



NOTICE OF MEETING

Meeting:	Cabinet
Date and Time:	Thursday 3 February 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

6 - 11

The minutes of the meeting of 6 January 2022 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

The Omicron Business grant scheme for information and to be noted.

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 12 - 15

Minutes of the meeting held on 25 January 2022 to be noted.

7 MINUTES FROM THE CIVIC QUARTER REGENERATION WORKING GROUP 16 - 22

Minutes of the meetings held on 10 January and 25 January 2022 to be noted.

8 REPORT OF SCRUTINY PANEL ON THE OPERATION OF HART HOUSING PROPERTY MANAGEMENT COMPANY 23 - 28

This is a report from the Housing Company Scrutiny Panel and provides an update of the performance of the company to update Cabinet and enable the financial projections to be included within the budget for 2022/2023.

RECOMMENDATION

That:

1. The positive performance of the Housing Company against the initial business plan is noted (see 4.2).
2. The updated financial projections of the Housing company are agreed for inclusion within the budget for Hart District Council 2022/2023.

3. That Cabinet consider whether it wishes to consider changing the Articles of Association or bear the small risks associated with these items (see 4.4).
4. That Cabinet consider reverting to the original plan for the Scrutiny Panel to be convened twice per year (see 4.9).

9 FUTURE OF CAB YATELEY BUILDING

29 - 43

To update Cabinet on the intended change in delivery strategy of services by Hart Citizens Advice and the opportunities this presents to work with other Public Sector organisations, in delivering vital services to our community.

Hart building in Royal Oak Close, Yateley (The Building), currently occupied by Citizen's Advice Bureau (CAB) and ask approval to progress the following:

1. CAB move from The Building into the APEX, Ground Floor, Civic Building.
2. Agree in principle for Oakley Health Group (OHG) to move into The Building, dependant on agreement of lease terms.
3. Delegation to complete lease agreements with CAB and OHG.

RECOMMENDATION

That Cabinet agrees:

1. The cessation of the existing Tenancy at Will arrangements with Hart Citizens Advice for the building at Royal Oak Close in Yateley.
2. A new lease with Hart Citizens Advice that would enable the service to move from Yateley to the Apex Centre within the Civic Offices, and consolidates the lease agreements into one single agreement, based on the Heads of Terms as set out in appendix 1.
3. Subject to agreement to points 1 and 2, that Cabinet agree in principle the occupation of Oakley Health Group into The Building at Royal Oak Close, Yateley, based on the Heads of Terms as set out in appendix 2.
4. That Cabinet delegate the Joint Chief Executives in consultation with the Deputy Leader, authorisation to complete the lease agreements based on the Heads of Terms as set out in appendix 1 and 2, with both Hart Citizen Advice and Oakley Health Group (or other NHS body, so appointed to deliver, see paragraph 4.11).

5. That Cabinet recommends to Council, that subject to the conclusion of the lease arrangements with Hart Citizens Advice, as set out in appendix 1, that their core grant is increased to £220K.

10 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 44 - 78

To present the draft Treasury Management Strategy Statement for 2022/23 which incorporates the Annual Investment Strategy and Prudential and Treasury Indicators for approval.

RECOMMENDATION to Council

That Cabinet recommend approval to Council of the Treasury Management Strategy Statement, Annual Investment Strategy and Capital Strategy.

11 DRAFT BUDGET 2022/2023 AND MEDIUM-TERM FINANCIAL STRATEGY 79 - 106

This report provides a summary of the revenue and capital budget proposals for 2021/2022 to be approved by Cabinet and recommended to Council. The report also includes the statutory statement of the Head of Corporate Services (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves. This proposed budget includes funding provided in the provisional finance settlement for 2022/2023 which was published on December 16th, 2021. The final settlement is expected imminently.

The anticipated multi-year Spending Review was once again replaced by a short-term Spending Round. This limits any meaningful financial planning to one year. Whilst best estimates have been made for future years, this report therefore cannot give any realistic projection beyond 2022/2023. The Medium-Term Financial Strategy is provided in Appendix 2.

RECOMMENDATION to Council

1. That the level of Council Tax for 2022/23 be increased by £5 and set at £186.84 for a band D property.
2. That the summary revenue budget for 2022/23 as set out in paragraph 13 of this report be approved.
3. That the capital programme for 2022/23 as detailed in Appendix 1 be approved.
4. That no changes be made to the Council Tax Support Scheme for 2022/23 but that consultation on a new scheme takes place in Quarter 3 2022/23 for implementation in 2023/24.

12 CABINET WORK PROGRAMME 107 -
113

To consider and amend the Cabinet Work Programme.

13 EXEMPT FROM PUBLICATION

The following item contains exempt information.

RECOMMENDATION

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

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

14 REORGANISATION OF CORPORATE SERVICES 114 -
119

The purpose of this report is to set out proposals for the reorganisation of Corporate Services.

RECOMMENDATION

That Cabinet approve the principles of the reorganisation and new structure as set out in appendix two to enable the Head of Corporate Services to consult with staff on the proposed new structure.

This report and its appendices is exempt from publication.

Date of Publication: Wednesday, 26 January 2022

CABINET

Date and Time: Thursday 6 January 2022 at 7.00 pm

Place: Council Chamber

Present:

COUNCILLORS

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

In attendance: Axam, Crookes, Dorn, Forster, Radley, Smith.

Officers:

Patricia Hughes	Joint Chief Executive
Emma Foy	Head of Corporate Services & S151 Officer
Christine Tetlow	New Settlement Manager
Helen Taylor-Cobb	Head of Contracted Residents Services, Basingstoke & Deane Borough Council
Sarah Robinson	Waste & Recycling Manager, Joint Waste Client Team, Basingstoke & Deane and Hart
Lee Rome	Committee Services Officer

89 MINUTES OF THE PREVIOUS MEETING

Minutes of the meeting held on 2 December 2021 were signed as a correct record.

90 APOLOGIES FOR ABSENCE

None, though it was noted that Cllr Radley was attending via Teams.

91 DECLARATIONS OF INTEREST

Councillor Bailey and Councillor Cockarill declared an interest in the Welcome Back Fund item due to their membership of Yateley Town Council. Councillor Oliver declared an interest for the same item as a member of Fleet Town Council. Cllr Forster declared an interest in the item on Project Integra as a member of Hampshire County Council.

92 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that the Environment Agency have now confirmed allocation of £375k of funding for the Phoenix Green Flood Alleviation Scheme which will provide flood protection to 38 properties in Phoenix Green through a combination of natural flood management measures and property level protection.

In January 2020 Hart Cabinet agreed support for the scheme and the allocation £70k in the Council's capital programme, which is being matched with £70k of funding from Vivid Housing Association.

