrate value for money and not result in ‘assets’ or ‘major assets’.
- Grants to businesses – Funding cannot provide direct financial support to businesses to make adaptations to premises, purchase PPE, purchase goods or equipment or off set wages or other operating costs.

It should also be noted that support for privately owned spaces is not within scope of the Welcome Back Fund.

3.5 Parish and Town Councils, Business Improvement District (BID) or other relevant stakeholders have been given the opportunity to identify projects, which would meet the Welcome Bank fund criteria listed above. Suggested projects should focus on the centres within the district with shops and a clear public realm, such as in Fleet, Hook, Hartley Wintney, Yateley, Blackwater and Odiham. Proposals from any parishes which meet the Governments requirements are welcomed.

3.6 The Council was allocated **£86,003** from the Welcome Back Fund.

3.7 In July and October, Cabinet approved the following applications to progress to the next stage of the Welcome Back Fund process:

	Applicant	Proposal	Cost
1	Fleet BID with the backing of Fleet Town Council	The temporary installation of up to three parklets on wider pavement sections of Fleet Road.	£15-16,000 each Total cost requested up to £57,600 including VAT
2-3	Odiham Parish Council	- Production of a two-sided leaflet promoting local businesses - Creation of picnic areas - Hiring 10 picnic benches	£1,908 £3,898.80

		from June to September, the provision of bins, bin emptying and associated wayfinding signage and promotion	
4-8	Yateley Town Council	- Large Lit Christmas Character	£2,400
		- Picnic Tables	£2,994
		- Wildflower Turf	£5,221
		- Heavy-Duty Gazebo for community events	£1,215.95
		- Larger capacity dual litter/recycling bins	£3,265
		Maximum Total (excluding VAT)	£78,502.75

- 3.8 Since approval in July, Fleet BID have been trying to progress its application for the temporary installation of up to three parklets on wider pavement sections of Fleet Road. Unfortunately, they have experienced a number of challenges and have now decided to withdraw the application for the parklets.
- 3.9 In accordance with their first application, Yateley Town Council have sought to secure a Christmas character. The preferred supplier is now unable to provide it and they have been unable to source a Christmas character from any other suppliers. The Town Council have decided therefore to withdraw this application.
- 3.10 The withdrawal of these two applications returns £60,000 to the fund to be reallocated to other projects.

4 APPLICATIONS TO THE WELCOME BACK FUND

Fleet BID's Application

- 4.1 Following the withdrawal of its first application, Fleet BID have subsequently submitted a second application to the Welcome Back Fund. This application seeks to produce promotional videos for Fleet town centre and requests **£9,545** (copy of Fleet BID application attached at Appendix 1).
- 4.2 The BID propose to showcase Fleet's many strengths and to welcome shoppers back. The promotional videos will be aimed at encouraging visitors to the town and supporting the economic recovery of local businesses.
- 4.3 The promotional videos would:
- Showcase Fleet as a welcoming, desirable and safe destination and encourage people, especially younger visitors, to visit the town
 - Use a modern and accessible media that will appeal to a younger audience
 - Foster a sense of pride, interest and excitement by demonstrating all that Fleet town has to offer

- Demonstrate the strength of the community
- Focus on different aspects of the town, e.g. community, leisure facilities, retail, services
- Capture the range of businesses and facilities available to residents and visitors

4.4 The videos would highlight Fleet's many strengths including:

- Unique independent businesses offering a broad range of products from clothing to food, hobbies, hair and beauty, wellbeing and "zero-waste"
- Many "essential" services from an excellent library to banks, building societies and supermarkets
- Extensive food offerings from cafes to restaurants and gastro pubs
- A vibrant night time economy from pubs and bars to night clubs
- A multi-purpose community centre offering facilities for local community groups, as well as high quality live performances from top quality artists
- A warm welcome and high-level service from the businesses in the town centre
- Strong community focus with events including a 10K run, a Half Marathon, Fireworks Display, Christmas Festival and Summer Carnival
- A "green" town with summer flowers provided annually by Fleet Town Council
- A Business Improvement District (BID) which actively supports the local businesses, runs a Pop Up Shop to encourage entrepreneurship and organises events to encourage visitors into the town
- Being set in beautiful surroundings with Fleet Pond, the Basingstoke Canal, five Fleet town parks, open countryside and nature reserves

4.5 Three quotes have been sought for the promotional videos, with options ranging between £5,635 to £23,125. The BID have selected the 'story-telling' option with drone footage, the cheapest quote for this option being **£9,545**.

4.6 In terms of monitoring and evaluating the scheme, Fleet BID will undertake a survey to ask both businesses and members of the public to comment on the effectiveness of the videos.

Yateley Town Council's Amended Application 3

4.7 Following the withdrawal of its first application, Yateley Town Council is seeking to amend its third application to the Welcome Back Fund for the wildflower turf to include installation, in addition to purchasing, the wildflower turf (details of the additional elements of the scheme that Yateley Town Council would like to include attached at **Appendix 2**).

4.8 Three quotes have been sought for the installation ranging between £2,730 to £3,400. The Town Council has selected the cheapest quote being **£2,730**.

4.9 In terms of monitoring and evaluating the wildflower scheme, two surveys are proposed before and/or after installation:

- Local residents and

- Local businesses, to measure the impact on footfall;
- 4.10 It is also proposed to keep a comments box/e-survey card with local businesses to capture comments from customers.

5 NEXT STEPS

- 5.1 Subject to the decision of Cabinet, the Council will work with the successful applicant(s) to submit a detailed Action Plan for consideration by Department for Levelling Up, Housing and Communities (DLUHC). If the application(s) are approved by DLUHC, then the proposed scheme(s) can commence.

6 FINANCIAL AND RESOURCING IMPACT

- 6.1 Funding has been provided by Government. The Council must provide officer support, which is not identified as part of the Service Planning Process but does form part of our Recovery Activity. No increase in revenue budgeted is anticipated.

7 LEGAL AND EQUALITIES IMPACT

- 7.1 Applicants will need to adhere to the rules of the Welcome Back Fund which are available on the Government's website:
<https://www.gov.uk/government/publications/welcome-back-fund>
- 7.2 Successful applicants may need to carry out equality impact assessments for any successful schemes.

8 ACTION

- 8.1 Subject to the decision by Cabinet, Officers will administrate the fund on behalf of the applicants.

CONTACT: Christine Tetlow
email: christine.tetlow@hart.gov.uk

APPENDICES

Appendix 1: Fleet BID's application

Appendix 2: Yateley Town Council's application (additional information)

Background information

As part of the Government's Welcome Back Funding, Fleet Business Improvement District is proposing to produce videos to showcase Fleet's strengths and encourage people back to visit Fleet high street and support local businesses.

The aim of the video is to connect emotionally with people watching the video and to highlight Fleet's many strengths including:

- Unique independents offering a broad range of products from clothing to food, hobbies, hair, beauty and wellbeing and a zero waste shop.
- Many 'essential' services from an excellent library to banks and supermarkets.
- Extensive food offering from cafes to restaurants and gastro pubs.
- A vibrant night time economy from The Harlington to pubs, bars and a night club.
- A warm welcome and high level of service from the businesses in the town.
- Strong community and events from a 10k race and half marathon to Fireworks, Christmas Festival and summer Carnival.
- 'Green' town with trees and summer flowers.
- A Business Improvement District that showcases what the town has to offer and organises events to encourage people into Fleet.
- Surrounded by countryside.

COVID has meant that people are now shopping more online but this has meant that people are losing human connection and possibly the sense of community – something that visiting Fleet and the businesses here has always provided.

Photography / video objectives

- To showcase Fleet as a welcoming destination, connect and engage emotionally and encourage people to visit Fleet.
- Emotional response: Pride (for those who live here), interest (didn't know that was there), excitement (I want to visit Fleet).

Target audience

Main audience is higher than average earnings, high aspiration, most likely families.

Secondary audiences (something for everyone)

- Teens – Phoenix, Skate Park.
- Young families – lots happening, lovely businesses.
- Elderly – safe, community, businesses know them by their first name.
- Businesses – a business community and a great place to do business.

Requirement

- To capture the range of business types in Fleet.
- Long video (approx. 2mins 30 – 3 mins).
- 3-4 shorter videos: What's available focusing on different areas (shopping, eating out, hobbies)
- Filming will need to take place in February / March 2022 but shouldn't come across as a winter video.
- The video must be completed by 31st March 2022.
- Possible (your views would be appreciated): Drone footage of Basingstoke Canal / Fleet pond / Fleet to show surrounding countryside.

Please email your costed proposal including examples of similar work to tracey.shrimpton@fleet-bid.co.uk

The successful companies will be notified in the middle of January. The project is dependent on approval for funding by the local council.

Tracey Shrimpton, November 2021

APPENDIX 1

Fleet BID Video comparison

Option 1 - Interviews

	NRG Option 1	NRG Option 2	Ally & Mo Option	From the Hip
Talking Heads Interviews	Images and video of Fleet and surrounding area One main video plus shorter films Interviews with Businesses, Town Council and the public Inc Drone	Cover the same but with a presenter rather than interviews Includes drone	Images and video of Fleet and surrounding area One main video plus shorter films Interviews with business owners and the public	Images and video of Fleet and surrounding area Long video plus shorter videos
	£6,000-£7,000	£7,000 - £8000	£5,635 (£3,640 + £1,995 (drone))	£23,125

Option 2 – Story Telling (favoured option as more likely to connect emotionally)

	NRG Option 3	Ally & Mo Option	From the Hip
Story Driven	Images and video of Fleet and surrounding area One main video plus shorter films Tell the story of visitors / customers with actors from children to adult showing how Fleet meets needs of different generations. Drone included	Images and video of Fleet and surrounding area One main video plus shorter films Tell the story from the perspective of visitors / customers through in depth family interviews, visits to Fleet and interviews with shop owners	Images and video of Fleet and surrounding area Long video plus shorter videos
	£10,000 - £12,000 plus actors	£9,545 (£7,550 + £1,995 (drone))	£23,125

Option 3 – Creative Freedom

	NRG Option 4	Ally & Mo Option 3	From The Hip
Creative freedom	Fleet The Musical	4k Film of Fleet with poetry	Not offered
	TBC – not costed	£10,790 plus drone (£1,995)	



Yateley Town Council Welcome Back Fund Application

Introduction

Yateley Town Council has put together a series of individual plans to be considered for support from the Welcome Back fund.

Yateley parish is a large and vibrant community, keen to re-engage following the easing of social restrictions. The plans listed below are linked to encouraging more economic participation and safe socialisation, aimed at:

- Attracting more people to visit our many shops, pubs, restaurants, markets and service-based retailers;
- Providing safe, outdoor gathering opportunities to reassure the community;
- Capitalising on the continuing 'stay at home' trend by improving the town's green spaces and making Yateley town a welcoming place to visit.

We hope that you will be able to consider supporting one or more of our proposed plans to help boost our local economy and community, as we transition through the COVID-19 journey.

Project for Consideration

Installation of Wildflower Turf

The District Council approved our Welcome Back Fund application for the supply of 470m² of pre-seeded wildflower turf for Stillwell Close, Yateley and the Darby Green Playing Fields in Darby Green. At the time of the application, we did not have three quotes for installation costs.

In the intervening period between our projects being agreed and starting the procurement process, one of our other Welcome Back Fund projects – a large lit Christmas character (£2,500) – became unavailable for order.

We would like to submit a substitute application to cover the installation costs for the wildflower turf, for the Council's consideration.

Funding Request: £2,730

Project delivery date: January 2022.

Evaluation criteria:

- Complete resident survey before and after installation to quantify the impact on positive wellbeing of the project.
- Complete survey of nearby businesses monthly to determine impact on footfall and to obtain comments about the project. Keep a comments box / e-survey card in businesses to capture comments from customers.
- Ask retailers to display information poster in their window to promote the project.

The quotes for the work are shown below.

Contact Details: Rochelle Halliday, Town Clerk, Yateley Town Council, 01252 872198,
rochelle.halliday@yateley-tc.gov.uk
 All quotes exclude VAT

Quotes Received

1. [REDACTED] - £2,730 + VAT

From: [REDACTED]
Sent: 11 November 2021 13:05
To: Alison Blanchard <alison.blanchard@yateley-tc.gov.uk>
Subject: Re: Wild flower turf quote

Hi Ali

Sorry I am in the middle of work up a tree and did not see that bit. There will be a lot of waste 780.00 plus VAT

Regards

[REDACTED]

Sent from my iPhone

On 11 Nov 2021, at 13:01, Alison Blanchard <alison.blanchard@yateley-tc.gov.uk> wrote:

And this definitely include disposal of the removed turf?

Alison Blanchard

Deputy Town Clerk

Yateley Town Council

Tel. 01252 872198

From: [REDACTED]
Sent: 11 November 2021 12:32
To: Alison Blanchard <alison.blanchard@yateley-tc.gov.uk>
Subject: Re: Wild flower turf quote

Hi Ali

It would be 1950.00 plus VAT

Regards

[REDACTED]

Sent from my iPhone

2. [REDACTED] - £2,945 + VAT

From: [REDACTED]
Sent: 24 August 2021 16:39
To: Alison Blanchard <alison.blanchard@yateley-tc.gov.uk>
Subject: Wildflower areas, Yateley

Dear Alison

Further to your enquiry please find below my price for undertaking the creation of 2no wildflower turf areas, totaling 470 square meters.

Firstly a herbicide application of the proposed wildflower areas would take place. This would be undertaken using knapsack sprayers with a glyphosate based herbicide. The herbicide would be applied at the recommended manufacturers rates and would be administered in suitable conditions. After 10-14 days the areas would then be rotovated. This would be undertaken down to a depth of 75mm-100mm. The turf would then be laid and lightly compacted manually.

Wildflower turf areas, (470 square meters)

The two areas, (totaling 470 square meters), would be turfed. The turf to which I am proposing to use would be the "Native Enriched" supplied by Wildflower Turf in Overton. My price below includes not only the cost of the turf, but also the haulage cost of the turf to site.

Price including all materials, machinery and labour = £8,812 subject to vat@20%, (of this price £5,867 is for the supply of the turf only).

If successful with my price, then before the commencement of works I would supply you with my RAMs and aftercare instructions on the wildflower turf.

Thank you for the opportunity to quote for this work.

In the meantime should you require any further information, then please do not hesitate to get in contact.

Kind regards

[Redacted signature]

[Redacted name]

[Redacted address line 1]

[Redacted address line 2]

Tel No: 01252 871208

Mobile No: 07774797572



3. [REDACTED] - £3,400 + VAT

From: [REDACTED]

Sent: 08 November 2021 12:44

To: Alison Blanchard <alison.blanchard@yateley-tc.gov.uk>

Subject: Re: Wildflower turf

Hi Alison,

We would like to submit our quotation for the following works.

To remove 470m2 of turf from Stillwell and Darby Green Playing Fields.

To provide a skip to each site for the turf (each site will require a permit if on HCC verges or land - £65.00 +vat x 2).

To prepare the soil ready for the wildflower turves.

To lay the turves.

Costing: £3,400.00 +vat

We hope our quote is acceptable and look forward to hearing from you in the near future.

Regards

[REDACTED]

[REDACTED]

[REDACTED]

CABINET

DATE OF MEETING: 6 JANUARY 2022

TITLE OF REPORT: Project Integra Joint Municipal Waste Management Strategy

Report of: Joint Chief Executive

Cabinet Portfolio: Environment

Key Decision No

Confidentiality Non Exempt

1 PURPOSE OF REPORT

- 1.1 This report sets out the Joint Municipal Waste Management Strategy (JMWMS) and seeks endorsement of the strategic direction for the partnership.
- 1.2 This will be supported by a new operational partnership agreement and detailed action plan to take Project Integra (PI) forward, including meeting the requirements of the Environment Bill.

2 OFFICER RECOMMENDATION

- 2.1 That Cabinet endorses the principle to move to the “twin-stream” approach to recycling but noting the clear proviso, that no commitment can yet be made to it, until the requirements of the Environment Bill and the associated financial arrangements are made clear, and agreement is reached on any revision to Project Integra with Hampshire County Council.

3 BACKGROUND

- 3.1 The collection and disposal of household waste is delivered across Hampshire by an integrated waste management system. The system’s strategic direction is coordinated by Project Integra (“PI”), a partnership of Hampshire County Council (“HCC”), its 11 districts, and unitary authorities Southampton City Council (“SCC”) and Portsmouth City Council (“PCC”). Through the adoption of the Joint Municipal Waste Management Strategy (“JMWMS”), PI is seeking partners’ agreement to implement ‘twin stream’ collection systems to comply with the forthcoming Environment Bill (“the Bill”). Agreement on collections by PI partners will enable disposal partners (HCC, SCC and PCC) to proceed with the corresponding disposal infrastructure projects in accordance with the timeframes set out in the Bill.
- 3.2 Through the adoption of the Joint Municipal Waste Management Strategy (“JMWMS”) PI is seeking partners’ agreement to implement ‘twin stream’ collection systems to comply with the forthcoming Environment Bill (“the Bill”).

Agreement on collections by PI partners will enable disposal partners (HCC, SCC and PCC) to proceed with the corresponding disposal infrastructure projects in accordance with the timeframes set out in the Bill.

- 3.3 The key objectives of the JMWMS are relatively straightforward and will form part of the overall action plan for the partnership which will follow

4 Overview and Scrutiny Committee

- 4.1 The JMWMS was discussed at the meeting of [Overview and Scrutiny Committee on the 14th December 2021](#). All Members of the Committee contributed to the debate and information from the debate has been provided direct to the Waste team at Basingstoke to review.