Hart officers will shortly be engaging a contractor to undertake initial property surveys and install property level protection measures at Phoenix Green.

Councillor Radley announced that the Chancellor of the Exchequer had announced on 21 December 2021 that two new grants would be made available due to the ongoing situation with the Omicron variant of the Coronavirus. The grants would be available to Hospitality and Leisure businesses that were rate paying, and a second discretionary grant to other businesses facing restrictions.

Hospitality and Leisure businesses would be eligible for grants based upon rates they currently pay and would need to reapply for these grants even if they were eligible under the previous grant scheme. Businesses were encouraged to ensure they had gathered and submitted all the necessary information to ensure applications were processed in a timely fashion.

The second discretionary grant would look to fund businesses that are not covered by the first grant, such as those who do not pay rates. A briefing note would be supplied to all Members shortly, and the information around the scheme was available on the Hart District Council website.

Clarification was sought that the reapplication requirement was likely due to prevent fraud, such as from business that have closed since the initial grant scheme, and that understanding was confirmed.

Councillor Oliver updated Cabinet that garden waste collections were planned to restart in Basingstoke on 10 January and in Hart on 17 January. This plan was being reviewed daily to ensure that other waste collection services could continue unaffected.

93 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

Sue Tilley, Fleet Town Councillor, attended the meeting in support of the Welcome Back Fund application by Fleet BID.

94 MINUTES FROM THE CLIMATE CHANGE WORKING GROUP

The minutes of the meeting held on 29 November were noted.

95 MINUTES FROM THE CIVIC QUARTER REGENERATION WORKING GROUP

Minutes of the meeting held on 13 December 2021 were noted and Cabinet approved 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.

It was clarified that the term 'elected to represent Fleet' included all Hart District Councillors whose ward contains part of the area Fleet Town Council represents and Hampshire Country Councillors whose division boundaries overlapped with the boundaries of Fleet Town Council.

The wording in the terms of reference would be amended accordingly.

96 WELCOME BACK FUND

This report provided a new Welcome Back Fund application by Fleet BID. This report also provided an amendment to one of Yateley Town Council's approved Welcome Back Fund applications.

Councillor Oliver moved an additional recommendation regarding the future approval of applications as the time remaining in the scheme made approval at Cabinet difficult to schedule, that there were significant funds still available to apply for, and that the approval process would be more efficient if it were delegated. A potential new market bid through Fleet Town Council was cited. If there were any other late applications these would also be difficult to approve at Cabinet due to the timescales involved.

The opportunity to apply for current unallocated funds would be advertised to Town and Parish Councils so that further applications could be made by them in the time remaining.

Members discussed the Fleet Bid application with Sue Tilley around how the planned videos would be used and how success criteria would be evaluated, and the next steps of the process.

DECISION

That Cabinet:

1. Approved 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. Approved Yateley Town Council's amended application to purchase addition wildflower turf to progress to the next stage of the Welcome Back Fund process.
3. Approved that the review and approval of any future applications be delegated to the Portfolio Holder (Leader) in consultation with the Joint Chief Executive. Any approved applications using this process would be submitted as an Executive Decision to provide the opportunity for call in.

97 PROJECT INTEGRA JOINT MUNICIPAL WASTE MANAGEMENT STRATEGY

Cabinet were presented with a report setting out the Joint Municipal Waste Management Strategy (JMWMS) that sought 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.

Members discussed:

- That the current position is to endorse the principle of the plan and that final approval will come back to Cabinet at a future date.
- That other authorities in the scheme had either adopted the same position as Hart or had wholly endorsed the plan.
- “Twin-stream” collections and the difficulties of glass separation using this method. Comments on this would be fed back to the Project Integra team and clarification sought on why the separate collection of glass was rejected as an option.
- The nature and viability of kerbside sorting.
- The wide-ranging consultancy process undertaken to draft the plan.
- The implications of not taking part in Project Integra, and the nature of large-scale collaborative projects with multiple stakeholders.
- The potential impact of the Government’s Environment Bill.
- The conveying of comments made at Overview and Scrutiny Committee and at Cabinet to the Project Integra team.
- The next steps and timelines of the project and the possible implications of having to end current contracts early.
- The implications of food waste collection requirements.
- Garden waste collections and the lack of clear financial mitigations at this stage.

The Chairman thanked Officers for being available to answer any questions.

DECISION

That Cabinet endorsed 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.

98 QUARTER TWO BUDGET MONITORING

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

It was noted that although no questions were asked, that Member's discussions with Officers around this topic outside of the meeting were ongoing. Whilst

recognising that services were underspending their budgets and the overspend was attributable to a drop in income, the Chairman encouraged Officers to seek further opportunities to close the gap on any overspend across the rest of the financial year.

It was recognised that the report provided a snapshot in time and that the quarter three report was hoped to be brought forward to Cabinet in March (and therefore Overview and Scrutiny Committee in February) rather than April.

DECISION

That Cabinet noted:

- 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.

99 TREASURY MANAGEMENT STRATEGY STATEMENT HALF-YEAR REVIEW REPORT 2021/22

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

Members discussed the impact of potential rise interest rates on Hart's future investment strategy. It was clarified that the extension to the Counterparty limit was intended to last until the end of the financial year.

DECISION

1. That Cabinet agreed the recommendation to increase the Barclays Counterparty limit to £10m to accommodate the investment in the Barclays Green Investment fund. This would be extended to the end of the current financial year.
2. That following the acquisition of Centenary House, Cabinet agreed the recommendation to increase the Operational Boundary and Authorised Limit as detailed in Paragraph 4.3.

100 CABINET WORK PROGRAMME

The Cabinet Work Programme was considered, and no amendments were made.

The timing of the Annual Car Parking report was discussed.

It was agreed that the table of work of the consultancy partners working on the Odiham Common Management Plan would be forwarded to Odiham ward Members.

The meeting closed at 8.23 pm

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

Date and Time: Tuesday 25th January 2022, 15:00

Place: Teams Virtual Meeting

Present:

Cllr David Neighbour - DN
Cllr Alan Oliver - AO
Cllr Steve Forster - SF
Cllr Alex Drage - AD
Cllr Dr Anne Crampton - AC
Cllr Gill Butler - GB
Peter Summersell - PS
John Elson - JE
Katy Sherman - KS
Alex Massie (Eunomia) - AM
Tamsin Briggs (Friends of the Earth) - TB

Item		Action
1.0	Introduction and apologies Apologies received from Cllr James Radley and Wilf Hardy.	
2.0	Notes form previous meeting None	
3.0	Net Zero Carbon Pathway (Eunomia)	
3.1	AM, Technical Advisor from Eunomia delivered a presentation. Eunomia won the tender process to help deliver Hart’s Climate Change Emergency initiatives and targets. AM highlighted Hart’s 2035 Operational Targets which are emissions associated with the council’s own activities. He also said his team are looking at what should be included and not included in scope three emissions, for example, waste, purchasing and commuting etc. AM also discussed the 2040 district wide targets and showed the group a project timeline.	
3.2	AO requested that the timeline include review meetings and engagements with the working groups. AM to get a colleague to liaise with PS on this.	AM/PS
3.3	SF asked how compatible this timeline would/could be with	

	Hampshire County Council and its own Climate Change initiatives. ACTION - AM to confirm to PS if they are using the Greenhouse Gases reporting approach. PS to accept further questions on the reporting approach and Eunomia in general via email.	AM ALL
4.0	Carbon Literacy Training	
4.1	PS gave a short update on the Carbon Literacy training and reminded the group he had sent the PowerPoint slides via email. Staff will receive updates from this training via the staff newsletter and staff briefings.	
4.2	AO asked PS for more information on the accreditation and the requirements to gain this. PS confirmed that he had sent accreditation information via email and two actions are required – an individual and a group one.	
4.3	The group gave feedback on how they found the training. DN and AD found the sessions very engaging and productive and reflected that this information should be at the heart of all the council's decision-making processes. SF said he found the sessions to be too slow and basic. ACTION - PS to feedback this information to Rachel and the team.	PS
4.4	ACTION - PS and DN to discuss the group action for the accreditation.	PS & DN
4.5	SF commented he would have liked to see a feedback questionnaire offered after the training as there was not one. JE was surprised as there is usually and will look at this for future training.	
4.6	The group discussed the benefits and costs of having the accreditation.	
5.0	Communication update	
5.1	KS, Communications and Engagement officer for Leisure and	

	<p>Countryside explained her role and how she wanted to help highlight the group's projects, training, achievements etc.</p> <p>KS also reported that she aligns her comms planner with national dates. For example, the council will be highlighting the national Big Energy Saving Week at the end of January. KS asked the group to send her examples of their work and possible good energy saving examples and initiatives that other councils use.</p> <p>JE explained that there is currently a lack of resource in the council's comms which they are looking at addressing in the near future.</p>	
5.2	<p>AO and GB suggested allocating some of the future climate change budget on boosting communications and also on resources to change behaviour. This would be important to meet district wide targets.</p>	
5.3	<p>The group briefly questioned how the council communicates with Hart residents on Climate Change and energy saving schemes.</p> <p>AC mentioned she had recently attended HVA's AGM.</p> <p>ACTION - KS to get in touch with HVA.</p>	KS
6.0	Energy Efficiency	
6.1	<p>PS explained that SF had highlighted to him the use of Thermal Imaging Cameras after a resident had had a good experience using one.</p> <p>The group liked the idea and SF mentioned that there are grants available to purchase these from Hampshire County Council.</p> <p>PS Advised that contact had been make with Hampshire County Council and we would not be eligible for funding for this scheme.</p> <p>AC highlighted that Farnborough College had completed studies on Thermal Imaging Cameras.</p> <p>ACTION – PS to find out more about setting up Thermal Imaging loan scheme for Hart District Council residence.</p>	PS
7.0	Update Hart Climate Change Action Plan	
	<p>PS explained that the Green Homes Grant scheme was now available to residents and a press release had been published to</p>	

	convey this. The Council has secured a grant of £200,000. This is for low-income households or those living in a reduced energy rating property.	
	The group briefly discussed the current delays with waste and recycling collections.	
	PS and JE highlighted that the Local Walking and Cycling Infrastructure plan has been delayed due to a lack of resource at Hampshire County Council. ACTION – JE to talk to SLT about Hart taking the lead on this plan.	JE
	The group discussed HVO fuel. SF explained how Hampshire County Council are using it.	
	PS updated the group on the latest biodiversity grants and plans for EV charging points. PS is meeting with parking this week to discuss EV points being introduced to Hart Leisure Centre. He also highlighted Frogmore Leisure Centre. SF declared that he had a declaration of interest regarding EV points.	
8.0	AOB	
	The next meeting is scheduled for Tuesday 22 nd March – time tbc.	
	TB asked for an update on a response to her Friends of the Earth letter. ACTION – DN to respond.	DN
	SF highlighted that Hampshire County Council has a grant for enhanced cycle and work placed parking and queried if the Council could make an application. ACTION - JE to investigate the feasibility of this grant.	JE

Meeting ended at 16:23.

Civic Quarter Regeneration Meeting (Teams) 10 January 2022 – 09:00

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

Olivia Paine	HLM Architects
Cllr Sue Tilley	Fleet Town Council
Janet Stanton	Clerk, Fleet Town Council
Elizabeth Weighill	Hampshire County Council (Library Service)

Apologies: Cllr Bob Schofield

1	Welcome from the Chairman	ACTIONS
	The Chairman welcomed the attendees.	
2	Introductions	
	The group members were reintroduced to each other due to the attendance of Cllr Sue Tilley and Janet Stanton who were substituting for Cllr Bob Schofield.	
3	Visioning Posters Review and Comments	
	<p>The visioning & public engagement posters were introduced. These covered:</p> <ul style="list-style-type: none"> • The Vision – Why changes to the area are required, challenges and opportunities, the proposed upgrading and reorganising of current facilities. Critical success factors and public contribution/ buy in to the setting of these were discussed. • Future Ambition – posters to set the vision and reassure that current facilities/ services would be retained and improved. Themes included Leisure & Performance Venue, Community Hub & Ideas Store, Improved Public Realm, Shared Community & Civic Workspace. • Timeline – setting out the process, including critical success factors feedback, viability and cost analysis, design refinement, further public engagement, the planning application and project realisation. • Initial Ideas Posters – sketches of ideas with costs & benefits to generate discussion which would be supported by a public engagement document. 	