5 The Environment Bill

- 5.1 The Bill sets out the legislative framework that will enable the Government to establish post-Brexit governance arrangements for environmental matters and implement the Resources and Waste Strategy for England (2018), delivering on the ambition of the 25-year Environment Plan to protect and enhance the environment. The Bill has recently passed through third reading in both houses, with amendments now under consideration by the House of Commons.
- 5.2 The key aim of the Bill's consistency in recycling collections measures is to ensure a consistent range of material is collected for recycling at the kerbside across England, increasing the rate of recycling and maximising material quality. The changes suggested by the Bill through recent consultations are: -
- a. Weekly Food Waste collections
 - b. Increased recycling including pots tubs and trays. This would be introduced as part of the change to twin stream collections
 - c. Free garden waste for all households
 - d. The potential creation of a Deposit Return Scheme
 - e. Potential Extension to the existing Producer Responsibility Scheme
- 5.3 From information gathered from the most recent Government consultations, the following dry mixed recycling ("DMR"), materials will need to be collected from 2023/24 (subject to transitional implementation):
- (a) cardboard;
 - (b) paper;
 - (c) aluminium and steel cans;
 - (d) plastic bottles;
 - (e) pots, tubs and trays ("PTTs");
 - (f) cartons;
 - (g) glass; and,
 - (h) plastic film (from 2026/27)
- 5.4 Understanding of the full impact of the Environment Bill will evolve as the Governments position becomes clearer and further reports will be provided to consider the implications.

6 CONSIDERATIONS

6.1 In terms of the JMWMS refresh, there are 3 main options available for the Council to consider:

- 1) Endorse the Strategy unreservedly; this option would contribute to the Corporate Strategy but would imply resource commitments that the council cannot reasonably make in the absence of information.
- 2) Decline to endorse the Strategy; this option would not contribute to the Corporate Strategy.
- 3) Endorse the Strategy with conditions; this option is recommended and detailed below

Conditional Endorsement

6.2 The first strategic objective within the Strategy where the recommendation is for the support to be conditional, is on the topic of making a commitment to move to a 'twin stream approach'.

6.3 The current twin stream system in Hart is:

- Paper and Cardboard co-mingled with plastics, all food and drink cans and aerosols.
- Glass collected separately.

The proposed Twin Stream, which is in line with the government consultation proposals, is: -

- Glass to be co-mingled with plastics, PTT's, all food and drink cans and aerosols.
- Paper and Cardboard would be collected separately.

6.4 The understandable rationale for its inclusion in the strategy is to enable HCC to plan future waste arrangements well in advance so that they can provide the necessary infrastructure. New materials recycling facility ("MRF") infrastructure will need to be built (existing MRFs at Alton and Portsmouth are not capable of processing PTTs, plastic films, cartons or glass). The adoption of a twin-stream system for this set of DMR materials therefore imposes further specific new infrastructure requirements, affecting MRFs, transfer stations and collection fleets. Additional depot capacity for the storage of vehicles and containers may be required.

6.5 Modelling work by Wood Consultants on behalf of PI considered how the introduction of different DMR collection systems would affect the performance, costs and carbon output both of individual authorities and the integrated Hampshire waste system as a whole. It concluded that a twin-stream DMR collection was the best solution as it would lead to a significant increase in recycling performance, and a reduction in carbon emissions equivalent to the kerbside sort option but with lower total costs. Notwithstanding the Government's preference for Kerbside sort, twin-streaming will meet the requirements of the Bill as a solution which is technically and economically practicable.

- 6.6 The principle of this approach in the Strategy is therefore to be supported. However, the concern is that we are unable at this stage to say what the financial costs are of this change. This will only become clear when we know the final outcome of the government consultations as this may involve other service changes and costs including vehicle, bins, and sacks.
- 6.7 To be able to do this it requires collection authorities to commit to future collection arrangements, which in turn will have implications for existing and future waste collection contracts. Depending on the timing and provisions of the Environment Bill, new burdens funding may be provided to enable this twin-stream approach.
- 6.8 However, were the Environment Bill not to make twin stream mandatory and/or not to provide full funding for it, then the financial implications for the councils would be different. If HCC changes its financial relationship with the collection authorities, this will also alter the financial implications. In conclusion twin stream is supported in principle, it could be expected to improve recycling performance, but it is premature to be able commit to it.
- 6.9 It is therefore recommended that the Strategy is supported in principle, but that final endorsement cannot yet be made to the JMWMS. This final endorsement should only be done once until the requirements of the Environment Bill and the associated financial arrangements are made clear and agreement is reached on any revision to the Project Integra agreement.

7 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 7.1 The following options were considered and rejected:
- a) Endorse the Strategy unreservedly; this option would contribute to the Corporate Strategy but would imply commitments that the council cannot reasonably make without further information which is not available at this time.
 - b) Decline to endorse the Strategy; this option would not contribute to the Corporate Strategy.

8 CORPORATE GOVERNANCE

8.1 Service Plan

Is the proposal identified in the Service Plan?	Yes
Is the proposal being funded from current budgets?	No
Have staffing resources already been identified and set aside for this proposal?	No

Legal and Constitutional Issues

- 8.2 There are no specific legal implications associated with this report. Future alterations to waste collection methodologies or the role of Project Integra would be considered in advance and legal advice sought.

Financial and Resource Implications

- 8.3 It is important to note that there is a specific reference in the Strategy to possible changes to the financial relationship between the county and collection authorities to clarify that support for the strategy is not a commitment to any future financial changes yet to be proposed.
- 8.4 There are no direct financial implications in endorsing the Strategy as recommended. However, there are clear financial implications associated with the risks outlined below.
- 8.5 Currently, we are unable to provide financial details for any service changes until we know the full outcomes of the government's recent consultation. Future reports will be brought to committees with any proposed service changes and financial implications.

Risk Management

- 8.6 If the Council does not approve the JMWMS or the future of Project Integra the Council would be responsible for arranging disposal of all collected recyclable material. HCC are only responsible under current legislation for arranging disposal of non-recyclable material. This was the main reason Project Integra was introduced to spread the costs amongst all Hampshire authorities and provide the most up to date infrastructure for disposal.
- 8.7 The main risk in endorsing the Strategy is the creation of a real or implied commitment to changing waste collection services before the councils know what is required of them by law and before funding support for any changes is clear.
- 8.8 There are financial risks if changes to waste collection are mandated, and full financial support is not provided. There are also financial risks if the Project Integra agreement is revised.
- 8.9 The County Council has endorsed the Strategy and there is a risk that Hart may be required by HCC to unilaterally change its collection methods to fit with the infrastructure HCC plans to develop, regardless of the Environment Bill.
- 8.10 The recommendation mitigates these risks in so far as can reasonably be done.

9 EQUALITIES

- 9.1 There are no equalities implications raised as a direct result of this report. However, this will need to be assessment again as and when we introduce any changes to services or policies in the future. Whilst an equality impact assessment has previously been carried out for the provision of bring banks facilities, this assessment needs to be updated to consider these report's recommendations.

10 CLIMATE CHANGE IMPLICATIONS

- 10.1 There are future climate change implications arising from this report which will be discussed in more detail once the final outcomes of the government's strategy are known.

11 Action

- 11.1 Cabinet's views will be forwarded to Project Integra.

Glossary

Term	Definition
JMWMS	Project Integra Joint Municipal Waste Management Strategy
PI	Project Integra
HCC	Hampshire County Council
MRF	Materials Recovery Facility
PTT's	Pots tubs and trays
Twin Stream	<p>Twin stream is the collection of recycling materials in two separate streams. Similar to the process we have at present with glass collected separate from other recyclables which are co-mingled into one bin.</p> <p>The change planned is for glass to be co-mingled with plastics, PTT's, all food and drink cans and aerosols. Paper and Cardboard would be collected separately.</p>

CABINET

DATE OF MEETING: 6 JANUARY 2022

TITLE OF REPORT: QUARTER TWO BUDGET MONITORING

Report of: Head of Corporate Services

Cabinet Member: Deputy Leader and Finance

1 PURPOSE OF REPORT

- 1.1 This report contains the revenue and capital outturn for the first six months of the year ending 30 September 2021. It also contains predictions of forecasts of revenue and capital expenditure to year end (31 March 2022). Finally, the report contains a brief update from the provisional Local Government Settlement received on 16th December 2021.

2 OFFICER RECOMMENDATIONS

- 2.1 That Cabinet notes
- A. the revised projections and main revenue variances highlighted in Paragraph 4.1 and Appendices 1 and 2.
 - B. the provisional full year revenue outturn position as of 30 September 2021 of an £612K overspend as detailed in Table 4.3.
 - C. the capital outturn position as of 30 September 2021. To date the capital programme has underspent against profiled against budget by £9.863m. This is shown in Table 5.3.

3 BACKGROUND

- 3.1 It is important that regular monitoring of budgets is undertaken to ensure financial targets are being met.
- 3.2 Quarterly Budget reporting is a key financial control. This is the first report which has encompassed accruals accounting to improve accuracy of projections and minimise timing differences. Further accruals will be included as part of Quarter Three Budget Monitoring.
- 3.3 Overview and Scrutiny Committee considered this report at their meeting on the 14th December 2021. The presentation provided to Members will clarify areas arising from the debate in the meeting.

4 PROVISIONAL REVENUE POSITION

- 4.1 The Council set a balanced budget in February 2021. As part of this Quarter two review, the forecast outturn position is an overspend of £612K.

4.2 Table 4.3 below provides the budgeted expenditure and full year forecast against budget by service area at a net cost of service level.). A summary of the main revenue variances to date is provided in Paragraph 4.4.

4.3 The full-year budgets for service areas reflect the transfer of waste contract management from Technical and Environmental Maintenance to Corporate Services.

Table 4.3 (Revenue Outturn v Original Budget 2021/22, Forecast 2021/22)

Service Area	Original Full Year Budget 2021/22	Budgeted Expenditure to 30th Sept 2021	Actual Expenditure to 30th Sept 2021	Over/Under Spend	Full Year Forecast 2021/22.	Variance: Forecast against Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Services	3,686	3,272	3,528	256	4,027	341
Community Services	2,530	700	458	(242)	2,261	(269)
Technical and Environmental Maintenance	3,660	1,245	734	(511)	4,225	565
Place	2,427	1,436	795	(641)	2,411	(16)
Accounting Treatment	(1,509)	1,351	1,886	535	(1,518)	(9)
Net Cost of Services	10,794	8,004	7,401	(603)	11,406	612

4.4 A summary of the main variances within each Service is provided below:-

4.4.1 Corporate Services

Leisure Services is currently overspent by £270k, this is due to the following:-

- (£20K) underspend against Budget YTD on Insurance due to this not yet being recharged
- (£408k) underspend against Budget YTD in respect of Deprecation not yet being charged.
- £700k overspend for Recovery of Costs (from Leisure Provider - Everyone Active), the forecast has been amended to reflect the latest situation; the earmarked reserve transfer will take place at year end.
- In respect of COVID 19 we have assumed that the Council will break even from all Government Grants provided and any under-utilised Grants will be returned to the Awarding Body (if applicable).
- The 5 Councils Contract is £64k underspent
 - (£31k) relates to an invoice accrued for in respect of HR Costs (awaiting invoice from Capita).
 - (£34k) relates to Payments made to Capita for the Contract, these have been accrued for on an estimated basis in advance of receiving the invoices. Accruals do not include any Indexation that may be incurred.

4.4.2 Community Services

- There is a (£323k) underspend in Domestic Abuse. This is due to (£356k) underspend of Grant Payments, which was originally set on the basis that this would be funded by a DCLG Grant. The DCLG has not be awarded and now the Grant Payment budget has been reduced to reflect this (forecast adjustment).
- There is a £130k overspend in Housing Needs, the main variances as follows:-
 - £60k Software and Licenses expenditure (to Civica) incurred ahead of Budget YTD.
 - £18k overspend in respect of Software Development Costs for the new Housing system. This will be funded from earmarked reserves as approved, and the reserve will be transferred to revenue at year end.
 - £52k Rent Deposit Income below budget, this due to the fact that COVID has limited “door collection” of monies, it is anticipated that door collection recommence in November 2021. (A Forecast adjustment has been made).
- Private Sector Housing shows an underspend of (£854k), this will be adjusted at year end to reflect Disabled Facilities Grant spend. (A forecast adjustment has been made).
- There is an overspend of £31k in respect of Homelessness Costs which will be requested to be funded from Earmarked Reserves.

4.4.3 Technical and Environmental Services

- Off Street Parking has an overspend of £133k. This is largely attributable to diminished income £95k Car Parking Fees, reduction in Fixed Penalty Income £13k and £11k Ticket Machine expenditure incurred ahead of Budget.
- Fleet Pond shows an underspend of £541k. This is predominantly down to £502k Developers Contributions received against no Budget (This will be moved to Capital Reserves (Capital Receipts – there is no Budget accordingly).
- Waste Client Team has an underspend of £216k this is attributable largely down to (£108k) Green Waste Sack Sales exceeding the Budget YTD and (£163k) Sub-Contracted Works not incurred against the Budget YTD.
- The Waste Contract has an underspend of £188k – this is down to BDBC not invoicing Hart DC for June to September 2021 Waste Contract Charges (Serco). At the time of writing this a schedule for the proposed charges has arrived from BDBC and a Purchase Order will be raised imminently.

4.4.4 Place Services

- Building Control (Fee Earning) – Application and Inspection Fee income has exceeded the Budget YTD by £50k. This is thought to be attributable to the summer months and is expected to subside over the remainder of the financial year.
- Admin Buildings (Repairs & Maintenance) - £221k underspend compared to Budget YTD. Contributing factors were no Depreciation being incurred against Budget YTD (£110k), Rental Income (£62k) being incurred against

No Budget (Forecast adjustment has been made) and lastly an underspend (£58k) on Repairs and Maintenance, which was due to Budget Profiling. There was also an overspend of £27k in respect of Repairs and Maintenance purchases incurred ahead of Budget.

- Environmental Protection has seen an overall underspend to date of (£23k), attributable largely to Salary savings of (£55k), and an overspend on an Environmental Protection contractor of £20k effectively to cover the permanent staff.
- Planning and Development has an overall underspend of (£105k). Contributing variances towards this are Planning Application Income exceeded Budget YTD of (£202k) (forecast has been amended), Salary savings of (£58k) due to Planning Manager vacancy (forecast has been amended). Consultant Project costs in respect of work undertaken at Bramshill House Watery Lane Appeal Statement of Case exceeded the Budget YTD by £108k (forecast adjustment has been made).

5 CAPITAL POSITION

- 5.1 Capital expenditure as at the 30 September 2021 was £19,567k against a Budget of £29,429k (including carried forward budget from 2020/21).
- 5.2 The estimated outturn for capital has changed from the original budget by £1,567k; this is largely attributable to the Fleet Pond where the Council is forecast to spend an additional £1,458k on the project.

Table 5.3 (Capital Outturn v Original Budget 2021/22, Forecast 2021/22)
Hart DC - Capital
Budget v Actuals
Table Budget Comparators - 2021/22 (September -
Period 6)

Directorate	Revised Budget 2021/22 *	Actual Expenditure - 30th September 2021	Variance Outturn to Date v Budget 2021/22	Revised Full Year Forecast 2021/22 **	Variance Forecast against Budget
	£'000	£'000	£'000	£'000	£'000
Corporate Services	23,811	18,966	(4,845)	23,891	80
Community Services	430	395	1	433	3
Technical and Environmental Services	5,164	206	(4,992)	6,648	1,484
Place Services	24	0	(24)	24	0
Net Expenditure before Adjustments	29,429	19,567	(9,862)	30,996	1,567

* Revised Budget consists of Brought Forward +
Original Budget approved on 25th February 2021

** Revised Full Year Forecast includes brought forward Budget and Full
Year Forecast for 2021/22

5.4 A summary of the main variances in each Service is provided at 5.4.1 et seq.
Detailed variances are provided at Appendices 3 and 4.

5.4.1 Corporate Services

- There is an overall underspend of (£694k) in the Upgrade to IT Infrastructure Programme
- There is an underspend to date of (£4,150k) on the Council's Commercial Investment Strategy due to the lack of current viable investment opportunities available to the council.
- Both Edenbrook and Centenary House have been delivered.

5.4.2 Community Services

- There is an overspend of £39k in respect of Disabled Facilities Grants, which will be funded directly from Grant Funding received in year.
- There is an underspend of (£40k) in respect Private Sector Renewal Works.
- There is underspend of (£34k) in respect of CCTV funding brought forward from 2020/21.

5.4.3 Technical and Environmental Services

- Due to Covid 19, the proposed Fleet Pond Development was deferred and as such the following underspends are evident: -
(£2,003k) in respect of the Fleet Pond Green Grid Engineering costs
(£745k) in respect of Fleet Pond Green Grid Ecology
(£180k) in respect of Fleet Pond Visitor Enhancements not yet developed
(£110k) in respect of the Fleet Pond Access Track
(£54k) in respect of Fleet Pond Fencing
- (£335k) in respect of Edenbrook Skate /Bike Park as no expenditure has yet to be incurred in 2021/22.
- (£160k) in respect of Hartley Wintney Central Common Access Improvements of which no work has commenced.
- (£918K) in respect of Bramshot Farm scheme works not yet delivered.

5.4.4 Place Services

- A budget of (£24k) has been carried forward in respect of a proposed purchase of an electric Dog Warden Van.

6 **2022/23 BUDGET UPDATE**

The provisional Local Government settlement for 2022/23 was received on the 16th December 2021. It is a one-year settlement only. A higher level of New Homes Bonus than expected has been announced for 2022/23. No funding announcements have been provided for future years and there remains significant funding uncertainty beyond 2023.