	<p>It was confirmed that these would be sent out to all Committee Members for more detailed review.</p> <p>Members discussed:</p> <ul style="list-style-type: none"> • Further clarity around the communication of the ‘WHY’ of the project, and work done by other Councils in this area (e.g., Rushmoor). • The balance between being visionary and communicating that current facilities/ services would be retained and improved and initiating a conversation around the positive and negative implications of changes made. • The potential need for a poster covering potential Retail, Residential and Medical uses of the site. • How any boards would be displayed around Fleet, and potentially the wider Hart District. • How the strategy should ensure it included older residents (such as those in care facilities) and younger people including those in schools. • A consistent engagement strategy with a focus on ensuring maximum reach. • Teams Live, recorded & other virtual events, Councillor Videos and Virtual presentation rooms. • The project name going forward. • The launch date and completion date of the public engagement and the impact of the pandemic on engagement strategy. • The need to communicate results of the engagement, how this would be done and the timing. <p>ACTION: Members were asked to provide feedback on the posters developed to OP before Monday 17th January.</p>	ALL
4	Engagement of ‘Direct Interest Stakeholders’ update	
	<p>Engagement with ‘Direct Interest Stakeholders’ had not been conducted as it was felt further clarity of the project was required before this could take place.</p> <p>A targeted presentation during the public engagement for direct interest stakeholders (e.g., Fleet Bid, local retailers etc.) was discussed.</p>	
5	Timeline	
	<p>The need to take into account the approaching election purdah period, and also impending government review due 25th January on ‘Plan B’ was noted.</p>	

	<p>Due to the pandemic, it was agreed that the public engagement process should proceed online, and that current materials produced would be adapted for this. Cost implications would need to be considered.</p> <p>Feedback to the public of the engagement results would be made after the election period.</p> <p>The requirement of more regular meetings as the public engagement launch approaches was noted.</p> <p>ACTION: Agenda item for next meeting, 'Teams Live Event/ Webinar', how this will be delivered, who will present etc.</p> <p>ACTION: Adapt posters/panels for use as part of digital engagement, and update considering requested member feedback.</p> <p>ACTION: Develop draft engagement plan for discussion at next meeting.</p>	<p>GE/JR</p> <p>OP</p> <p>AS/GE/OP</p>
6	AOB	
	None.	
7	Date of next meeting	
	The next meeting would be held on Tuesday 25 th January at 9am.	
	Meeting ended at 10.21am	

Civic Quarter Regeneration Meeting (Teams)
25 January 2022 – 09:00

Attendees: Cllr Mark Butcher; Cllr Anne Crampton; Cllr David Neighbour; Cllr Richard Quarterman; Cllr James Radley (Chairman); Cllr Katie Davies; Daryl Phillips; Emma Foy; Amy Summers; Gabrielle Ellen; Joanne Rayne; Rebecca Borrett (Minutes)

Olivia Jackson HLM Architects
 Cllr Bob Schofield Fleet Town Council

Apologies: Elizabeth Weighell, Hampshire County Council

1	Welcome from the Chairman	ACTIONS
	<p>The Chairman welcomed the attendees and explained HDC concerns on how to deliver this in terms of skill set, time, and resources. EF clarified the changing scope of the project means there is not the staff time or financial resources for officers to deliver. The group discussed the following issues:</p> <ul style="list-style-type: none"> ▪ Engagement Options: <ul style="list-style-type: none"> ➤ Face to Face ➤ Digital replication of physical engagement ➤ Facebook Group ➤ HDC Website ➤ Other HDC social media channels ➤ Feedback Forms ➤ FAQ living document ➤ TEAMS recordings ▪ Staff Resources ▪ Use of Create Streets or equivalent ▪ Expertise available from within Group ▪ Timescales (both delivery and engagement) ▪ Purdah Considerations (timescales and other political parties) ▪ Any further finance would require a report to Cabinet to request from special reserves <p>ACTION:</p> <p>The Chairman summarised the discussions as:</p> <p>A face-to-face manned consultation, spread over 3 days (weekend and mid-week), to ensure constructive conversations taking place as part of engagement.</p>	<p>GE/AS</p>

	<p>With the agreement with FTC to take place in the Harlington, using information boards, and providing feedback forms that can be safely deposited in the safe keeping of the Council.</p> <p>In parallel, and beyond, an electronic mechanism through the HDC website for people to review material and complete an engagement form, like those used for Planning consultations.</p> <p>A social media campaign cannot be maintained due to the workload.</p> <p>Will need to maintain a set of FAQs with answers to guide conversations and address any concerns. Collectively to contribute as a group.</p>	<p>OJ</p> <p>AS</p> <p>ALL</p>
2	Engagement Plan	
	The engagement plan was largely focused around completing pre-purdah so if the decision is to undertake post elections this will need amending	
3	Engagement Platform Review	
	<p>Research was completed by OJ and AS and identified online platforms that could hold digital consultation boards. Snapdragon and Commonplace were used by neighbouring authorities.</p> <p>If face-to-face engagement is again being considered this option may no longer be required at this time. It may be a consideration at a later stage for detailed consultation and at this time microsites may be available via the revised HDC website.</p>	
4	Feedback Form	
	<p>The group discussed the feedback form and discussions included:</p> <ul style="list-style-type: none"> • Baseline questions where an answer can be almost predicted • How responses would help create a storyline to create next steps • Number of questions to be included • Keeping questions in context of the vision • Balanced questionnaire to encourage engagement • Asking people to rank and prioritise • Open ended questions for engagement • Clear instructions for completing form <p>The group discussed 1-3 questions to be engagement based and an additional 2 questions relating to what hopes and concerns people have for the regeneration of the civic quarter.</p>	

	<p>OJ asked when the next meeting and feedback would be. The Chairman recommended one month today for the February meeting.</p> <p>AS asked if the Chairman would like the engagement plan reflective of today’s conversation to be done for the next meeting. The Chairman confirmed he would.</p> <p>AS asked for clarification if the Teams live event was still being done as now looking to do more face-to-face. The Chairman identified key stakeholder engagement had not been discussed. AS clarified this would have been a more open forum run on two different evenings, where members of the public can attend and listen to a presentation that talk through work done and give context to the slides, before opening up for a managed Q&A session. This would be recorded and put on HDC YouTube channel. There is a lot of work involved in this so if face-to-face engagement, can then produce several short, 60 second recordings, to give context to still provide digital engagement.</p> <p>ACTION:</p> <p>To be added to plan as an option</p> <p>DN echoed felt moving away from big live event for Teams, but pre-recorded highlights backed up with FAQ on website is needed.</p>	<p>RB</p> <p>AS</p> <p>AS</p>
6	Date of next meeting	
	The next meeting will be held on Tuesday 22 nd February at 9am.	
	Meeting ended at 10.30am	

CABINET

DATE OF MEETING:	3rd FEBRUARY
TITLE OF REPORT:	REPORT OF SCRUTINY PANEL ON THE OPERATION OF HART HOUSING PROPERTY MANAGEMENT COMPANY
Report of:	SCRUTINY PANEL
Cabinet Portfolio:	Deputy Leader and Finance & Corporate Services
Key Decision	No
Confidentiality	Non Exempt

1 PURPOSE OF REPORT

- 1.1 This is a report from the Housing Company Scrutiny Panel and provides an update of the performance of the company to update Cabinet and enable the financial projections to be included within the budget for 2022/2023

2 SCRUTINY RECOMMENDATION

That

1. The positive performance of the Housing Company against the initial business plan is noted (see 4.2)
2. The updated financial projections of the Housing company are agreed for inclusion within the budget for Hart District Council 2022/2023
3. That Cabinet consider whether it wishes to consider changing the Articles of Association or bear the small risks associated with these items (see 4.4)
4. That Cabinet consider reverting to the original plan for the Scrutiny Panel to be convened twice per year (see 4.9)