7 CONCLUSION

This is the first budget report which has incorporated a level of accruals accounting; this has limited the number of timing differences and enabled full-year forecasts.

8 EQUALITIES

All activity will comply with the authority's statutory duties.

9 CLIMATE CHANGE

No direct carbon/environmental impacts arising from the recommendations. We are however, starting to move to a more sensitive and sustainable investment strategy.

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

APPENDICES

Appendix 1 Expenditure against Budget

Appendix 2 Revenue Variances for 2021/22.

Revenue Performance (Budget v Forecast) September 2021

Appendix 3 Capital Variances for 2021/22.

Capital Performance (Budget YTD v Outturn) September 2021

Appendix 4 Capital Performance (FY Budget v Forecast) September 2021

Appendix 1: Expenditure against Budget

Corporate Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Overspend £'000</u>	<u>Underspend £'000</u>
		Fees and Services - Awaiting invoices from BDBC in respect of June to September 2021.		£8
HABULK	Bulky Waste			
		Increase in income for land charge search fees compare to Budget YTD; however, expected to diminish in 2nd part of the Financial Year		£5
HACAPI	5 Council Contract – Capita	Payments to South and Vale - Invoices yet to be submitted for January, February, June, July, August and September 2021, all of which have been accrued for. Additionally, we have yet to receive the charges for 2020/21 5C Contract indexation, again accrued for.		£53
		Accrual reversal - awaiting invoice to be received for subcontracted (HR Charges) work non-rechargeable.		£31
		South Client Team - Client Team recharges Q1 2021/22 ahead of profiled FY budget.	£20	
		Recruitment advertising not yet incurred		£11
		Miscellaneous underspends (fav.)		£8
HACFIN	Corporate Finance	Insurance charges yet to be allocated around the council	£143	
		Additional bank charges - credit card spend not yet recharged out to other Cost Centres	£42	
		Project consultant for Exchequer Services Support	£32	
		Software purchases and licenses incurred ahead of forecast spend	£6	
		Subscriptions	£6	
		Miscellaneous overspends (adv.)	£5	
HACIVC	Civic Function & Chairman			
		Miscellaneous underspends (fav.)		£1
		Sub-contracted work, awaiting Invoice to offset accrual, which is contributing to the Underspend		£20
		Miscellaneous underspends (fav.)		£4
		Fees and Hired Services relating to The Pavilion, Edenbrook and Centenary House	£56	
HACOM L	Commercialisation			
		Salary related differences - outstanding costs from Year End to be capitalised.	£31	
		Agency: Recruitment fee – these costs will be charged to the new Housing Company.	£8	
		Legal Services in relation to Hart Housing Project Management and Centenary House	£6	
		Miscellaneous overspends (adv.)	£5	
HACOM M	Corporate Communication			
		Miscellaneous overspends (adv.)		£9
		Publicity Costs not invoiced from Hart News Publication		£7
		Miscellaneous underspends (fav.)	£5	

		Additional Grant receipts YTD		£1,606
		Consultant - project budget not yet utilised.		£127
		Additional grant payments being made to businesses only £319k in Budget, this will be funded by Grant Receipts.		£33
HACVID	Covid 19	Miscellaneous underspends (fav.)		£3
		Other Government Grants - Balance transferred to balance sheet Creditor's account.	£1,646	
		Other services	£72	
		Room and Office rent, costs incurred though no budget.	£29	
		Costs against for Compliance Staff to be grant funded	£15	
		Miscellaneous overspends (adv.)	£7	
HADIGI	Digitalisation	Miscellaneous underspends (fav.)		£1
HAFLCT	Frogmore LC Building	No variances		
		Rent Allowances not yet incurred		£1,372
HAHCT	Housing/Council	Increased Government Grants from DHP and Council Tax Support		£52
B	Tax Benefits	Overpayment Housing Benefit increased income		£30
		Reduced rent allowance subsidy grant not yet received	£1,449	
		Rent Rebate subsidy not yet received	£8	
HAHELC	Hart Election Costs	Software purchases incurred ahead of forecasted spend	£7	
		Miscellaneous underspends (fav.)		£2
		Home of HR Support not invoiced on Sub-contracted work (non-rechargeable)		£13
		Corporate management training not yet incurred.		£7
HAHRC	HR Contract	Miscellaneous underspends (fav.)		£1
O		Salary related differences, Corporate Business Improvement & Client Officer	£8	
		Recruitment advertising costs against no budget.	£3	
		Miscellaneous overspends (adv.)	£2	
		Salary related costs due to staff retirement. Forecast adjusted.		£10
HAIAUD	Internal Audit	Work conducted by Wokingham and BDBC Internal Audit Departments less than Budget YTD.		£3
		Miscellaneous underspends (fav.)		£2
		Project consultants not yet incurred.		£9
		Miscellaneous underspends (fav.)		£5
		Depreciation not yet charged.		£4
HAITCO	IT Contract	Overspend on software purchases and licenses as an annual invoice has been received and budget is not sufficient	£35	
		Additional mobile phone charges exceeding an underfunded budget line	£23	
		Hire of equipment - Additional spend on Virgin Media HSCN 500 mbps. Invoiced in one lump whereas forecast assumes monthly. Forecast needs to be adjusted as £12k overspent on annual budget as it was incorrect.	£18	
		Maintenance of equipment	£5	
		Goods receipted not invoiced.	£5	

		Miscellaneous overspends (adv.)	£2	
		Fees and Hired Services.	£1	
		Salary adjustments that have been adjusted for due to staff vacancy.		£16
		Project consultants not yet incurred.		£15
		Grants yet to be paid out below profiled budget.		£11
HALEAD	Leadership Team	Recruitment advertising below profiled budget.		£6
		Miscellaneous underspends (fav.)		£5
		Other employee costs yet to be disbursed.		£2
		Subscription costs, needs to be moved to HAMEMB/47000 (Mainly LGA Membership).	£15	
HALEGL	Legal Services	Fees and Hired services - Costs for the shared service with Basingstoke and Deane covering Q1 and Q2 21/22 not yet invoiced though accrued for.	£7	
		Variance due to budget profiling.		
		Depreciation not yet charged		£407
		Covid 19 Support Grant not budgeted for		£124
		Premises insurance yet to be invoiced		£21
HALEIS	Leisure Centres	Miscellaneous underspends (fav.)		£3
		Leisure Centre income not received	£700	
		Fees and Hired Services incurred (Forecast adjustment has now been made)	£124	
		Miscellaneous overspends (adv.)	£1	
		Recovery of costs		£5
HALOTT	Hart Lottery	Fees for services		£3
		Professional Fees	£3	
		Agency Staff savings as staff are all employed.		£7
		Miscellaneous underspends (fav.)		£5
HAMEMB	Support to Elected Bodies	Annual subscription costs to SEEC and LGA incurred ahead of forecasted spend.	£9	
		Miscellaneous overspends (adv.)	£9	
		Salary differences to be corrected.	£8	
HANODC	Non-Distributed Costs	HCC Invoice for LGPS Compulsory Added Years (CAY) 2020/21 October to March 21 to be moved to HAZTDCA8015.		£6
HAPERF	Corporate Performance Team	Other employee costs yet to be disbursed in respect of Insurances (Employers Liability, Fidelity, Accident and Travel Insurance).		£1
		Additional Grant Income received YTD		£46
		Miscellaneous underspends (fav.)		£4
HARBCO	Revenues & Benefits Contract	Court Cost income not yet received	£60	
		NNDR Cost of Collection income not yet received	£50	
		Miscellaneous overspends (adv.)	£2	
HARELC	Rechargeable Elections	Grant income from DCLG, HCC credited here; however, a proportion of this to be transferred to HAHELC in respect of Hart Elections.		£181

		Room and Office Costs - No expenditure incurred to date.		£15
		Printing costs - under profiled budget.		£11
		Postage costs - under profiled budget.		£11
		Recovery of costs - nothing yet received.	£253	
		Reimbursements - Town Councils, nothing yet received.	£22	
		Rental costs.	£17	
		Room and Office Costs - GRN not invoiced - these need to be reviewed and cleared down.	£11	
		Salary savings incurred as there was gap replacing an officer that left with another officer.		£9
		Printing costs not yet incurred.		£8
HARGS T	Register Of Electors	Postage costs not yet incurred.		£8
		Miscellaneous underspends (fav.)		£1
		Software purchases incurred ahead of forecasted spend.	£8	
		Miscellaneous overspends (adv.)	£1	
		Sub-contracted work non-rechargeable not yet incurred against Budget		£3
HASCC O	Customer Services Contract	Payments to other LA's - One reversing accrual from Q4 2020/21 (still awaiting the invoice) and two current accruals for Q1 & 2 2021/22 Contact Centre as invoices not received from BDBC.	£39	
		Consultants - projects, costs not yet incurred against profiled budget - Chelgate Limited.		£6
HASETT	New Settlement	Miscellaneous underspends (fav.)		£1
		Salary adjustments to reflect additional costs once Salary Monitoring spreadsheet is available	£9	
		Miscellaneous overspends (adv.)	£1	
HAWBD C	Basingstoke Waste Contract	Client Contract payment to the BDBC over budget due to budget profiling YTD.	£75	
		Costs for Subcontracted work non rechargeable not yet incurred.		£40
		Subcontracted work yet to be incurred - this would appear a profiling issue		£163
		Green Waste Sacks income has exceeded Budget YTD		£108
		Recycling Credits MRF exceeds Budget YTD		£33
		Recovery of costs is less than the Budget YTD, this could be a profiling issue		£28
HAWCL T	Waste Client Team	Agency staff yet to be incurred		£10
		Salary related differences, forecast adjustments to be made in line with salary monitoring spreadsheet.	£75	
		Recycling Glass Credits - this relates to an accrual from 2020/21 and the income has yet to be received	£37	
		Miscellaneous overspends (adv.)	£10	
		Legal Services against no Budget (forecast adjustment required)	£5	
HAWCO M	Waste Education and Comms.	Printing Costs less than Budget YTD; however outstanding PO's for £10k have been raised yet to be GRN'd		£8
HAWST E	Waste Contract	From June to Sept 21 - Invoices were sent to BDBC and Hart are awaiting to be recharged for their proportion		£193
		Invoices from June to Sept 21 have been BDBC - Hart are awaiting their proportion (Serco and other Contractors)		£9

		Awaiting confirmation from Client Team Manager with regards to Bin Sales activity	£14	
HAXAUD	External Audit	Audit Fees incurred below profiled budget.		£30
		Recovery of costs		£8
TOTAL			£6,683	£6,427
Net Variance for Corporate Services			£256	£0

Community Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Overspend £'000</u>	<u>Underspend £'000</u>
HADOMA	Domestic Abuse	Grant payments not yet made		£355
		Salary related differences, forecast adjustments to be made to reflect salary monitoring spreadsheet.		£11
		Income from HCC for '2 Target Hardening Posts MHCLG Funds'.	£43	
HAHOUS	Strategic Housing Services	Miscellaneous underspends (fav.)		£6
		Miscellaneous overspends (adv.)	£2	
HAINCL	Social Inclusion and Partnership	Additional Grant received into here that belongs to HANEED		£28
		Miscellaneous underspends (fav.)		£1
		Grants for HVA and Incision Ltd to be funded from Trailblazer Reserve	£21	
		Salary related differences, forecast adjustments to be made to reflect salary monitoring spreadsheet.	£3	
		Miscellaneous overspends (adv.)	£2	
HANEED	Housing Needs	HB Local scheme rent rebates yet to be incurred against profiled budget.		£17
		Accounting Provisions yet to be incurred against profiled budget.		£14
		Bed and Breakfast allowance payments not yet incurred against profiled budget.		£12
		Other employee costs yet to be incurred against budget.		£5
		Additional other government grant income received		£5
		Miscellaneous underspends (fav.)		£5
		Software purchases and licenses expenditure incurred ahead of forecasted spend and GRN'd non invoiced PO (Civica).	£60	
		Rent deposit income not yet received	£53	
		Salary related differences - Increase as funding extra hours for Karen, Jackie covering Tash and Katie covering Beth. This is being funded from HANEED44069 Homeless Prevention Grant	£25	
		Software development for the new housing software - this will be financed from Earmarked Reserves	£19	
		Bad debt write-offs incurred	£12	
		Additional Homelessness costs to profiled budget.	£9	
		Cost recovery income not yet received	£8	

		Miscellaneous overspends (adv.)	£2	
		Income received from HCC in other government grants, no budget for this account code.		£838
		Agency Staff not yet incurred at Providence House and other fire related issues. Majority of work has been completed		£19
HAPRIV	Private Sector Housing	Miscellaneous underspends (fav.)		£3
		Income received from HCC in other government grants, no budget for this account code.	£838	
		Miscellaneous overspends (adv.)	£6	
HAPRSF	PRS Access Fund	Homelessness Costs to date against no Budget - Expenditure to be funded from Earmarked Reserve from a prior year funding receipt	£31	
		Fees and Hired Services not yet received as budget assumed that the partnership continued but was disbanded last year. This has been adjusted.		£75
		Grant received in incorrect line - this will be moved.		£5
HASAFE	Community Safety	Contribution accruals is the opposite side of a year-end accrual which will be corrected.	£19	
		Salary differences, salary and associated on costs for Joshua Vincent are still showing as allocated to the Cost Code incorrectly and need to be amended - journal to be done.	£3	
		Miscellaneous overspends (adv.)	£1	
TOTAL			£1,157	£1,399
Net Variance for Community Services			£0	£242

Technical and Environmental Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Overspend £'000</u>	<u>Underspend £'000</u>
-				-
HABIOD	Biodiversity	Miscellaneous underspends (fav.)		£2
		Depreciation has not yet been incurred		£54
		Materials expenditure not incurred (forecast adjustment made) as budget not requested.		£16
HABSNG	Bramshot Farm	Developers' contribution against no budget relates to £51k River Road - (Planning Application 19/01494/AMCON) and SANG Refund (£30k) ref number 21/01517/SANGS	£21	
		Subcontracted works occurred in advance of Forecasted Spend additional for drainage works required.	£8	
		Miscellaneous overspends (adv.)	£2	
		Depreciation Charge not yet charged		£12
HACCTV	CCTV	BT Redcare Q1 and Q2 2021/2022 CCTV Lines less than budget.		£11
		Miscellaneous underspends (fav.)		£3
		Fees and hired services incurred less than budget		£3

		Recovery of costs and recharge income not yet received - This will be done at Year End	£63	
HACLMT	Climate Change	Salary related differences (Basic, Employers NI and Pension) incurred - Forecast adjustments made to reflect salary monitoring spreadsheet and anticipated Final Salary Costs.	£9	
HACOMS	Hartley Wintney Commons	Sales income received, against no budget, forecast adjustment made to reflect this.		£4
		Salary related differences to pay for the 0.68 FTE staffing arrangement for Hartley Witney Commons against no budget.	£12	
		Subcontracted work incurred against no budget.	£4	
HACONS	Landscape & Conservation	Miscellaneous overspends (adv.)	£1	
		Subcontracted works non - rechargeable costs yet to be incurred		£7
HADRNG	Drainage	Depreciation has not yet been charged.		£6
		Salary related differences (Basic, Employers NI and Pension) as per salary monitoring sheet		£3
		Miscellaneous underspends (fav.)		£2
HAEHNR	Evesham Health Nature Reserve	Subcontracted work not yet incurred (forecast adjusted)		£4
HAEPLN	Emergency Planning	Contributions to voluntary organisations not incurred ahead of forecast spend.		£20
		Miscellaneous underspends (fav.)		£6
HAESNG	Edenbrook Country Park	Depreciation has not yet been charged.		£2
		Subcontracted works incurred compared to Budget (forecast adjusted)	£12	
		Salary related differences and employee training, forecast adjusted in line with salary monitoring spreadsheet last month.	£8	
		Depreciation not yet incurred		£25
		Premises insurance yet to be incurred.		£8
HAESTA	Estates / Asset Management	Investment Property Income rent Income against no Budget (forecast adjustment made)		£8
		Subcontracted work non - rechargeable relating to Harlington Auditorium/ Ceiling/Roof Inspection	£20	
		Consultation costs incurred ahead of budgeted spend	£8	
		Miscellaneous overspends (adv.)	£6	
		Salary related differences (Basic, Employers NI and Pension) due to vacant posts at the beginning of the year.		£97
		Contributions to voluntary organisations yet to be incurred.		£20
		Increased sales income, forecast adjustment made to reflect income form Hartland Park		£17
HAEVPO	Environment Promotion Strategy	Consultant cost/projects not yet incurred		£13
		Subcontracted works non rechargeable yet to be incurred		£10
		Purchase of equipment not yet incurred	£9	
		Other Services expenditure incurred against Budget - Forecast adjustment made as this is to be offset against Hartland Park	£6	
		Vehicle servicing incurred, ahead of YTD budget profile.	£5	