3 BACKGROUND

- 3.1 In June 2021, by resolution of the Cabinet, Hart District Council created a new limited company, dedicated and wholly owned by the Council as the sole shareholder.
- 3.2 Cabinet approved the draft initial business plan, which set out in some detail a framework for the operation of the business including.
- The objectives and mission of the company
 - The company structure and governance arrangements
 - Its operational approach, how it would be financed and manage risk
 - Details of the Articles of Association and Shareholder Agreement were also provided

- 3.3 As part of the governance structure, a company scrutiny panel was established, comprising three members appointed annually by the Overview and Scrutiny Committee.
- 3.4 This was considered by Overview and Scrutiny Committee in July 2021 when Councillors Davies, Farmer, Harward and Smith were all nominated.
- 3.5 In September 2021, Cabinet considered a paper regarding the Housing Company Scrutiny Panel and approved the nominated representatives to comprise the 2021/2022 Scrutiny Panel to meet once a year to oversee company activity, provide strategic guidance and advise the Council in its capacity as Shareholder.
- 3.6 This is the first such report of the Housing Company Scrutiny Panel, the terms of reference for which can be found in appendix 1

4 MAIN ISSUES

- 4.1 The Housing Company Scrutiny Panel met on Wednesday December 15th, all Scrutiny Panel Members were in attendance as were the three Directors of the Housing Company. Minutes of the meeting can be found in appendix 2.
- 4.2 The Housing Company Scrutiny Panel heard of a number of highlights in the six months of operation including:
- Completion of statutory requirements for a new company and creation of appropriate documentation for a new business
 - An effective handover of the Edenbrook Apartments
 - All apartments let within 4 months with
 - 56% occupied by key workers such as 7 within the emergency services, 5 within social care, 3 within the health profession, 6 within the education profession and 2 from local government
 - 73% of residents had a local connection
 - No tenant was in arrears, reflecting the effectiveness of the vetting process
 - 2 flats have given notice at the 6 months break point – the first flat was relet within a week; the second flat is yet to be relisted.
 - The financial health of the business in the first year of trading is better than forecast, with faster letting of the flats, lower voids and no bad debts.
- 4.3 Whilst there were notable successes, the Housing Company Scrutiny Panel also heard that there had been some unanticipated challenges, these included
- A higher level of snagging with the asset than would have reasonably been expected. No action was asked of the Shareholder as matters were now well in hand.
 - To note that the Housing Company may need to make formal requests for the use of the Shareholder's staff, for which payment would be made at full cost recovery
 - The Shareholder has been requested by tenants to 'step into' management or operational issues as there is not sufficient clarity or delineation between the organisations. To note that HHPMC may seek to create a 'trading name'

under which to operate providing greater clarity of roles and responsibilities as well as provide an identity which will clearly establish the Housing Company is 'open for business'. The Scrutiny Panel members fully endorsed this suggestion to separate the identities of Shareholder and management company.

4.4 In addition to the above, the Housing Company Scrutiny Panel were also advised of a couple of risks that the Shareholder should be made aware of.

The Shareholder could simply decide to bear the relatively small risk for both of these matters, but should consider whether that is the approach they wish to take;

- The Shareholder should be aware that whilst standard terminology, the Articles of Association intimated that the Shareholder could require the Housing Company (via their Directors) to take or stop any specific actions, in doing so, increasing the risk of legal liability to the Shareholder. The Shareholder was asked to decide whether to bear the risk or amend the Articles of Association.
- The potential risk to the company from decisions taken by the Shareholder to divulge commercially confidential information which could impact future commercial viability or commercial agreements. Again the Shareholder is asked whether to bear the risk of amend the Articles of Association.

4.5 With regards to finances, the business is now stable and receiving a monthly income recognising that the first year or trading will need to absorb one-off set-up costs, it is still expected to break even.

4.6 The financial projections have changed since the original Business Plan. Demand for affordable, quality homes is higher than anticipated and the expectations of voids/bad debts is lower. However the anticipation of costs due to environmental factors has increased – for example – accidental damage and grounds maintenance. Some assumptions within the business plan have been amended to reflect lived experience

	Initial Business Plan	Current Business Plan
Void Rate/Bad Debts	5% gross rental per annum	2% gross rental per annum
Management/Letting agency fees	12.5% of gross rental income per annum. Based upon benchmark information.	14.7% based on tendered cost

4.7 The Scrutiny Panel queried the revised level of the Management/Letting agency fees and were assured that the charges were the result of a competitive tender process. Tendered management/letting fees being 17.6% higher than the initially benchmarked expectation is a considerable difference, though lower void rates and bad debts has more than offset this cost.

- 4.8 The Housing Scrutiny Panel also explored with the Housing Company future business opportunities, in particular the opportunity
- to work with local developers, private landlords and managing agents to identify future acquisition options
 - to work alongside Housing Associations to see if they have surprise property or homes where the Councils ability to borrow over longer periods could make investment viable or
 - partnering with local housing associations in future developments.

- 4.9 The Scrutiny Panel felt that convening once per year was not frequent enough, particularly in these early years of the property management venture. Meeting only in November or December would be half way through another company year before the previous year's performance would be assessed.

The Panel would suggest being convened twice per year, as was originally planned and set in the scrutiny panel terms of reference, at least for the next 2 years. Once should be soon after the end of year date, but allowing time for the preparation of the annual accounts and another time for a mid-year trading update and the business plan review. July and December might be appropriate scheduling.

- 4.10 In summary the Housing Scrutiny Panel has established that in its short time, the Housing Company has built appropriate governance foundations and delivered financial results in excess of forecasts, delivering higher than anticipated value back to the Shareholder.

Looking to the future, the Housing Company will evolve in the next 12 months by

- by building a strong brand (with a new trading name and website) enhancing local presence and profile and ensuring future partners know they are 'open for business'
- ensuring the right policies and procedures are in place giving the company the ethical framework appropriate to a company wholly owned by the Council
- proactively looking at the market and opportunities, assessing their value and bringing that to the Shareholder for consideration

5 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 5.1 The recommendations are set out in section 2. No alternatives have been considered or rejected.

6 CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

The Housing Company meets the Council's ambitions as set out in the Hart Corporate Plan 2017-2022 to be a Council that is both efficient and effective and maximise income opportunities and increase financial self-sustainability.

Service Plan

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

Legal and Constitutional Issues

As set out in Section 3, the Housing Scrutiny Panel is a formally constituted element of the newly created Housing Company. The terms of reference for this panel is set out in appendix 1.