HAFURN	Street Furniture	Miscellaneous underspends (fav)		£2
HAGNDS	Grounds Maintenance Contract	Fees and hired service charges (to BDBC - paid to September) more than budget.	£30	
		Reimbursement income Q1 received as per Agency agreement, quarter 2 outstanding	£15	
		Miscellaneous overspends (adv.)	£7	
HAHITM	Highways Traffic Management	Income from Recovery of costs for a grant for the opening of High Street from MHCLG, LEP funding from EM3 LEP and Increased income from processing TTRO's.		£43
		Subcontracted works relating to Fleet Road Pedestrianisation due to Covid 19.		£22
		Miscellaneous underspends (fav.)		£8
HAOCOM	Odiham Common	Accrual reversal in subcontracted work regarding RPA Countryside Stewardship		£10
		Miscellaneous underspends (fav.)		£2
		Salary related differences, due to P01 - P04 Move around Countryside Salary Journal.	£14	
		Miscellaneous underspends (fav.)		£31
HAPKOF	Off Street Parking	Income yet to be received from car parking fees relating to Accrual reversal as waiting for covid compensation from government and overall effect of covid 19.	£95	
		Reduction in Fixed Penalty Notice income due to Covid Forecast adjusted	£18	
		Miscellaneous overspends (adv.)	£17	
		Loss of Car Parking season ticket income due to covid 19 - forecast adjustment made	£13	
		Ticket machine expenditure incurred above budget	£12	
		Loss of income in Market Fees as no market rent charged yet.	£6	
		Additional spend in subcontracted works to provide electricity in 2 car parks - forecast adjusted to reflect this	£4	
		Depreciation cost not yet charged		£6
		Miscellaneous underspends (fav.)		£4
		Vehicle Insurance not yet paid for, to be recharged		£3
HAPKON	On Street Parking	Reduction of Car Parking Permit Income and Other Fees	£10	
		Software Purchase and Licences overspend partly due to having to pay outstanding Chipside invoices from last year, no budget allocated for this.	£9	
		Reduced Fixed Penalty Income attributable to the section being 2 FTE Enforcement Officer's short and PCN income of £9k that needs to be added, forecast will need adjusting even once income added as still less income received YTD then budgeted	£7	
		Miscellaneous overspends (adv.)	£7	
HAPOND	Fleet Pond	Developers Contributions received (St Edwards Homes) against no budget. This will be moved into Reserves via MIRS		£502
		Additional grant received from RPA and Other Sales Income.		£10
		Depreciation charge not yet incurred		£38
		Miscellaneous underspends (fav.)		£3
		Miscellaneous overspends (adv.)	£12	

HAREPO	Land Repossessions	Miscellaneous overspends (adv.)	£1	
HASHRC	Churchyards	Miscellaneous underspends (fav.)	£2	
HASSNG	Small Sang Sites	Salary related differences, due to P01 - P04 Move around Countryside Salary Journal. Countryside staff were not sat in the right cost centres, so salaries were moved across to the right allocations along with making sure that the payroll was corrected.	£22	
HASTRT	Street Cleaning	Recovery of costs received against no budget		£3
		Fees and Hired Services yet to be incurred and budget profile higher than actual spend to date. Forecast adjustment has been made.	£32	
		Reduction in Fixed Penalty income, underperformance compared to profiled budget	£9	
HATREE	Tree Preservation Orders	Salary related differences (Salaries, Employers NI and Pension), due to vacant tree officer post forecast adjusted		£21
		Miscellaneous overspends (adv.)	£1	
		Fees and other hired services not yet paid for		£4
		Increase in consultation costs incurred due to staff vacancy (forecast adjustment made)	£16	
		Grounds maintenance charges above budget		
TOTAL			£549	£1,060
Net Variance for Technical and Environmental Maintenance			£0	£511

Place Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Overspend £'000</u>	<u>Underspend £'000</u>
-				-
HAAPPT	Corporate - Apprentices	Miscellaneous underspends (fav.)		£5
HABCFE	Building Control - Fee Earning	Increase in income for Building Regulation - Application and Inspection Fees compared to Budget YTD, this is largely attributable to the summer months and is now expected to subside over the winter.		£50
		Fees and Hired Services incurred - 6 months of Costs (Estimate) to pay BDBC for the Admin Function that they perform - exceeds profiled Budget	£6	
HABCNF	Building Control - Non-Fee	Invoice accrual in respect of 2020/21 from Rushmoor BC has been received and allocated. Difference of £6k is as a result in estimates and will be adjusted at YE.	£6	
HABLDG	Admin Bldgs - B & M	Depreciation charges not yet incurred		£110
		Rental income received against no budget, potential forecast adjustment to be made		£62
		Repairs and Maintenance - Plant and Machinery - PO raised for £16k - Underspend is due to Budget Profiling		£52

		Contract cleaning costs yet to be incurred		£11
		Premises insurance yet to be incurred.		£9
		Miscellaneous underspends (fav.)		£8
		Purchase of equipment incurred relating to new equipment for the Council Chamber along with the green, grey and blue screens for the new COVID secure Offices areas, forecast adjustment made to reflect this	£29	
		Gas, business and water rates excess over Budget YTD, potential forecast adjustment required	£2	
		Software purchase and licences not yet received compared to Budget YTD.		£25
		Salary related differences, due to business support officer vacancy, forecast will need to be adjusted in line with salary monitoring spreadsheet.		£23
HABSST	Business Support Staff	East Hants IDOX Support 2020/2021 yet to be paid		£11
		Printing costs yet to be incurred		£4
		Postage Costs incurred over budget.	£3	
		Salary related differences, due to vacant dog warden post, forecast adjustments made to reflect salary monitoring spreadsheet.		£18
HADOGS	Dog Warden	Vehicle Insurance - recharges not yet allocated against the profiled budget		£3
		Miscellaneous underspends (fav.)		£8
		Miscellaneous overspends (adv.)	£3	
HAECDV	Economic Development	Publicity incurred against no budget, in respect of business support from Enterprise First. Forecast adjustment made.	£4	
		Miscellaneous underspends (fav.)		£8
		Salary related differences (Basic Pay, Employers NI and Pension) in line with salary monitoring re: vacant Food Officer Post.		£6
HAEHCM	Env Health Commercial	There is agency cover for the 'Food Officer' post.	£11	
		Miscellaneous overspends (adv.)	£8	
		Salaries, Employers NI and Pension lower the Budget YTD due to vacancy; however, this has been amended in the FY Forecast figure		£55
		Pollution control permit license income receipt more than year to date budgeted figure		£4
		Software purchase and licences costs not yet paid for		£3
HAEHPR	Environmental Protection	Agency costs for the EP contractor	£20	
		Non rechargeable cost of £5k on a non-budgeted line	£12	
		No income receipt for Recovery charges and Land Charges against budgeted income	£5	
		Miscellaneous overspends (adv.)	£1	
HAHDEV	Hart Development	Costs for Subscription and Contribution to Voluntary Organisation not yet paid.		£16
HAHSFY	Health & Safety	Miscellaneous underspends (fav.)		£1
HALCHG	Local Land Charges	Fees and Hired Services - Purchase Order has been raised but no invoiced yet received.		£33
		Land Charges Search Fees Income lower than Budget Year to Date	£6	

		Licensing Income has been calculated on an Estimated Accrual Basis and includes an incorrect Reversal of £17k that needs transferring to HAZJTG/90012	£16	
HALNCE	Licences	Payments to Local Authority (Accrued estimated costs) in respect of Quarter's 1 and Quarter 2 are anticipated to exceed Budget YTD.	£5	
		Miscellaneous overspends (adv.)	£3	
HANAME	Street Naming & Numbering	Miscellaneous underspends (fav.)		£3
HANEIG	Neighbourhood Planning	Consultants' projects from government grant carried forward to pay Elections for Crondall and Crookham Village NP referendums - amount unknown at this time. £1,200 compensation claim from Shoulder of Mutton ACV process to come out of this cost centre.		£50
		Miscellaneous underspends (fav.)		£8
HAOOHN	Out of Hours Noise Service	Miscellaneous underspends (fav.)		£2
		Planning application bids income received, budget profile lower than actual income received to date, significant increase in applications and the forecast has been adjusted to reflect this.		£202
		Salary related differences, due to Planning Manager position vacant, forecast adjustments will need to be made to reflect salary monitoring spreadsheet.		£58
		Planning pre application income received.		£29
		Developer's contributions received against no budget.		£20
HAPDEV	Planning and Development	Court costs not yet incurred and advertising costs less than budget		£9
		Miscellaneous underspends (fav.)		£6
		Employee training yet to be incurred.		£5
		Consultants' projects incurred relating to work for Bramshill house, Watery Lane Appeal Statement of Case and professional fees (Forecast adjustment made).	£108	
		Planning permitted development income yet to be received compared to Budget YTD	£48	
		Consultation costs from oyster partnership incurred against small budget.	£41	
		Miscellaneous overspends (adv.)	£28	
		Salary related differences (Basic, Employers NI and Pension), due to vacant posts (planner and senior planner), forecast adjustment to be made to show new starter		£67
		Payments to Hampshire biodiversity yet to be incurred		£9
HAPPLY	Planning Policy	Miscellaneous underspends (fav.)		£9
		Payments to other LA's not yet made although PO has been raised to HCC yet no Goods Receipted as at end of Sept		£7
		Agency cover for the vacant post	£17	
		Miscellaneous underspends (adv.)	£4	
HAPRNT	Print Room & Photocopying	Printing, Photocopying and other costs yet to be incurred		£11
		Private Hire Operators income more than Budget YTD		£15
HATAXI	Hackney Carriages	Payments to other local authorities yet to incur including reversal from BDBC shared licensing in respect of Q4 2020/21		£6
		Hackney Carriage Vehicle Licenses income less than Budget YTD	£12	

Miscellaneous overspends (adv.)	£1	
TOTAL	£396	£1,037
Net Variance for Place Services	£0	£641

**Appendix 2 - Revenue Variances for 2021/22.
Revenue Performance (Budget v Forecast) September 2021**

Corporate Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HABULK	Clinical and Bulky Waste	No changes to Forecast Movement.		
HACAPI	5 Council Contract - Capita	Negligeable change to Forecast Movement.	£0	
		Salaries reduced to reflect actuals in salary monitoring spreadsheet. Updated to include recent leavers with not replaced currently.		£22
		Budget to be removed in '32000 - Car allowances' as no staff are in receipt of a car allowance in HACFIN.		£3
		Finance Insourcing	£140	
		Consultants-projects - Increased to cover BP support. Exchequer/ system support to be funded from digitalisation transformation reserves.	£30	
HACFIN	Corporate Finance	Forecast adjustment made in salary lines to reflect new exchequer staff.	£13	
		Subscriptions - P S Tax & LG Futures.	£5	
		Sub-contracted work non-rechargeable (Fixed Asset valuations).	£3	
		Bank charges - Budget increased for bank charges.	£3	
		Miscellaneous adjustments (adv.)	£1	
		Miscellaneous adjustments (fav.)		
HACIVC	Civic Function & Chairman	Public/Civic functions allowance - Annual budget exceeded in June. Propose increase to cover the rest of the year.	£1	
HACOML	Commercialisation	Forecast Adjustments made - £60k increase in original budget for salary related costs.	£60	
HACOMM	Corporate Communication	Communication Project Manager role ending in November		£15
		Economic development publicity moved to HAECDDV		£10
		Agency	£16	
		Forecast adjustment made to reflect actual expenditure incurred for room and office rents.	£19	
		Purchase of equipment	£4	
HACVID	Covid19	Printing	£4	
		Other services	£0	
		Consultants - projects	£255	
		Homelessness costs	£5	
		Grants		£300

		Forecast adjustment made in account code 90012 'Other Government Grants' to reflect additional income from grants received which we are acting as a principle and therefore will remain on the I&E.		£205
HADIGI	Digitalisation	No Forecast Adjustments made		
HAFLCT	Frogmore LC Building	No Forecast Adjustments made		
HAHCTB	Housing /Council Tax Benefits	Rent allowances - budget amended to reflect actuals.		£2,744
		Rent allowance subsidy - budget amended to reflect actuals.	£2,899	
		Other government grants - budget amended to reflect actuals.		£74
		Overpayment housing benefit - budget amended to reflect actuals.		£60
HAHELC	Hart Election Costs	Overtime required for the May 2021 elections.	£1	
HAHRCO	HR Contract	Salary adjustments - unbudgeted, Corporate Business Improvement & Client Officer.	£15	
		Fees and hired services - This will form part of the cost of EAP and Occupational Health. Budget increase to reflect new service.	£6	
		Sub-contracted work - revised to reflect new Occupational Health provider.		£25
		Recharge income - Adjusted due to increase in officer cost, greater recharge to disburse		£21
		Salaries - Audit & Performance Manager leaving post in May - Internal Auditor acting up though only to 0.81 FTE.		£34
		Agency staff - Wokingham 65 days @290, Basingstoke 75 days @295	£36	
		Agency staff -The £5800 is made up of the following - £2900 PO already raised for the Wokingham Main Accounting Audit. The other £2900 is allocated for the provision of a Development Management audit - which still needs to be procured. This is only an estimate as procurement still needs to take place. These audits to come out of the new burdens fund (grants) as would normally been undertaken internally.	£6	
HAIAUD	Internal Audit	Fees and hired services - This provision of £2000 is for the NFI Experian and Companies house checks for the restart grants - this amount to be offset from the New Burdens funding - NFI has been contacted for the exact fees and a PO to be raised in due course.	£2	
		Overtime - This overtime amount has been added as it had not been accounted for earlier - this amount needs to be offset from the new Burdens Fund (grants) as it was overtime to cover grant work in April 2021	£1	
		Employee training - A. Sundas Open University Degree	£3	
		Hire of equipment - Covers £22k corporate internet, BDBC telephone lines and support £24k, PSN DNS services £6k	£40	
		Fees and hired services - DR contract costs £22k - budget reduced to reflect this		£18
HAITCO	IT Contract	Mobile phone costs - Aim to reduce mobile costs with the roll out of soft phones in the autumn as lines will be cancelled as part of this project	£12	
		Software purchase and licences - Added unbudgeted item of £6k for licences to backup the O365 environment - budget adjusted to reflect true annual cost of licences. The bulk of the cost is the annual Microsoft Enterprise	£90	
		Mobile phone costs - Mobile phones costs from remote working. Looking to reduce these with soft phones later in the year	£20	
		Purchase of hardware		£5
HALEAD	Leadership Team	Salaries reduced to reflect actuals		£26
		Subscriptions - £15K LGA membership, ACS - CTRS updates.	£15	

		Recruitment advertising - Budget removed		£16
		Subscriptions - LGA membership needs to be journaled to HAMEMB, + check for duplicate DD & Invoice?		£15
		Forecast adjustment made to reflect audit services procured.	£4	
		Fees and hired services - EA support cover due to Covid and ceiling related issues.	£123	
HALEIS	Leisure Centre	Other Government Grants - Support grants due to Covid.		£124
		Recovery of costs - Only Fleet Spurs income received to date (£572.08 PCM)	£1,400	
		Leisure fees - EA Management Fee/Covid loss of income		£1,400
		Covid19 Loss of Income	£124	
HALOTT	Hart Lottery	No Forecast Adjustments made		
		Employee training - To cover additional Member Training.	£3	
HAMEMB	Support to Elected Bodies	Subscriptions - LGA subscription costs covered from 51123 budget code previously.	£10	
		Contributions to vol org - Virement made to 47000.		£10
HANODC	Non Distributed Costs	Pensions - past service costs - Budget removed as these transactions need to be coded to HAZTDC/A8015.		£168
HAOWBF	Odiham Welcome Back Fund	No Forecast Adjustments made		
HAPERF	Corporate Performance Team	Salaries - Increase to reflect actuals + 2%	£1	
HARBCO	Revenues & Benefits Contract	No Forecast Adjustments made		
HARELC	Rechargeable Elections	No Forecast Adjustments made		
HARGST	Register of Electors	Overtime - Overtime for May 2021 elections	£1	
		Sub-contracted work non-rechargeable - Actuals + 7 months at 1,500.		£7
HASCCO	Customer Services Contracts	Payments to other LA's - Budget for Contact Centre 2021/22 This was a missing line.	£158	
		Recharge income - ss - Balancing amount to recharge.		£151
HASETT	New Settlement	No Forecast Adjustments made		
		Reduction in Fees and Hired Services to reflect new BDBC Client arrangement		£3,400
HAWBDC	Basingstoke Waste Contract	Reduction in Sub Contractor Payments to reflect new BDBC Client arrangement		£209
		Reduction originally expected from BDBC due to new arrangement commenced in June 2021	£3,630	

		Increase in Salary budget as per payroll monitoring spreadsheet	£79	
		Reduction of Agency budget. Actual spend YTD is offset by an accrual difference from the financial year end 2020/2021.		£39
HAWCLT	Client Team	£311,900 relates to 12 months of client team recharge however, Basingstoke should only charge us for just over 10 months worth of client team recharge as the team moved across at the end of May 2021. Therefore, £311,900/12 x 10 = £259,917. This would be a reduction of £51,983. The £235 is then deducted from the £51,983 to equal £51,748.		£52
		Increase in cost recovery due to the client team not moving across to Basingstoke until the end of May 2021.		£17
		Increase in Supply and Services budget lines	£11	
		Recycling Credit Loss 21/22	£250	
HAWCOM	Waste Education and Comms	No changes to Forecast Movement.		
HAWORD	Waste Contract Split Orders	No changes to Forecast Movement.		
HAWSTE	Waste Contract	Based upon current income levels, it is doubtful that we will achieve such a high income this year so the income level has been reduced down to a comparable level to 2020/21.	£12	
HAXAUD	External Audit	No Forecast Adjustments made		
TOTAL			£9,511	£9,170
Net Variance for Corporate Services			£341	£0

<u>Community Services</u>				
<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HADOMA	Domestic Abuse	Forecast adjustment made to vacant salary lines as per salary monitoring spreadsheet. The Domestic Abuse Grant was initially administered by HDC (hence the budget that was set) for the region however this is now being administered by HCC, the HDC member of staff moved across to HCC also. This expenditure will not be incurred.		£15 £338
HAINCL	Social Inclusion & Partnership	Forecast Adjustments made to staffing, Restructure of forecast budgets to reflect changes in team over last 3 months.		£15
HANEED	Housing Needs	Forecast adjustment made to salary lines as per salary monitoring spreadsheet Forecast adjustment made to Software purchase and licences Rent bond payments budget reduced as it was overinflated and unachievable. Rent bond payments budget reduction entry transposed. Correction to be reflected next period.	£93 £26 £210	£105

		Forecast adjustment made to Agency staff, Providence House work complete, keeping budget for Ragmoor Farmhouse & any other agency staff needs.		£28
HAPRIV	Private Sector Housing	Forecast adjustment made to Software, £1250 RIAMS & £513 Ferret	£2	
		Forecast adjustment made to Other Government Grants, DFG Grant allocation for 2021/2022.	£838	£838
		Forecast adjustment made to Staffing, One staff members increment not included in budget	£2	
HASAFE	Community Safety	Forecast adjustment made to salary lines as per salary monitoring spreadsheet.	£8	
		Forecast adjustment made to Fees and Services - Safer North Hampshire shared service disbanded but Shared Analyst still to be paid a percentage for.		£129
		Forecast adjustment made to Grants - Budget for projects of £30k for year - already paid for two projects (£4,000 Vision4Youth and £4,659 Fleet Phoenix)	£20	
TOTAL			£1,199	£1,468
Net Variance for Community Services			£0	£269

Technical and Environmental Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HABIOD	Bio Diversity	Reduction of Supplies and Services Budget		£6
		Increase in Sub contracted work budget line. Contract with HBIC - £3,705 moved from HAPPLY.	£9	
		Increase in salary budget by £3k as per salary monitoring	£4	
HABSNG	Bramshot Farm	Removal of budget line as it was not requested		£32
		Reduction of the clothing and uniforms budget		£1
		Increase in sub-contractor budget by £35k. Now running a full SANGs budget, plus £15k for machinery as approved.	£35	
		Increase in salary budget as per salary monitoring	£15	
		Increase of the equipment budget as now running full SANGs budget.	£10	
		Increase of employee training as per agreed budget	£1	
HACLMT	Climate Change	Increase in Consultation Costs (narrative in Integra is incorrect and increase has not been considered by Cabinet).	£13	
		Salary adjustments made to forecast to reflect anticipated Year End position	£10	
HACOMS	Hartley Witney Commons	Increase in sales income compared to the Budget YTD		£3
		Increase in salary budget	£23	
		Reduction of wayleave income that was not required in the budget	£3	

HACONS	Landscape & Conservation	Increase in salary budget	£2	
HADRNG	Hart Drainage	Increase in salary budget to reflect salary monitoring	£27	
HAEHNR	Elvetham Heath Nature Reserve	Reduction of Sub-contracted work non-rechargeable work		£6
		Increase in salary budget to reflect salary monitoring	£7	
HAEPLN	Emergency Planning	Forecast adjustments made to reflect salary monitoring spreadsheet	£17	
		Reduction of protective clothing budget		£1
		Reduction of other supplies and services budgets		£1
		Increase in sub contracted work non rechargeable. £6,775 for general maintenance and (£25k for stock fencing, £20k for path repairs, £15k for machinery contained in SANGs capital).	£29	
HAESNG	Edenbrook Country Park	Increase in salary budget	£26	
		Other services and consultants project increase to include grass cutting as per SANGs profile and also includes gate opening.	£15	
		Increase in vehicle servicing maintenance	£4	
		Increase of employee training, advertising and publicity budget as per SANGs budget now fully adopted.	£2	
		Budget set for investment property rent income. Adjustment to take account of rental income to date.		£6
		Increase in investment property income from rent of Hook public convenience building		£2
HAESTA	Estates and Asset Management	Staffing budget amended to account for reassignment of staff		£1
		Business rate budget increase	£3	
		Increase in sub contracted work non rechargeable, adjustment to take care of Harlington ceiling repairs	£25	
		Increase in consultation cost budget to allow for recoding of consultancy fees for support from Southampton CC	£10	
		Reduction of salary budget		£185
		Reduction of equipment budget moved to SANGs		£10
		Reduction of vehicle serving maintenance and fuel budgets		£5
HAEVPO	Environmental Promotion Strategy	Net increase in sales income and other fees		£5
		Increase in sub contracted work non rechargeable, adjustment to include roundabout income	£8	
		Increase of employee training budget as per training matrix and additional 2k for Hartland Park which will be recovered in income	£5	
		Increase in Publicity budget that was moved from Biodiversity	£1	
		Increase in re-imbursement CC as per email confirmation from David Richardson 2/11/2020		£28
HAGNDS	Grounds Maintenance Contract	Fees and Hired services income budget changed to reflect the new Shared Service Contract (June 21)	£61	
		Increase on the salary budget	£7	
		Increase of income for recovery of cost reflects TTRO numbers from 2020/21 FY and known closures yet to be received from South East Water in support of water main project between Odiham and Fleet		£35
HAHITM	Highways Traffic Management	Reduction of sub Contracted Work non rechargeable to cover vacant Engineer post and moved 50% into Traffic Management Salary and 50% into Drainage. Salary to be capitalised. Post expected to be filled for 6-months in current FY		£19

		Reduction of reimbursement CC. Income from HCC amended to reflect updated POs received from county providing exact amount for capital works and support staff costs	£10
		Reduction of equipment budget. Adjustment to reflect annual capital works allocation from HCC	£3
		Reduction of salary budget to cover 50% of vacant Engineer post, and adjustment of Infrastructure Manager salary reforecast to appropriate cost centres. Salary to be capitalised. Vacant post expected to be filled for 6-months in current FY	£13
HAOCOM	Odiham Common	Increase in salary budget	£29
		Reduction in business rates to reflect actual	£5
		Reduction in Fees and Hired Charges to reflect YTD actual	£4
		Reduction of Car Parking Fees to reflect actual income received YTD. This income stream is still being affected by covid.	£227
		Reduction of Car Parking Seasons tickets and Fixed Penalty Notices due to seasons tickets not renewed because of covid.	£35
		Increase in Ticket Machines to reflect YTD actual	£11
HAPKOF	Off Street Parking	Increase in Sub-contracted work non-rechargeable budget to reflect actual due to electric work that is needed in 2 car parks	£9
		Reduction of Market Fees budget because rent is not being charged at the moment.	£7
		Salary budget increase to align with salary monitoring spreadsheet	£5
		Increase in Insurance Premium to pay for unexpected insurance payment	£5
		Increase in Software Purchases and Licences	£3
		Covid19 Loss of Income	£51
		Increase in salary budget to align with salary monitoring spreadsheet	£3
		Increase in Software Purchases to reflect YTD spend	£7
HAPKON	On Street Parking	Increase in Sub-contracted work non-rechargeable budget to reflect actual	£1
		Increase in Ticket Machines to reflect YTD actual	£5
		Covid19 Loss of Income	£7
		Net effect of Other Government Grants and Fishing Permits income to reflect loss of income due to covid and dead fish	£9
HAPOND	Fleet Pond	Increase in Salary budget	£15
		Increase in Sub-contracted work non-rechargeable budget to reflect grant receipt and R&M Land and Building for identified HCC condition survey and bust water pipe.	£11
HAREPO	Land Repossessions	Increase in Sub-contracted work non-rechargeable budget to reflect actual	£1
HASHRC	Churchyards	Increase made to Sub Contracted Work - non rechargeable in respect of planned Health and Safety works.	£13
		Increase in salary budget to align with salary monitoring spreadsheet	£2
HASSNG	Small SANG Sites	S106 adjustment	£53
		Reduction of Clothing budget by £1k and increase of Sub Contracted Work by £12k for general maintenance as per SANGs budget plus additional £15k approved capital from SANGs.	£4
		Increase in Salary budget to reflect spend.	£60

HASTRT	Street Cleaning	Increase in Recovery of Costs budget		£8
		Reduction of Fees and Hired Services. This reflects the agreed shared services agreement of June 2021.	£63	
		Income lower than forecast plus monitoring mistake last period- Review of service will be conducted	£19	
		Increase in Salary budget to reflect spend.	£7	
HATREE	Tree Preservation Orders	Reduction of Salary budget		£15
		Removal of Fees and Hired services		£4
		Removal of Clothing and Uniforms budget and reduction of Insurance Premium.		£1
		Adjustment for Consultation costs. This is for Support fees from consultants for vacant position - though there will be a saving in salaries	£24	
		Increase of Ground Maintenance Services budget. £4k for Tree risk management strategy, £4k for Safety issue and current claim for damages at Pippins Bracknell Lane, £15k management of Veteran Oaks at HW Commons, £5k ash dieback as part of nation crisis and £4k tree planting.	£13	
TOTAL			£1,020	£455
Net Variance for Environmental and Technical Services			£565	£0

Place Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HABCFE	Building Control - Fee Earning	Covid19 Loss of Income	£2	
HABLDG	Admin Buildings	The Equipment budget was increased to include the cost of the new equipment for the Council Chamber along with the Green, Grey and Blue screens for the new COVID secure Offices areas.	£26	
		Reduction of Rental income and service charges including Room Hire and Ad Hoc Charges	£19	
		Increased budget for Uniform and Clothing for additional Polo Shirts and Fleeces purchased for various departments	£1	
HABSST	Business Support Staff	Increased budget to cover shortfall in staffing.	£1	
HADOGS	Dog Warden	Reduction of Salary Budget. Forecast adjustment made to reflect salary monitoring spread sheet. Reduction in officer time resulting in on going savings.		£33
		Reduction of kennelling costs. Costs from previous kennelling contract now ceased. New contracted arrangement with SDK.		£7
HAECDV	Economic Development	Economic Development Publicity budget of £10k moved into here from HACOMM. £3,750 is for 3rd year of business support service provided by Enterprise First (Southern) Ltd with matched funding of £5,000 (PO100012871). £1,000 is to be part of HCC promotional campaign for inward investment PO1000012870	£10	
		Increase of Salary budget to reflect salary spreadsheet.	£1	

HAEHCM	Environmental Commercial	Forecast adjustment made to reflect actual spend incurred year to date. Staff training will be required.	£6	
		Agency staff covering vacant posts. Now ceased. Forecast adjusted to reflect this. Request made for Purchase Order and remaining balance to be closed	£9	
HAEHPR	Environmental Protection	Reduction of salary budget to reflect actual expenditure to date.		£100
		Increase of Agency budget to reflect envisaged year end position. Requested PO to be cancelled.	£19	
		Increase in Sub-contracted work non-rechargeable budget to reflect actual contract works now.	£12	
		Reduction of Recovery of Costs income line to reflect diminished income from fly tipping.	£6	
HAHDEV	Hart Development	Last year Hart's contribution to the EM3 LEP came from this budget at £20K, so I have assumed the same happens again this year, so there has been an increase by £10k.	£10	
		There is a Christmas market sponsorship £3k on a budget of £5k, so the Contribution to Voluntary Organisation budget was reduced by £2k.		£2
HALCHG	Local Land Charges	Covid19 Loss of Income	£2	
HALNCE	Licences	Covid19 Loss of Income	£8	
HAOOHN	Out of Hours Noise Service	Forecast adjustment made to reflect salary monitoring spreadsheet - saving on Overtime that was included in original budget.		£4
HAPDEV	Planning Development	Some income accrued re significant planning applications increase in applications. Therefore predicted income levels adjusted to reflect this.		£200
		Use of external consultants for significant pre-applications (Bramshill, Grove Farm, Hartland Park - costs will be recovered) plus consultants to review Technical Documents on major planning applications (Care Homes and Solar Farms - costs covered by high planning application fees), fees associated with Police Station Public Inquiry.	£105	
		Use of contractors to cover vacant posts (partially funded via salary savings and partly by increased planning application fee income) has led to an increase in the Consultation budget.	£53	
		Covid19 Loss of Income	£25	
HAPPLY	Planning Policy	Two vacant posts, since 1st April so considerable savings expected against the salaries line.		£142
		Increase in the Recruitment Advertising budget to reflect actuals. It assumes no further advertising despite vacancy at Senior level. Also, a reduction in the Staff because travelling to reflect new ways of working.		£3
		Assumes current contractor maintains cover for vacant senior post until end of March 2022, therefor there has been an increase in the Agency budget.	£112	
		Net increase to Consultancy Costs after accounting for CIL Expenditure, expenditure in regards to First Homes Work (Legal Advice, Viability and Affordability)	£30	
HATAXI	Hackney Carriages	Forecast adjustment made in Hackney Drivers and Vehicle licences to reflect actual income received YTD, this includes a reversal of last month's adjustment which was incorrect as it increased income instead of decreasing to reflect actuals.	£12	
		Adjustment made to reflect actual income received YTD in Private hire licences, this includes a reversal of last month's adjustment which was incorrect as it increased income instead of decreasing to reflect actuals.	£6	

TOTAL
Net Variance for Place Services

£474	£490
£0	£16

**Appendix 3 – Capital Variances for 2021/22.
Capital Performance (Budget YTD v Outturn) September 2021**

<u>Corporate Services</u>				
<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HAY037	IT Upgrade	Improvement works incurred ahead of profiled budget and goods receipted yet not invoiced.	£34	
		Budget carried forward from 2020/21		£728
HAY040	Investment Property	Sub-contracted work incurred	£6,635	
		Budget carried forward from 2020/21	£43	
HAY044	Frogmore Investment	No significant variance to report on.		
		Budget carried forward from 2020/21		£26
HAY048	The Pavilion, Southampton	No significant variance to report on.	£0	£0
HAY053	Centenary House			
		Deposit - Centenary House	£12,297	
		Budget carried forward from 2021 and 2122 Budget		£23,100
TOTAL			£19,009	£23,854
Net Variance for Corporate Services			£0	£4,845

<u>Community Services</u>				
<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HAY001	Disabled Facilities Grant	Additional spend compared to YTD Budget - Funded from Reserves at Year End	£394	
		Budget carried forward from 2020/21 and 2122 Budget		£355
HAY010	Private Sector Renewal	Costs funded by Grant at Year End - No Budget compared to actual spend.	£1	
		Budget carried forward from 2020/21		£41

HAY043	Grants for Affordable Housing	No significant variance to report on.		
TOTAL			£395	£396
Net Variance for Community Services			£0	£1

Technical and Environmental Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HAY003	Odiham Common	2021 Budget to be funded from Capital Reserves	£6	
HAY006	Fleet Pond Visitor Enhancement	Balance carried forward from 2021 and 2122 budget not yet spent		£193
		Fleet Pond Spend to date	£1	
HAY007	HW Cent Common Enhancements	No significant variance to report on.		£0
HAY008	Bramshot Farm	Balance carried forward from 2021 and 2122 budget not yet spent		£1,049
		Sub-contracted work non-rechargeable relating to Wetlands Area and Access Improvement (no budget) Funded by £899k carry forward	£131	
HAY011	Phoenix Green, Hartley Wintney	No significant variance to report on.		£0
HAY012	Mill Corner, North Wamborough	Balance carried forward from 2021 to be funded by specific capital grant	£2	
HAY013	Church Road Improvements	Balance carried forward from 2021 to be funded by specific capital grant	£2	
HAY015	Kingsway Flood Alleviation Scheme	Budget c/f from 2020/21 – No spend to date.	£0	£57
HAY016	CCTV	Balance carried forward from 2021		£34
HAY017	S106 Leisure Parish	Balance carried forward from 2021 to be funded from Capital Reserves	£288	
		£1k Payments to other LAs against no budget, relating to S106 funding South Wamborough. Forecast was adjusted in August 2021 to reflect this payment.	£1	

HAY018	Fleet Pond Nature Reserve	Accounted for in HAY006		£0
HAY022	Fleet Pond Access Track	2122 Budget not yet spent	£0	£110
HAY023	Hazeley Heath Grazing Project	Accrual reversal for Improvement works - Invoice yet to be received (PO100012709 - Sequoia Arb)		£3
		Balance carried forward from 2021 and 2122 Budget not yet spent		£106
HAY024	Hazeley Heath Notice Boards	2021 Budget carried forward and 2122 Budget not yet spent	£0	£26
HAY025	Hazeley Heath Access Improvement	No significant variance to report on.	£0	£0
HAY026	HW Cent Common Access Improve	2021 Budget carried forward and 2122 Budget not yet spent	£0	£160
HAY027	HW QEII Fields	2021 Budget carried forward to be funded by Capital Reserves	£1	
HAY028	Edenbrook CP Play Tree	2021 Budget carried forward and 2122 Budget not yet spent		£60
HAY029	Edenbrook CP History Walk	2021 Budget carried forward and 2122 Budget not yet spent		£40
HAY031	Service Vehicles	2122 Budget not yet spent		£45
HAY032	Edenbrook CP - Skate Park	2021 Budget carried forward and 2122 Budget not yet spent		£335
		Balance carried forward 2021		£65
HAY033	Edenbrook CP - Teen Health	Income received in other reimbursements relating to Harts Green Garden Polytunnels and sliding doors, received against no budget.		£5
HAY034	Edenbrook CP - Visitors Improvements	2021 Budget carried forward and 2122 Budget not yet spent	£0	£90
HAY035	Fleet Pond - Fencing	2021 Budget carried forward and 2122 Budget not yet spent	£0	£54
HAY038	S106 NEHTS Parish	No significant variance to report on.	£0	£0
HAY039	Refuse Vehicles	Balance carried forward from 2021	£0	£81