As part of this, the Scrutiny Panel is requested to review the Company's Business Plan and advise Cabinet of its views, this report provides this feedback.

Financial and Resource Implications

The financial performance of the Housing Company has been much better than initially anticipated in the business case.

As such, the Shareholder should account for £0.24 million as a net position, for budgetary purposes for 2022/2023

Risk Management

The Housing Company provided an extensive risk register considered by the Housing Scrutiny Panel.

In addition, the Housing Company has highlighted some areas of risk that the Council, as sole shareholder will need to consider (see section 4.4)

7 EQUALITIES

7.1 Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief.

The recommendations set out in this report should not have any impact on any of the protected characteristics highlighted above.

8 CLIMATE CHANGE IMPLICATIONS

8.1 It should be noted that the Edenbrook apartments were built to include

- Electric car charging points which are available to the public
- Solar panels which are used for the lighting in the common parts of the buildings
- Other initiatives to encourage biodiversity such as the swift bird boxes built into the brickwork to encourage summer migration

There are no other direct carbon/environmental implications arising from the recommendation.

9 ACTION

- 9.1 Subject to agreement of Cabinet, the financial information provided in appendix 2 will be used within the Councils forecast budget for 2022/2023

CABINET

DATE OF MEETING: 3 February 2022

TITLE OF REPORT: CITIZENS ADVICE BUILDING, YATELEY

Report of: Head of Corporate Services

Cabinet Member: Councillor James Radley, Deputy Leader and Finance

1 PURPOSE OF REPORT

- 1.1 To update Cabinet on the intended change in delivery strategy of services by Hart Citizens Advice and the opportunities this presents to work with other Public Sector organisations, in delivering vital services to our community.
- 1.2 Hart building in Royal Oak Close, Yateley (The Building), currently occupied by Citizen's Advice Bureau (CAB) and ask approval to progress the following:
 - 1.2.1 CAB move from The Building into the APEX, Ground Floor, Civic Building.
 - 1.2.2 Agree in principle for Oakley Health Group (OHG) to move into The Building, dependant on agreement of lease terms.
 - 1.2.3 Delegation to complete lease agreements with CAB and OHG

2 OFFICER RECOMMENDATION

- 2.1 That Cabinet agrees
The cessation of the existing Tenancy at Will arrangements with Hart Citizens Advice for the building at Royal Oak Close in Yateley.
- 2.2 A new lease with Hart Citizens Advice that would enable the service to move from Yateley to the Apex Centre within the Civic Offices, and consolidates the lease agreements into one single agreement, based on the Heads of Terms as set out in appendix 1.
- 2.3 Subject to agreement to points 2.1 and 2.2, that Cabinet agree in principle the occupation of Oakley Health Group into The Building at Royal Oak Close, Yateley, based on the Heads of Terms as set out in appendix 2.
- 2.4 That Cabinet delegate the Joint Chief Executives in consultation with the Deputy Leader, authorisation to complete the lease agreements based on the Heads of Terms as set out in appendix 1 and 2, with both Hart Citizen Advice and Oakley Health Group (or other NHS body, so appointed to deliver, see paragraph 4.11).
- 2.5 That Cabinet recommends to Council, that subject to the conclusion of the lease arrangements with Hart Citizens Advice, as set out in appendix 1, that their core grant is increased to £220K

3 BACKGROUND

- 3.1 Hart Citizens Advice currently have two locations in the Hart District, Fleet and Yateley. In Fleet, they occupy space on the ground floor of the Council Offices, which benefits from its own independent entrance, at the rear of the building.
- 3.2 In Yateley, they occupy a building in Royal Oak Close, which was purpose built around 1985. The current arrangement is through a tenancy at will (which can be terminated by either party, at any time). Hart District Council has a long-term lease on the land with approximately 75 years remaining.
- 3.3 Hart Citizens Advice has been considering their strategy for future service delivery within the District for some time. They have identified the opportunity to streamline some of their operations by bringing together services that are currently delivered within the two locations, in Yateley and Fleet. The purpose of this report is to help them realise their ambitions for this future strategy.
- 3.4 Separately but serendipitously, Oakley Health Practice (the Primary Care Network for Yateley, Frogmore and Darby Green) approached the Council to see if we had any suitable premises from which they could extend their community service delivery. Again, the purpose of this report is to seek to help them reach their ambitions for local community services.
- 3.5 HM Treasury in the Government Financial Reporting Manual requires public organisations to adopt the principles of accounting standard IFRS16 (leases) from April 2022. IFRS16 requires transparency of a lease value which results in a more faithful representation of an organisation's assets. Consequently, Hart has reflected the property rental value of its assets in the Heads of Terms, attached in Appendix 1 & 2.

4 CONSIDERATIONS

Hart Citizens Advice

- 4.1 Hart Citizens Advice would like to consolidate much of their activities currently delivered across two sites, into Fleet to create organisational efficiencies.
- 4.2 In doing so, they would like to retain the existing space provision at the Hart Civic Offices and also take over the adjacent area, known as The Apex, which provides office and meeting room facilities as well as an independent entrance.
- 4.3 Both existing leases for the two sites occupied by Hart Citizens Advice (officially known as Citizens Advice Hart District Limited for lease purposes) are under a tenancy at will arrangement, which means either party can terminate at any time. The cost of rent to the CAB for each lease is £1 per annum. Additionally, they pay for utilities and cleaning (with differences between Yateley and Fleet, as one is an independent premise and one sites inside a larger building)
- 4.4 The intention is to move Hart Citizens Advice onto a consolidated commercial lease reflecting the market value of the office space allocated in the Civic

Building. The intention is that this will be ameliorated through an uplift in their grant funding, which will provide much greater visibility of the benefit that the Council is providing to Hart Citizen's advice.

- 4.5 To enable this move, the APEX requires redecoration and a number of small safety repairs to be made to the kitchen area. The budget impact is expected to be c.£2000.
- 4.6 At present, the core funding for Hart Citizens Advice is £148K. The total space being sought by Hart Citizens Advice is 2761 sq ft. with a market rent value of £51,079 + VAT. They also require 12 parking spaces with an annual value of £9K + VAT (based on 2021/22 fee for a 5 day parking permit). Therefore (subject to agreement by Council of the budget) Hart Citizens Advice core grant funding would increase to £220K (VAT inclusive)

Oakley Health Group

- 4.7 Oakley Health Group are keen to establish a Community Wellbeing hub (Hub) in the Yateley and Blackwater area. The Building in Royal Oak Close has been viewed by colleagues from within the NHS and is fit for purpose without the need for any re-configuration. A business case prepared by Oakley Health Group in collaboration with Farnham CCG and Hart District Council Communities is attached as Appendix 3 to this report.
- 4.8 The purpose of the Hub is to meet the mental health and wellbeing needs of the Yateley and Blackwater area and sits well within the Council's established 'Here for Hart' initiative, which seeks to help our residents and communities recover from the impact of the Covid pandemic.
- 4.9 Another benefit of this approach is that the Hub aims to establish a co-located multi-disciplined wellbeing team including partners from health, care, housing and the voluntary sector. Through this, there will be a continued presence of Hart Citizens Advice in Yateley, as well as other partners such as Hart Voluntary Action.
- 4.10 It is also hoped that the newly appointed Programme Director for Healthier Communities, a role part funded by Hart District Council, in collaboration with the NHS could also be work from these offices.
- 4.11 The anticipated Heads of Terms are outlined in Appendix 2, with a market rent of £22,500, funded by the NHS. It is key to note that whilst it is anticipated that the lease arrangements will be with Oakley Health Practice, there is an ongoing transformation within the NHS with the potential that the ultimate leasee may be another part of the NHS family. However, it is anticipated that all other Heads of Terms will remain as set out.