HAY041	Replacement of Handheld Units	No significant variance to report on.	£0	£0
Code to be set up	EV Charges	2122 Budget not yet spent		£82
HAY046	Fleet Pond Green Grid Engineering	Balance carried forward 2021 Year to date spend	£41	£2,044
HAY047	Fleet Pond - Green Grid Ecology	Balance carried forward 2021 and 2122 not yet spent	£0	£745
HAY049	Allotments at Edenbrook	Payment made in respect of Harts Green Garden to Southern	£39	
		2122 Budget partly spent		£120
TOTAL			£512	£5,504
Net Variance for Environmental and Technical Services			£0	£4,992

<u>Place Services</u>				
<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HAY042	Dog Warden Vans	Balance carried forward 2021		£24
HAY045	Printers/Photo copiers	No significant variance to report on.		
TOTAL			£0	£24
Net Variance for Place Services			£0	£24

Appendix 4

Capital Performance (FY Budget v Forecast) September 2021

Directorate - Corporate Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HAY037	IT Upgrade	Khipu Networks Limited, £30k of additional budget requested. Budget holder has been advised that a report will need to go to council to approve the additional spend and therefore the additional pull on the digitalisation reserve.	£30	
HAY040	Investment Property	Artelia UK fees for project Budget carried forward from 2020/21		
HAY044	Frogmore Investment	Retention monies, no further invoices expected.	£10	
HAY048	The Pavilion, Southampton	No changes made to full year forecasted figures.		
HAY053	Centenary House	£36k Forecast adjustment made to capitalise salary from commercialisation	£40	
TOTAL			£80	£0
Net Variance for Corporate Services			£80	£0

Community Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
HAY001	Disabled Facilities Grant	No changes made to full year forecasted figures. Budget carried forward from 2020/21	£39	
HAY010	Private Sector Renewal	3 further Minor Works Grants approved to be paid. Actual Minor Works Grant spend to date, will change when we receive further Minor Works Grant applications Budget carried forward from 2020/21	£2 £2	£40
HAY043	Grants for Affordable Housing	No changes made to full year forecasted figures.		
TOTAL			£43	£40
Net Variance for Community Services			£3	£0

Technical and Environmental Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Over £'000</u>	<u>Under £'000</u>
-				-
HAY003	Odiham Common	No changes made to full year forecasted figures.	£0	£0
HAY006	Fleet Pond Visitor Enhancement	Fleet Pond Visitor Enhancement Improvement works	£0	£0
HAY007	HW Cent Common Enhancements	No changes made to full year forecasted figures.	£0	£0
HAY008	Bramshot Farm	Increase of material costs due to COVID for the Wetland Project increasing this to £180k from £150K. JE to advise Project Board.	£30	£0
HAY011	Phoenix Green, Hartley Wintney	No changes made to full year forecasted figures.	£0	£0
HAY012	Mill Corner, North Warnborough	Originally the Budget was increased to £28k in June; however subsequently reduced by £20k as not all work likely to be undertaken in current FY due to time and other project constraints.	£8	
HAY013	Church Road Improvements	No changes made to full year forecasted figures.	£0	£0
HAY015	Kingsway Flood Alleviation Scheme	No changes made to full year forecasted figures.	£0	£0
HAY016	CCTV	No changes made to full year forecasted figures.	£0	£0
HAY017	S106 Leisure Parish	Forecast adjusted in August to £738 to reflect payment made to South Warnborough in respect of a S106 Payment.	£1	
HAY022	Fleet Pond Access Track	Fleet Pond Access Track Improvement Works	£0	
HAY023	Hazeley Heath Grazing Project	Forecast reduced to reflect the cheaper costs of using a GPS System as opposed to a Buried Wire for containing the cows.		£4
HAY024	Hazeley Heath Notice Boards	No changes made to full year forecasted figures.	£0	
HAY025	Hazeley Hth Access Improvement	No changes made to full year forecasted figures.	£0	£0
HAY026	HW Cent Common Access Improve	(80k) adjustment made to improvement works to reduce this budget to 0.	£0	£80
HAY027	HW QEII Fields	No changes made to full year forecasted figures.	£0	£0
HAY028	Edenbrook CP Play Tree	No changes made to full year forecasted figures.	£0	

HAY029	Edenbrook CP History Walk	Work has been deferred until next year - forecast adjustment to be made to reflect this.	£0	
HAY031	Service Vehicles	No changes made to full year forecasted figures.	£82	
HAY032	Edenbrook CP - Skate Park	No changes made to full year forecasted figures.	£0	
HAY033	Edenbrook CP - Teen Health	No changes made to full year forecasted figures.	£0	
HAY034	Edenbrook CP - Visitors Improvements	No changes made to full year forecasted figures.	£0	
HAY035	Fleet Pond Fencing	No changes made to full year forecasted figures.	£0	
HAY038	S106 NEHTS Parish	No changes made to full year forecasted figures.	£0	£0
HAY039	Refuse Vehicles	No changes made to full year forecasted figures.	£0	£0
HAY041	Replacement CEO handhel dunits	No changes made to full year forecasted figures.	£0	£0
HAY046	Fleet Pond Green Grid Engineering	Forecast reflects the business case value to provide the Footpath improvements currently estimated to be completed in FY 2021/22 Other professional services increase to account for Design and Supervision Fees Capitalisation of Salaries - 20% of Infrastructure Manager and 25% of Vacant Engineer post for 6 months assuming appointment in Autumn. Third Party Payments - Increase made in respect of Environment Agency bespoke permit, Natural England discretionary advice for SSSI consent, engaging tree works and digital media.	£1,459	
HAY047	Fleet Pond - Green Grid Ecology	No changes made to full year forecasted figures.	£0	
New Code to be Created	EV Chargers	EV Chargers		£82
HAY049	Allotments at Edenbrook	Forecast figure adjusted to reflect the incorrect figure reported at July 2020 Cabinet. (£120k) Under the CE's Powers of Delegation (E-mail dated 20th April 2021) the figure has been amended to £182.5k, which is the correct figure.	£70	
TOTAL			£1,650	£166
Net Variance for Environmental and Technical Services			£1,484	£0

Place Services

<u>Cost Centre</u>	<u>Cost Centre Description</u>	<u>Variance</u>	<u>Overperformance - £'000</u>	<u>Underperformance - £'000</u>
HAY042	Dog Warden Vans	No changes made to full year forecasted figures.	£0	£0
HAY045	Printers/Photocopiers	No changes made to full year forecasted figures.	£0	£0
TOTAL			£0	£0
Net Variance for Place Services			£0	£0

CABINET

DATE OF MEETING: 6 JANUARY 2022

TITLE OF REPORT: TREASURY MANAGEMENT STRATEGY STATEMENT
HALF-YEAR REVIEW REPORT 2021/22

Report of: Head of Corporate Services

Cabinet Member: Councillor James Radley, Deputy Leader and
Portfolio Holder for Finance and Assets

1 PURPOSE OF REPORT

- 1.1 To report the Council's Treasury Management activities and performance during the first half of the 2021/22 financial year (April-September 2021).

2 OFFICER RECOMMENDATION

- 2.1 That Cabinet agree the recommendation to increase the Barclays Counterparty limit to £10m to accommodate the investment in the Barclays Green Investment fund.
- 2.2 That following the acquisition of Centenary House, Cabinet agree the recommendation to increase the Operational Boundary and Authorised Limit as detailed in Paragraph 4.3.

3 BACKGROUND

3.1 Capital Strategy

- 3.1.1 In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following:

- 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.

The Capital Strategy is updated annually and reviewed and approved by Cabinet as part of the annual budget setting process.

3.2 Treasury management

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

- 3.2.2 The second main function of Treasury management is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. 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.
- 3.2.3 Treasury management is defined as: The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

3.3 Comments from Overview and Scrutiny Committee 14th December 2021

Clarification was provided to the Committee that the purpose of the Counterparty increase is to allow us to hold an efficient investment and to operate sufficient working capital requirement. Further information will be provided to Cabinet as part of the committee presentation which compares the Council's operational boundary with that of other similar sized authorities. It was confirmed that the key driver of the increase was to accommodate the purchase of Centenary House and to allow for further investment in year if the opportunity presents itself.

4 INTRODUCTION

- 4.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:
- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
 - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Overview and Scrutiny Committee.
- 4.2 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 2021/22 financial year.
- 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 2021/22.
- A review of the Council's borrowing strategy for 2021/22.
- A review of any debt rescheduling undertaken during 2021/22.
- A review of compliance with Treasury and Prudential Limits for 2021/22.

4.3 This report requests two key changes to the Treasury Management Strategy Statement and Annual Investment Strategy approved in February 2021.

- The first change is to increase the Barclays's counterparty limit from £5m to £10m to accommodate the Green Investment Account. The total limit for Barclays will include both the main current accounts used for day-to-day operations and Green Investment Account.
- The second change is to increase in Operational Boundary from £25m to £38m and Authorised Limit from £30m to £43m to accommodate for revised Capital expenditure estimated for 2021-22. This is to take account of the investment made in Centenary House.

5 **ECONOMICS AND INTEREST RATES – Economic Update provided by Link Asset Management**

5.1. *“ On the 24th of September 2021, the Monetary Policy Committee (MPC) voted unanimously to leave the Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.*

5.1.2 *There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, “the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs” and that “the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures.” In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other*

words, the MPC had been prepared to look through a temporary spike in inflation.

5.1.3 In August the country was put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement; this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.

5.1.4 Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.

5.1.5 The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows:

- Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
- Raising Bank Rate to 0.50% before starting on reducing its holdings.
- Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
- Once Bank Rate had risen to at least 1%, it would start selling its holdings.

5.1.6 COVID-19 vaccines. These have been the game changer which have enormously boosted confidence that life in the UK could largely return to normal during the summer after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

5.1.7 US. See comments below on US treasury yields.

5.1.8 EU. The slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.

German general election. With the CDU/CSU and SPD both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SPD-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

5.1.9 China. After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

5.1.10 Japan. 2021 has been a patchy year in combating Covid. However, after a slow start, nearly 50% of the population are now vaccinated and Covid case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election – which his party is likely to win.

5.1.11 World growth. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply

products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

5.1.12 *Supply shortages. The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.* “

5.2 Interest rate forecasts

5.2.1 The Council's Treasury advisor, Link Asset Management provided the following forecasts on 29th September 2021 (PWLB rates are certainty rates, gilt yields plus 80bps):

Link Group Interest Rate View		29.9.21									
		Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE		0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave eamings		0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave eamings		0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave eamings		0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB		1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB		1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB		2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB		2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

Additional notes by Link on this forecast table:

- *LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, our forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.*

5.2.2 The coronavirus outbreak has had a significant effect on the UK and other economies across the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it has left the Bank Rate unchanged.

5.2.3 As shown in the forecast table above, an increase in the Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 23/24 and a third one to 0.75% in quarter 4 of 23/24.

5.3 Significant risks to the forecasts (provided by Link Asset Management)

- COVID vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be developed for successful implementation.
- The pandemic causes major long-term scarring of the economy.
- The Government implements an austerity programme that suppresses GDP growth.
- The MPC tightens monetary policy too early – by raising Bank Rate or unwinding Quantitative Easing.
- The MPC tightens monetary policy too late to ward off building inflationary pressures.
- Major stock markets e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.
- Geo-political risks are widespread e.g., German general election in September 2021 produces an unstable coalition or minority government and a void in high-profile leadership in the EU when Angela Merkel steps down as Chancellor of Germany; on-going global power influence struggles between Russia/China/US.

5.4 The balance of risks to the UK economy (provided by Link Asset Management)

- 5.4.1 The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

5.5 Forecasts for Bank Rate

- 5.5.1 The Bank Rate is not expected to increase quickly after the initial rate rise as the supply potential of the should be able to cope well with meeting demand without causing inflation. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons:

- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to which way to face.
- Will some current key supply shortages e.g., petrol and diesel, spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.

5.5.2 In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will need to be revised again soon - in line with what the new news is.

5.6 Forecasts for PWLB rates and gilt and treasury yields

5.6.1 As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

5.6.2 There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors:

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

5.6.3 The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period.

5.7 Gilt and treasury yields

5.7.1 Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PWLB rates. During the first part of the year, US President Biden’s, and the Democratic party’s determination to push through a \$1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the \$900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when:

- A fast vaccination programme has enabled a rapid opening up of the economy.
- The economy had already been growing strongly during 2021.

- It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.
- And the Fed was still providing monetary stimulus through monthly QE purchases.

5.7.2 These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation.

5.7.3 There are also possible DOWNSIDE RISKS from the huge sums of cash that the UK residents have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down.

5.8 The balance of risks to medium to long term PWLB rates

5.8.1 There is a balance of upside risks to forecasts for medium to long term PWLB rates.

5.9 A new era – a fundamental shift in central bank monetary policy

5.9.1 One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on ‘achieving broad and inclusive “maximum” employment in its entirety’ in the US before consideration would be given to increasing rates.

6 TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY UPDATE

6.1 The Treasury Management Strategy Statement (TMSS) for 2021/22 was approved by the Council on 19 January 2021.

6.2 The underlying TMSS approved previously requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the changes are set out below:

- Increase of counterparty limit for Barclays from £5m to £10m to accommodate for Barclays Green Deposit Account. Total limit for Barclays would include main call account used for day-to-day operations and Green Investment Account.

- Increase in Operational boundary from £25m to £38m and Authorised limit from £30m to £43m to accommodate for revised capital expenditure estimated for 2021-22. This is to reflect expenditure on Centenary House.

Prudential Indicator	2021/22 Original £'000	2021/22 Revised £'000
Authorised Limit	30,000	43,000
Operational Boundary	25,000	38,000
Capital Financing Requirement	31,194	51,784

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.
- Compliance with the limits in place for borrowing activity.

7.2 Prudential Indicator for Capital Expenditure

7.2.1 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	2021/22 Original Estimate £'000	Current Position £'000	2021/22 Revised Estimate £'000
Corporate Services	65	18,966	23,891
Community Services	500	395	433
Place	-	-	24
Environmental and Technical Services	1,020	206	6,648
Commercialisation	6,800	-	-
Total capital expenditure	8,385	19,567	30,996

7.3 Changes to the Financing of the Capital Programme

7.3.1 The table below draws together the main strategy elements of the capital expenditure plans (above), 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 Expenditure	2021/22 Original Estimate £'000	2021/22 Revised Estimate £'000
Total capital expenditure	8,385	30,996
Financed by:		
Capital grants	1,482	1,482
Capital receipts	103	103
Total financing	1,585	1,585
Borrowing requirement	6,800	29,411

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.** Original forecasted Capital Financing Requirement increased in line with increase in Capital expenditure due to Centenary House.

7.4.3 Prudential Indicator – the Operational Boundary for external debt

Operational Boundary for external debt	2021/22 Original £'000	2021/22 Revised £'000
CFR	31,194	51,784
Borrowing	16,554	37,144

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 2021/22 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 currently £25m and is proposed to increase to £38m subject to approval.

Operational Boundary for External debt	2021/22 Original £'000	2021/22 Revised £'000
Operational Boundary	25,000	38,000
Borrowing	16,554	37,144

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

7.5.3 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but 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 and is proposed to increase to £43m subject to approval.

Authorised Limit for External Debt	2021/22 Original £'000	2021/22 Revised £'000
Authorised Limit	30,000	43,000
Borrowing	16,554	37,144

8. BORROWING

8.1 The Council's capital financing requirement (CFR) for 2021/22 is £51.78m. 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 7.5.3 shows the Council has borrowings of £16.55m and has utilised £14.64m 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.

8.2 Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), new external borrowing of £6.8m was undertaken. The capital programme is being kept under regular review due to the effects of coronavirus and shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term. New

£6.8m PWLB borrowing has been undertaken on 10th May 2021 with 50 years term and 1.91% interest rate.

8.3 It is not anticipated that further external borrowing will be undertaken during this financial year.

8.4 PWLB maturity certainty rates (gilts plus 80bps) year to date to 30th September 2021

8.4.1 Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards the end of September.

8.4.2 The 50year PWLB target certainty rate for new long-term borrowing started 2021/22 at 1.90%, rose to 2.00% in May, fell to 1.70% in August and returned to 2.00% at the end of September after the MPC meeting of 23rd September.

8.4.3 The current PWLB rates are set as margins over gilt yields as follows:

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- 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)

9. DEBT RESCHEDULING

9.1 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.

10. COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

10.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2021, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2021/22. The Head of Corporate Services reports that no difficulties are envisaged for the current or future years in complying with these indicators.

10.2 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

11. ANNUAL INVESTMENT STRATEGY

11.1 The Treasury Management Strategy Statement (TMSS) for 2021/22, which includes the Annual Investment Strategy, was approved by the Council on

19th January 2021. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

11.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

11.3 As shown by the interest rate forecasts in section 5.2, it is now impossible to earn the level of interest rates commonly seen in previous decades as all short-term money market investment rates have only risen weakly since Bank Rate was cut to 0.10% in March 2020 until the MPC meeting on 24th September 2021 when 6- and 12-month rates rose in anticipation of Bank Rate going up in 2022. Given this environment and the fact that Bank Rate may only rise marginally, or not at all, before mid-2023, investment returns are expected to remain low.

11.4 Creditworthiness

11.4.1 Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

11.5 Investment Counterparty criteria

11.5.1 It is requested to amend the Barclays counterparty limit to accommodate the Barclays Green Account; all other counterparty limits should remain the same. During the financial year, temporary extensions of the counterparty limit have been in place as approved by the Portfolio Holder for Finance and assets due to the high levels of grant funding received for Business Rates grants.