5 BUDGETARY IMPACT

- 5.1 The anticipated changes to the lease arrangements with Hart Citizens Advice will have a net zero impact to the Councils finances. However, there will be much greater and improved visibility, regarding the financial support provided by Hart District Council to Hart Citizens Advice

5.2 The minor works required to the Apex can be funded from current year budgets and any procurement of maintenance and repairs will be conducted in accordance with Contract Standing Orders.

6 EQUALITIES

6.1 Approval of this report's recommendation will provide additional health facilities to Yateley and Blackwater residents. There are no impacts to crime and disorder associated with this decision.

7 CLIMATE CHANGE

7.1 There are no climate change implications arising from this paper or its recommendations

8 ACTION

8.1 Subject to approval from Cabinet:

- We will seek to conclude the lease arrangements with both Hart Citizens Advice and Oakley Health Group through delegated authority
- Will ensure that the works to the Apex are completed
- Will ensure the recommendation from Cabinet regarding funding for Hart Citizens Advice is brought to Full Council.

Contact Details: Patricia Hughes patricia.hughes@hart.gov.uk

Appendices

Appendix 1 – heads of Terms CAB

Appendix 2 – heads of terms OHG

Appendix 3 – Yateley Community Hub Business Case

DRAFT HEADS OF TERMS FOR LEASE FOR CITIZENS ADVICE – HART DISTRICT TO OCCUPY HART DISTRICT COUNCIL LAND AND BUILDINGS AT CIVIC OFFICES, HARLINGTON WAY, FLEET, GU51 4AE

Date: 16 December 2021

Property address	Part Ground Floor Civic Offices, Harlington Way, Fleet, GU51 4AE
Landlord	Hart District Council (HDC) Civic Offices Harlington Way Fleet GU51 4AE
Tenant – Full Name and Address of trustees to sign lease	Citizens Advice – Hart District Ltd
Initial Rent	£51,100 + VAT pa paid quarterly in advance on 1/1, 1/4, 1/7 and 1/10
Initial works	N/A
Lease term	6 years from date of lease
Break clauses	Mutual break on 12 months written notice at any time
Security of tenure	To be agreed.
Rights granted	The right to park 6 vehicles at the Civic Office using MyPermit issued by Hart District Council with 6 additional parking permits for overflow in surrounding car park. Value £9000 + VAT (12 X £750) Use of meeting rooms are to be agreed and booked through HDC and payment is to be made in arrears as per the rates in the HDC current budget book
Rights reserved	Hart to reserve rights of access to retained land at all times
Rent reviews	3 year review to align with commercial market value
Assignment and subletting	(a) Assignment is prohibited without prior written agreement by the Landlord (b) Subletting is prohibited without prior written agreement by the Landlord. (c) Current use of premises by Hart Voluntary Action is approved (d) While the Tenant may make a charge for the use of the premises where approval has been given above, there should be no landlord and tenant relationship established.

Repairing obligations	<p>Tenant to redecorate internally including 3 months prior to the end of tenancy and to keep interior including all fixtures and fittings in clean and tidy condition.</p> <p>Landlord responsible for external structure, common areas and services to the property</p>
Alterations	<p>No Exterior /structural changes to be permitted Non-structural/interior: permitted with landlord's formal consent not to be unreasonably withheld. Tenant to pay Landlord's costs in considering and documenting any formal consent.</p>
Permitted use	<p>Offices for the operation of the Citizens Advice services to the public Use guaranteed during HDC opening hours (Monday-Thursday 8:30am-5pm and Friday 8:30am-4:30pm) and subject to agreement with HDC facilities team outside of these hours, such agreement not to be unreasonably withheld.</p>
Insurance	<p>Tenant to obtain contents insurance and landlord to insure building and reclaim premium via service charge</p>
Service Charge	<p>Maintenance, business rates, utilities and use of common areas are included within the rent quoted above IT, telephony costs, cleaning and furniture excluded</p>
VAT	<p>The Landlord will make their determination of whether to opt to tax and will take account of any exemption for charitable use declared by the Tenant. HDC will bear the risk of any VAT charges through an ongoing donation to Citizens Advice – Hart District that includes allowance for such costs.</p>
Legal costs	<p>Each party to pay its own costs in completing the lease.</p>
Timing and other matters	<p>Parties will use best endeavours to get Heads of Terms agreed and solicitors instructed, as soon as reasonably possible, subject to agreement by Cabinet</p>

DRAFT HEADS OF TERMS FOR LEASE FOR OAKLEY HEALTH GROUP TO OCCUPY ROYAL OAK CLOSE, YATELEY, GU46 7UD

Date: 6 January 2022

Property address	Royal Oak Close, Yateley, GU46 7UD
Landlord	Hart District Council (HDC) Civic Offices Harlington Way Fleet GU51 4AE
Tenant – Full Name and Address of trustees to sign lease	Oakley Health Group
Initial Rent	£22,500 pa paid quarterly in advance on 1/1, 1/4, 1/7 and 1/10
Initial works	N/A
Lease term	6 years from date of lease
Break clauses	Mutual break on 12 months written notice at any time
Security of tenure	Contracted out of the Security of Tenure of the Landlord and Tenant Act 1954, sections 24-28.
Rights granted	Parking available. Plan to be provided.
Rights reserved	Hart to reserve rights of access to retained land at all times
Rent reviews	3 year review to align with commercial market value
Assignment and subletting	<ul style="list-style-type: none"> a. Assignment is prohibited without prior written agreement by the Landlord b. Subletting is prohibited without prior written agreement by the Landlord. c. While the Tenant may make a charge for the use of the premises where approval has been given above, there should be no landlord and tenant relationship established.
Repairing obligations	<p>Tenant to redecorate internally including 3 months prior to the end of tenancy and to keep interior including all fixtures and fittings in clean and tidy condition.</p> <p>Landlord responsible for external structure, common areas and services to the property</p>