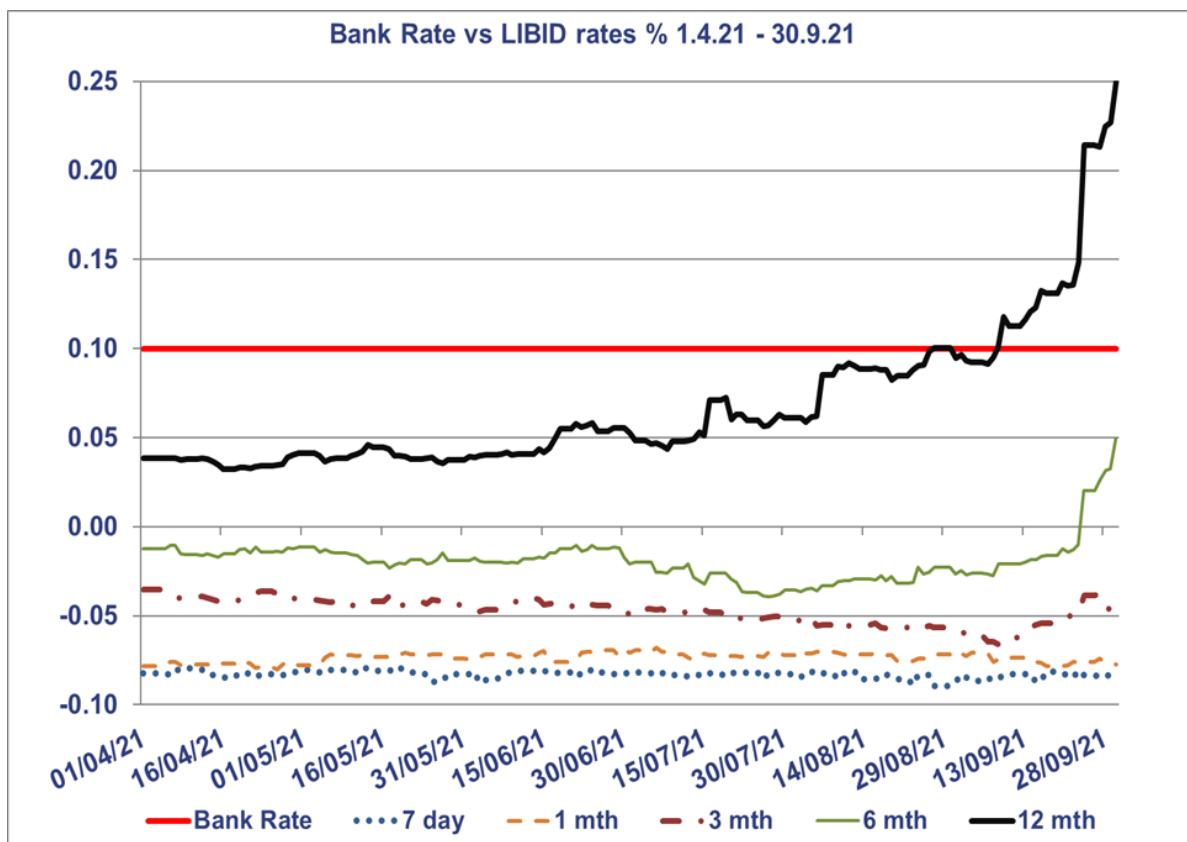
11.7 Investment balances

11.7.1 The average level of funds available for investment purposes during the quarter was £33m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

11.8 Investment rates during half year ended 30th September 2021

11.8.1 As highlighted earlier in this report, the levels shown below use the traditional market method for calculating LIBID rates – i.e., LIBOR – 0.125%. Given the

ultra-low LIBOR levels this year, this produces negative rates across some periods.



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	-0.08	-0.07	-0.04	0.05	0.25
High Date	01/04/2021	09/04/2021	06/07/2021	01/04/2021	30/09/2021	30/09/2021
Low	0.10	-0.09	-0.08	-0.07	-0.04	0.03
Low Date	01/04/2021	27/08/2021	26/04/2021	08/09/2021	27/07/2021	16/04/2021
Average	0.10	-0.08	-0.07	-0.05	-0.02	0.07
Spread	0.00	0.01	0.01	0.03	0.09	0.22

11.9 Investment performance year to date as of 30th September 2021

Period	LIBID benchmark return	Council performance
7 days	-0.08%	0.00% - 0.08%
1 month	-0.07%	0.03%- 0.12%
3 months	-0.05%	0.30%
6 months	-0.02%	0.04% - 0.30%
12 months	0.07%	0.18%

11.9.1 As illustrated, the Council outperformed the benchmark. The Council's budgeted investment return for 2021/22 is £50k, and performance for the year to date is below the budget. Investment income up to 30th September is £18k.

11.9.2 Approved limits

11.9.2.1 The Head of Corporate Services can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2021.

12. OTHER

12.1 Changes in risk appetite

12.1.1 There is no change in 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.

12.2 Counterparty limits

12.2.1 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 2021- October 2021.

13. EQUALITIES

All activity will comply with the authority's statutory duties.

14. CLIMATE CHANGE

These strategies will work alongside the council's ambition to become a carbon neutral authority by 2035. No direct carbon/environmental impacts arising from the recommendations. We are however, starting to move to a more sensitive and sustainable investment strategy.

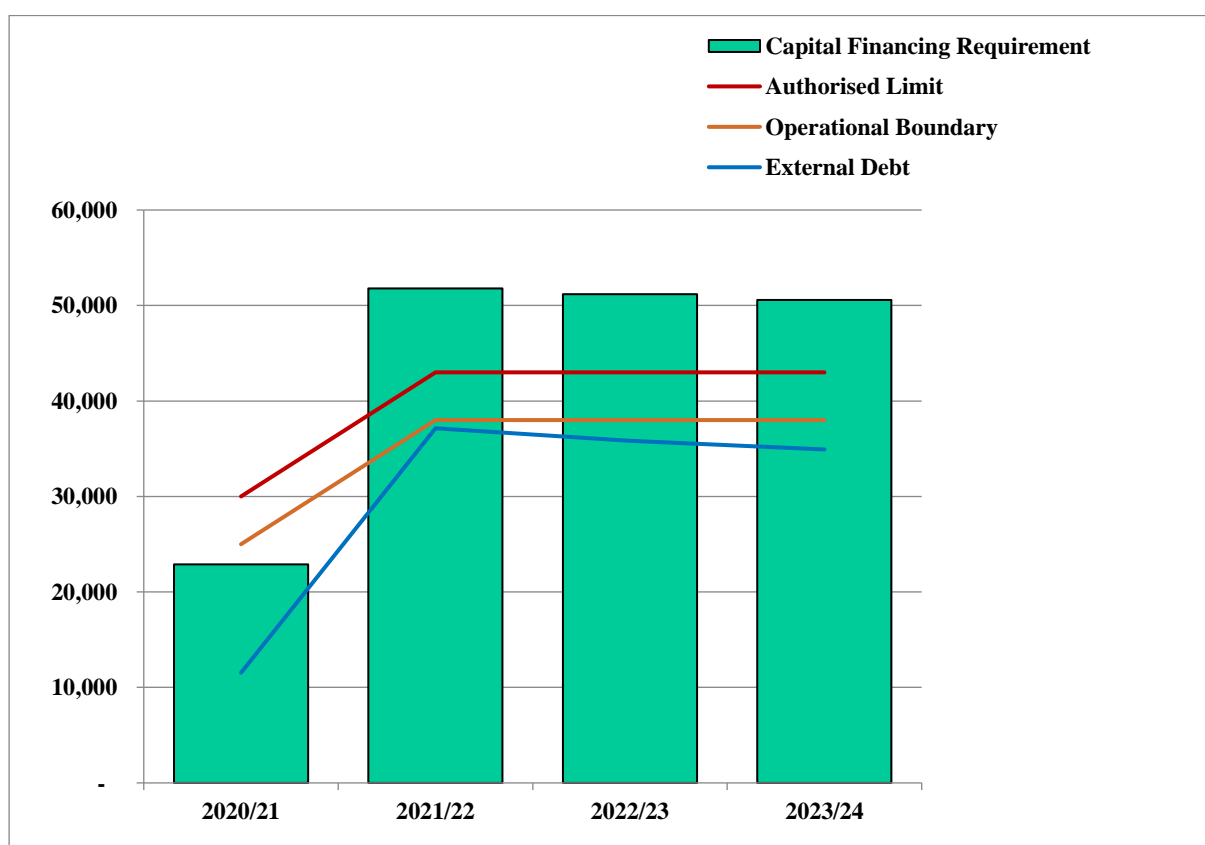
Contact Details: Emma Foy, email: Emma.Foy@hart.gov.uk

Appendices

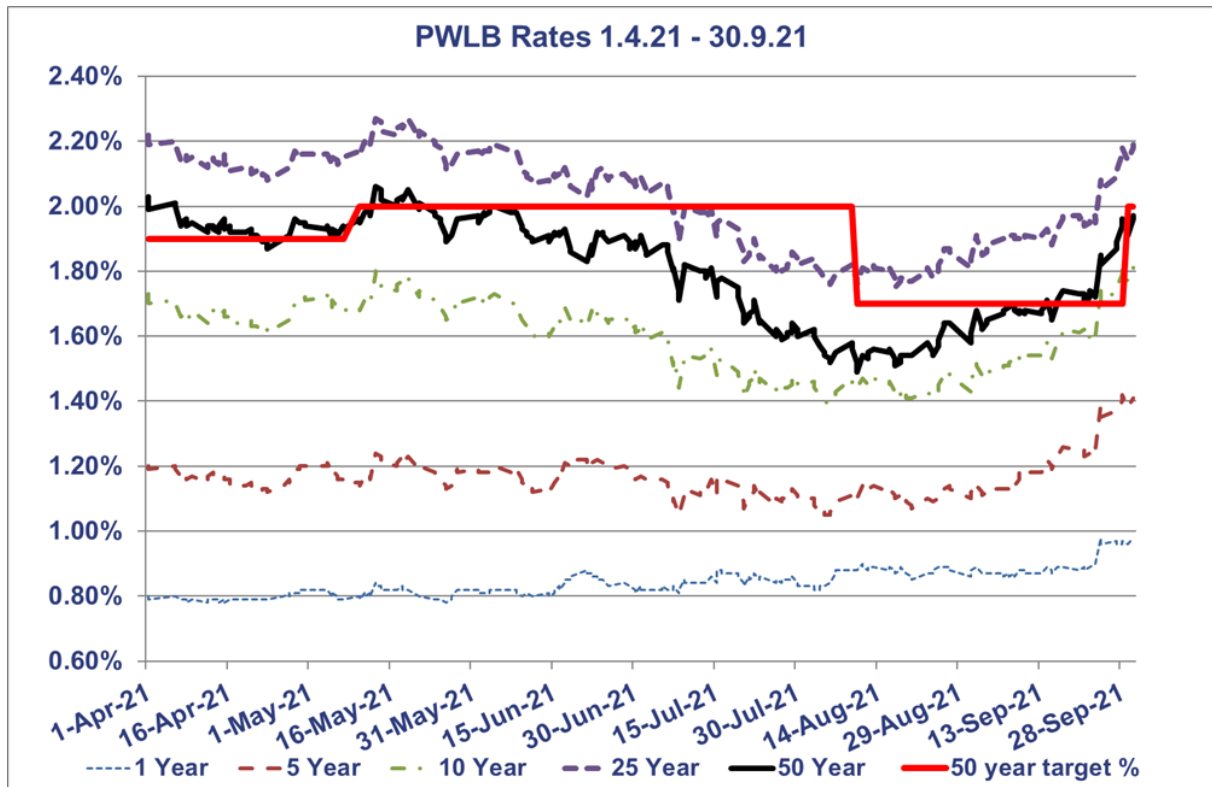
- Appendix 1 – The CFR and Borrowing
- Appendix 2 – Borrowing Rates
- Appendix 3 – Investment Portfolio
- Appendix 4 – Approved countries for investments as at 30 September 2021

APPENDIX 1: The CFR and Borrowing

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Authorised Limit	30,000	43,000	43,000	43,000
Operational Boundary	25,000	38,000	38,000	38,000
Capital Financing Requirement	22,889	51,784	51,175	50,565
External Debt	11,535	37,144	35,829	34,938
Under/(over) borrowing	11,354	14,640	15,346	15,627
Change in External Debt	- 850	25,609	- 1,315	- 891

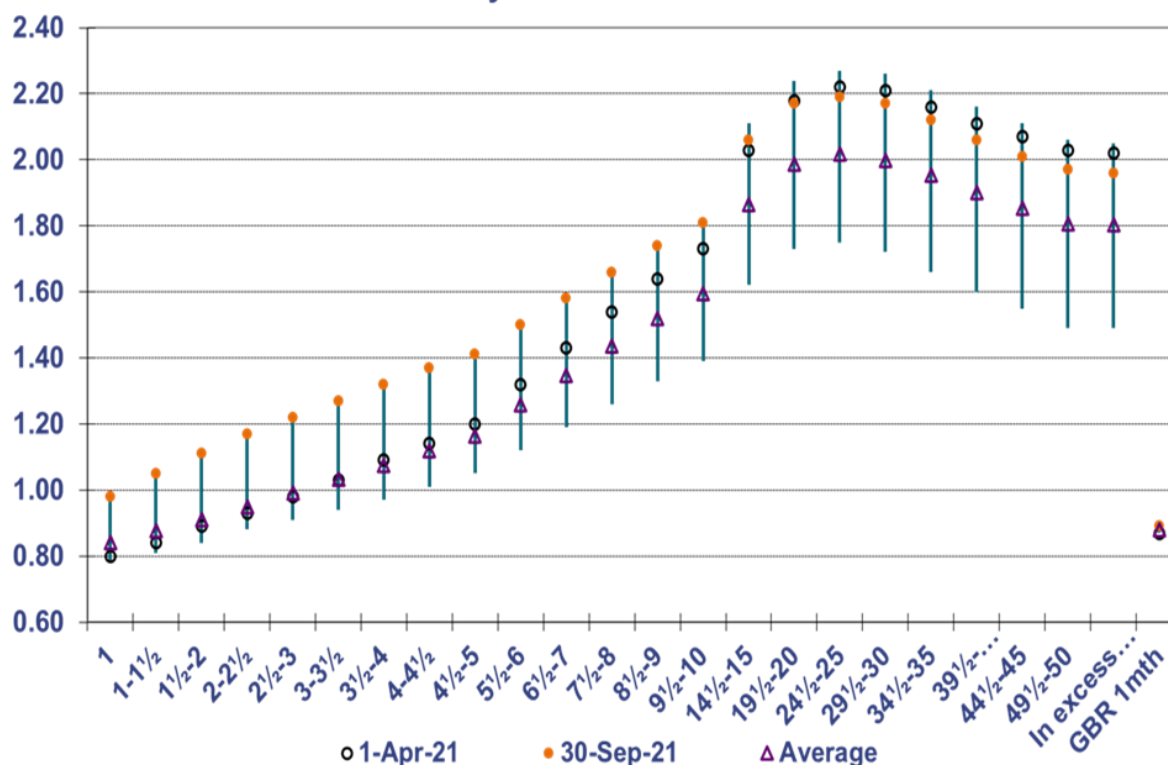


APPENDIX 2: Borrowing rates



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.78%	1.05%	1.39%	1.75%	1.49%
Date	08/04/2021	08/07/2021	05/08/2021	17/08/2021	10/08/2021
High	0.98%	1.42%	1.81%	2.27%	2.06%
Date	24/09/2021	28/09/2021	28/09/2021	13/05/2021	13/05/2021
Average	0.84%	1.16%	1.60%	2.02%	1.81%
Spread	0.20%	0.37%	0.42%	0.52%	0.57%

PWLB Certainty Rate Variations 1.4.21 to 30.9.2021



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 year prior to the coronavirus crisis, this resulted in many bond yields up to 10 years turning negative in the Eurozone. In addition, there was, at times, an inversion of bond yields in the US whereby 10-year yields fell below shorter-term yields. In the past, this has been a precursor of a recession.

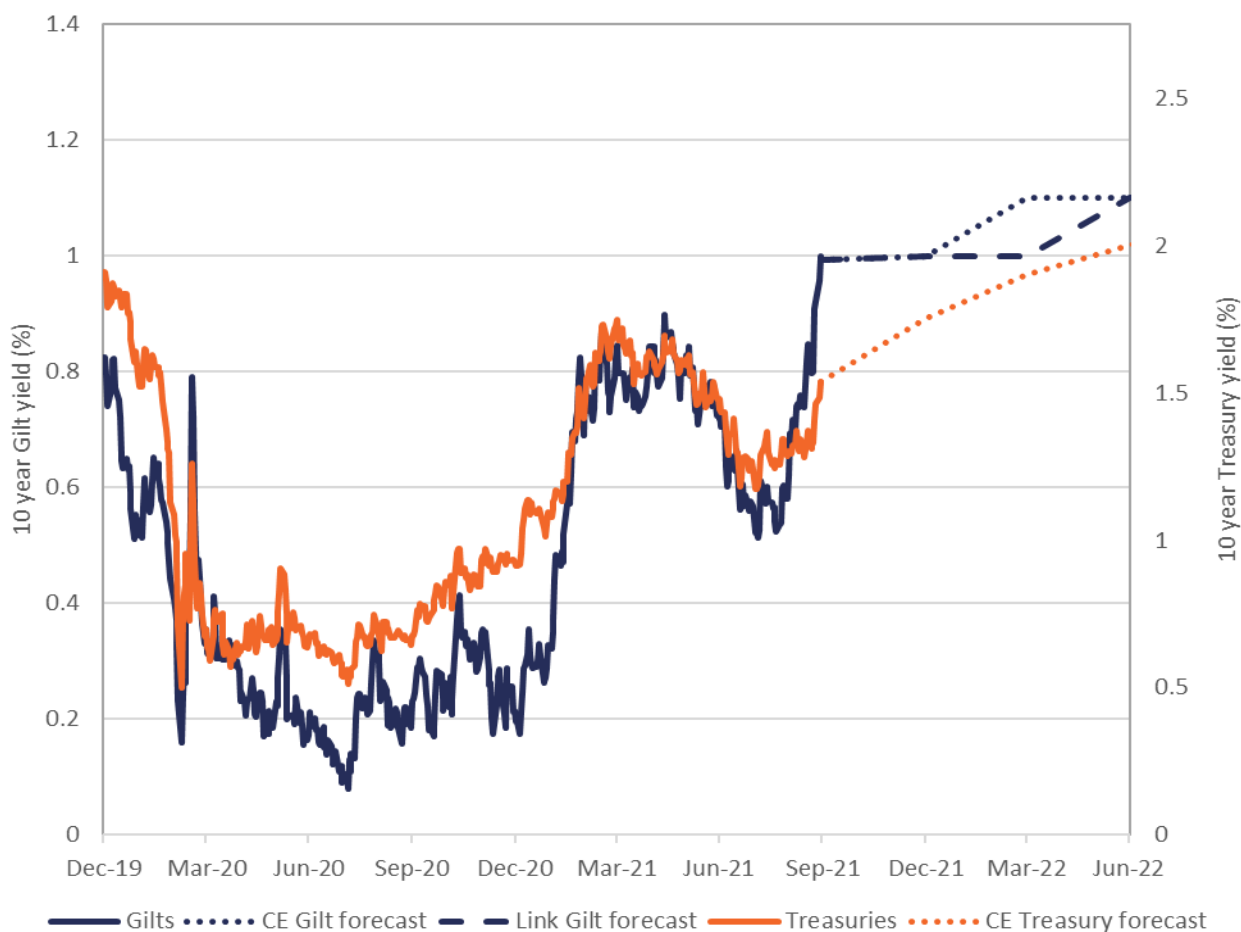
Gilt yields had, therefore, already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020 which caused gilt yields to spike up. However, yields then fell sharply in response to major western central banks taking rapid policy action to deal with excessive stress in financial markets during March and starting massive quantitative easing driven purchases of government bonds: these actions also acted to put downward pressure on government bond yields at a time when there was 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 start of January 2021, all gilt yields from 1 to 8 years were negative: however, since then all gilt yields have become positive and rose sharply during the spring, especially in medium and longer-term periods, until starting a significant decline since May which was then sharply reversed in August / September. Repeated assurances by the Fed in the US, and by other major world central banks, that inflation would spike up after Covid restrictions were abolished, but would only be transitory, allayed investor fears until August / September when high inflation was again seen as a growing danger and both central banks in the US and UK gave indications that monetary policy tightening was now on the horizon. **There is considerable concern that the US Fed is taking a too laid-back view that inflation pressures in the US are purely transitory and that they will subside without the need for the Fed to take significant action to tighten monetary policy.** Lack of spare economic

capacity and rising inflationary pressures are viewed as being much greater dangers in the US than in the UK. This could mean that rates will end up rising faster and further in the US than in the UK if inflationary pressures were to escalate; the consequent increases in treasury yields could well spill over to cause (lesser) increases in gilt yields.

Correlation between 10-year US treasury yield and 10-year gilt yield

The Link Group forecasts have included a risk of a 75% correlation between movements in US treasury yields and gilt yields over 10 years since 2011. As US treasury yields are expected to rise faster and further than UK gilt yields, there is an upside risk to forecasts for gilt yields due to this correlation. The graph below shows actual movements in both 10-year yields and forecasts by Link (gilt only) and Capital Economics.



- Yields on 10-year Gilts and Treasuries initially both fell during the first quarter of 2020, as signs emerged that the COVID-19 virus would become a global pandemic which would lead to a sharp downturn in economic growth.
- The correlation between 10-year yields in the UK and the US lessened during the second half of 2020 when US yields displayed an increasing tendency to rise, whilst UK yields remained more range bound. This divergence was consistent with the relatively better economic performance registered by the US during the pandemic, which was aided by historically low US business inventory levels needing to be rebuilt.
- During late 2020 gilt yields rose significantly, reflecting optimism that the fast vaccine roll-out in the UK would support a strong economic recovery during 2021.
- During September 2021, treasury yields rose sharply in response to growing investor concerns around high inflation and indications from the Fed that tapering of quantitative easing purchases of treasuries are likely to occur in the near future. Gilts also rose sharply, as did investor concerns around a sharp increase in inflation in the UK which is now likely to go over 4%. In addition, the MPC meeting on 23rd September flagged up major concerns around the strength of inflation which may require Bank Rate to go up much faster than had previously been expected.

APPENDIX 3: Investment Portfolio

Investment held as of 30th September 2021.

Counterparty	Amount Invested	Counterparty Limit	Within Limit Y/N	Terms	Rate %
Barclays - Call account	1,615,133.24			Instant access-Call	0.00%
Barclays - Green Account	5,000,000.00			95 days' notice	0.30%
Barclays- total	6,615,133.24	10,000,000.00	Y		
Santander	4,680,070.05	5,000,000.00	Y	Instant access-Call	0.02%
Bank of New York Mellon - Federated	4,900,000.00	5,000,000.00	Y	Instant access-MMF	0.01%
Aberdeen Liquidity- Standard Life	4,000,000.00	5,000,000.00	Y	Instant access-MMF	0.01%
Lloyds Bank	4,000,194.03	5,000,000.00	Y	32 days' notice	0.03%
Qatar National Bank	3,000,000.00	5,000,000.00	Y	Fixed-30 days	0.12%
Fareham Borough Council	5,000,000.00	5,000,000.00	Y	Fixed-365 days	0.18%
Total	32,195,397				

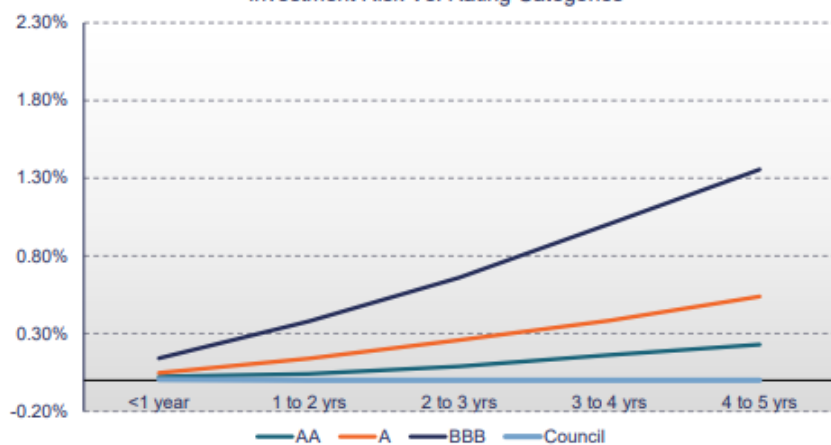
Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
Barclays Bank Plc (NRFB)	1,615,133	0.00%		Call	A	0.000%
Santander UK PLC	4,680,070	0.02%		Call	A	0.000%
MMF Aberdeen Standard Investments	4,000,000	0.01%		MMF	AAAam	
MMF BNY Mellon	4,900,000	0.01%		MMF	AAAam	
Qatar National Bank	3,000,000	0.01%	01/09/2021	01/10/2021	A	0.000%
Lloyds Bank Plc (RFB)	4,000,194	0.03%		Call32	A+	0.004%
Barclays Bank Plc (NRFB)	5,000,000	0.30%		Call95	A	0.012%
Fareham Borough Council	5,000,000	0.18%	14/02/2021	14/02/2022	AA-	0.009%
Total Investments	£32,195,397	0.09%				0.005%

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Investment Risk and Rating Exposure

Investment Risk Vs. Rating Categories

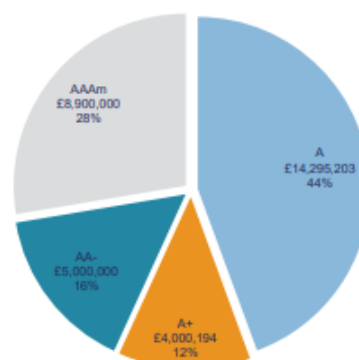


Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.16%	0.23%
A	0.05%	0.14%	0.26%	0.38%	0.54%
BBB	0.14%	0.38%	0.66%	1.01%	1.36%
Council	0.01%	0.00%	0.00%	0.00%	0.00%

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

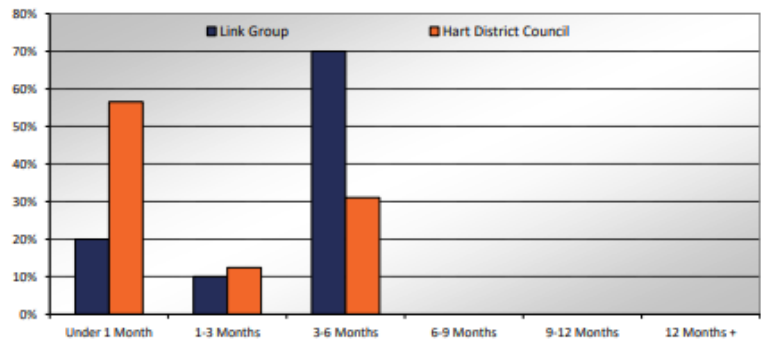
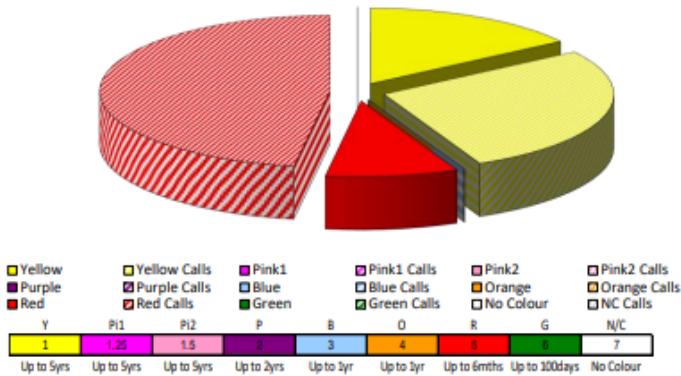
Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Portfolio Composition by Link Group's Suggested Lending Criteria



Portfolios weighted average risk number =

3.27

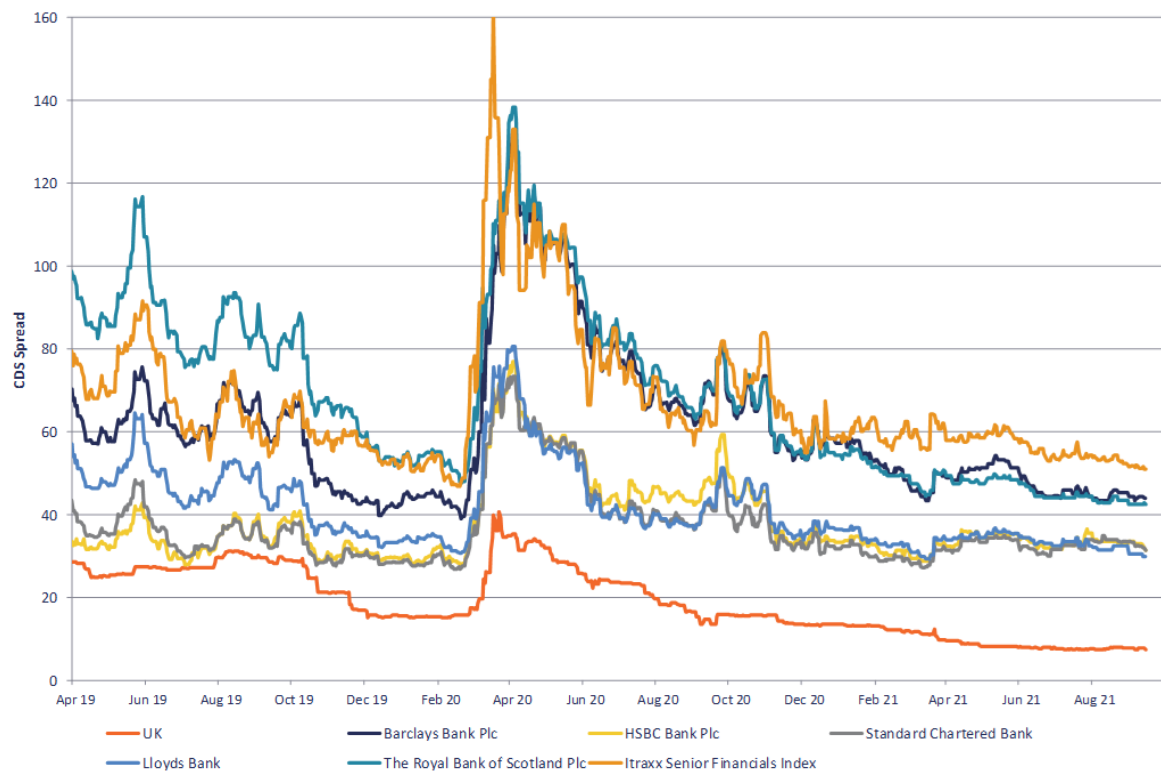
WARoR = Weighted Average Rate of Return

WAM = Weighted Average Time to Maturity

Excluding Calls/MMFs/USDBFs

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	WAM	WAM at Execution
Yellow	43.17%	£13,900,000	64.03%	£8,900,000	27.64%	0.07%	49	131	137	365
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Red	56.83%	£18,295,397	83.60%	£15,295,397	47.51%	0.10%	33	38	1	30
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Total	100.00%	£32,195,397	75.15%	£24,195,397	75.15%	0.09%	40	78	86	239

UK Banks 5 Year Senior Debt CDS Spreads



APPENDIX 4: Approved countries for investments as at 30 September 2021

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

KEY DECISIONS/ WORK PROGRAMME, AND EXECUTIVE DECISIONS MADE

January 2022

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	Outline/Reason for Report/Comments	Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Information
Quarter Two Budget Monitoring	Post consideration by Overview & Scrutiny Committee, to consider a report on Quarter Two Budget Monitoring	Jan 22 Apr 22 Jul 22 Oct 22		JR	F	
Treasury Management 2021/22 (Half Year Report)	Post consideration by Overview & Scrutiny Committee, to consider a Half Year review report on Treasury Management Strategy 2021/22	Jan 22		JR	F	
Project Integra Joint Municipal Waste Management Strategy	Post consideration by Overview & Scrutiny, to consider the Project Integra Joint Municipal Waste Management Strategy	Jan 22		AO	TS	
Welcome Back Fund	To consider updated progress of the Welcome Back Fund	Jan 22		DN	ALL	

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Information
Citizens Advice Bureau move to the Apex Building	To approve CAB the use of the Apex Building	Feb 22		JR	F	
Senior Management Team Restructure	Post consideration by the Staffing Committee, to consider the Senior Management Team restructure	Feb 22		JR	F	
Corporate Services Restructure	Post consideration by the Staffing Committee, to consider and financial implications arising from the proposed restructure of Corporate Services	Feb 22		JR	F	
Improving Energy Efficiency Measures in Affordable Housing	Post consideration by Overview and Scrutiny Committee, to consider housing capital funding for additional energy efficiency measures in affordable housing on sites in Hart	Feb 22		SB	H	
Homelessness Strategy	Post consideration by Overview & Scrutiny Committee, to consider a new Homelessness Strategy 2022-2027	Feb 22		SB	CSF	
Draft 2022/23 Revenue Budget, Capital Programme and Council Tax Proposals	Post consideration by Overview & Scrutiny Committee, to agree to recommend to Council the 2022/23 Revenue Budget, Capital Programme and Council Tax Proposals	Feb 22		JR	F	

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Information
Draft 2022/23 Capital Strategy, Treasury Management Strategy Statement and Asset Management Plan	Post consideration by Overview & Scrutiny Committee, to agree to recommend to Council the 2022/23 draft Capital Strategy, the 2022/23 Treasury Management Strategy Statement and Asset Management Plan	Feb 22		JR	F	
Annual Car Parking Report	Post consideration by Overview and Scrutiny for Cabinet to review and endorse a summary of actions from the last 12 months, and proposals for the upcoming year. Including income, maintenance, and carbon emissions	Mar 22		AO	TS	
Update and Refresh the Corporate Complaint Policy	Post nominations to a task and finish group at Overview & Scrutiny Committee, to update and refresh the Corporate Complaint Policy for Cabinet approval	Mar 22		JR	JCX	
Quarterly Performance Plans	To seek Cabinet approval for reports on performance data	Mar 22 Jun 22 Sep 22 Dec 22		DN	ALL	
Service Plans	Post consideration by Overview & Scrutiny Committee, agree the 2021/22 Service Plans	Apr 22		DN	ALL	

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Information
Odiham Common Management Plan	To update Members on the Odiham Common Management Plan	Jun 22		DN	P	
Outside Bodies	To approve representation from the Council on identified outside bodies	Jun 22		DN	ALL	
Revenue and Capital Outturn 2022/2023	Post consideration by Overview & Scrutiny Committee, to consider the Annual report on outturn	Jul 22		JR	F	
Medium Term Financial Strategy and Capital Strategy, Treasury Management Strategy Statement and Asset Management Plan	Post consideration by Overview & Scrutiny Committee, to consider the Council's Medium-Term Financial Strategy position and future Capital Strategy, Treasury Management Strategy Statement and Asset Management Plan	Sep 22		JR	F	

Note 1

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

- 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
- 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

TC 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