Alterations	No Exterior /structural changes to be permitted Non-structural/interior: permitted with landlord's formal consent not to be unreasonably withheld. Tenant to pay Landlord's costs in considering and documenting any formal consent.
Permitted use	Offices for the operation of the Oakley Health Group to the public
Insurance	Tenant to obtain contents insurance and landlord to insure building and reclaim premium via service charge
Rates and Utilities	Tenant to be responsible for payment direct to rating authority and utility providers
VAT	No VAT payable
Legal costs	Each party to pay its own costs in completing the lease.
Timing and other matters	Parties will use best endeavours to get Heads of Terms agreed and solicitors instructed no later than February 2022

Project Name: Community Wellbeing Hub for the Yateley and Blackwater Area

Business Case

Version 2.0

07/01/2022

APPENDIX 3

1. **Introduction /Case for Change** – *please provide some background information and context around what has brought about this case for change – please include data and info around local need, gaps in service/s and any relevant national or local plans this proposal is to be aligned to.*
2. **Description of the Proposal** – *please describe the proposal – typically this should be no longer than 1 page and should include the main points for consideration. Please clarify if this proposal relates to one, more, or all localities and how it is considered to be something new or different in relation to other existing services locally?*
3. **Desired Impact / Outcomes / Evaluation**– *please set out the desired impacts and outcomes as a result of this proposal. Please be clear on the key performance indicators and how the proposal will be evaluated.*
4. **Funding** – *please provide a breakdown of all additional resources and costs associated with this proposal during the period funding is being required for.*
5. **Risks** - *please list the anticipated risks (including any unintended impacts/ consequences) considered relevant to this business case.*
6. **Timeframes for implementation** – *please set out key milestones and tasks.*
7. **Communication & Engagement** – *please describe any plans around communication and engagement specific to this proposal. Please can you set out what collaboration with Stakeholders (including Patients) has taken place to date or is planned and how this will be maintained during the life of the proposal?*
8. **Future Commissioning and Sustainability** - *please describe current plans for the future commissioning of this proposal and sustainability. If this pilot is not focused in one or more localities, how could it be rolled out across all and incorporated as part of the core locality model of care?*
9. **Equality and Quality Impact Assessment (light touch)** – *please provide narrative on whether there is a considered negative impact on specific groups of people and any mitigation.*

APPENDIX 3

1. Introduction/ case for change

Poor mental health is estimated to carry an economic and social cost of £119 billion a year in England.ⁱ

COVID-19 and the associated restrictions have both had an impact on the population's mental health and wellbeing, with groups who in the past have had robust mental health being affected alongside those with pre-existing experience or diagnosis of mental health conditions.ⁱⁱ

Creating the right conditions for good mental health and wellbeing requires partnership working and a whole person approach which addresses the root causes of poor mental health and wellbeing, removes barriers to accessing support, and empowers people to make informed choices.ⁱⁱⁱ

Creation of a Community Wellbeing Hub in the building at Royal Oak Close will support delivery of the Council's Vision 2040 ambition to work closely with our partners to enable people to live safely and independently and help our most vulnerable residents to get the support they need, when they need it.

Partnership working is central to both the Here for Hart Supporting Communities Plan and the draft Homelessness and Rough Sleeping Strategy 2022-2027. The proposed Community Wellbeing Hub will build upon existing partnerships, providing a physical base for co-location of staff from Oakley Health Group and partner services to establish a more coordinated and integrated community wellbeing offer.

In the Oakley Health Group practice area:

- There is a higher-than-average recorded prevalence of depression in adults (14.9% compared to 12.3% England average based on 2020/21 figures), and there has been a rising trend in prevalence since 2011/12.^{iv}
- There is also a consequent higher than average antidepressant medication prescription rate.
- Patients with depression access primary care services more than twice as much as the general Oakley Health Group patient population and there is a higher prevalence of social vulnerability among this group.^v
- Of the 11 wards in Hart, Blackwater & Hawley and Yateley East wards have the highest rate of hospital stays for self-harm and alcohol-related harm.^{vi}

There are strong links between poor mental health and wellbeing and a person's socioeconomic circumstances, with people of lower socioeconomic status having a higher likelihood of developing mental health problems^{vii} and people with mental illness being more likely to experience poverty, homelessness, social isolation and unemployment.^{viii} The pandemic has exacerbated these inequalities.^{ix}

The Yateley East and Blackwater & Hawley wards contain two of Hart's most deprived Lower Super Output Areas (LSOAs) according to the Index of Multiple Deprivation 2019.^x Blackwater & Hawley also has the highest residential unemployment rate of the 11 wards in Hart.^{xi}

APPENDIX 3

Engagement with the Yateley Mental Health Matters community group prior to the pandemic highlighted a desire for more ready access to advice on issues such as debt, benefits and housing and more opportunities for social and peer support. Creation of a Community Wellbeing Hub will bring wellbeing and advice services together in one place, providing a more holistic approach.

Oakley Health Group has been at the forefront of integrated and collaborative working and through the NHS Vanguard programme, made step changes to the way local services worked together to support the frail elderly population.

Learnings from this work, together with new impetus and funding to support mental health within primary care, working with Hart District Council, relevant commissioned services and support groups gives the opportunity to work in a fully integrated way at a time when access to mental health and wellbeing services has never been needed more by the local community.

For the last two years, the local Primary Care Team at Oakley Health Group has been resourced to provide new roles such as Mental Health Practitioners, a Social Prescriber and recently, a Health & Wellbeing Coach. Surrey and Borders Partnership (SABP) NHS foundation Trust, the local secondary care mental health provider, is now rolling out a local team to Yateley as part of its MHICS (Mental Health Integrated Community service) team project, with a team to be in place by late Q4 21/22.

These additional roles present new opportunities for closer joint working between health and other partners. Co-location of the team is key to enabling coordinated support, however the limited physical space available at the existing Oakley Health Group building provides a challenge. Delivering the Community Wellbeing Hub from a shared working space within the Royal Oak building would improve team cohesion, enabling real time communication and facilitating information sharing between partners.

2. Description of the proposal

To meet the increasing mental health and wellbeing needs of the Yateley and Blackwater area, Oakley Health Group in collaboration with partners would like to establish an integrated wellbeing offer which provides a range of coordinated support within the local community.

The first part of this offer will be to establish a hub comprising a co-located multi-disciplinary wellbeing team including partners from health, care, housing and the voluntary sector. This will provide partners with a physical base to enable multi-disciplinary working, case sharing and networking, thus enhancing partnership working and delivering coordinated wellbeing support. The aim is for the Community Wellbeing Hub to be based within the building at Royal Oak Close, which is owned by Hart District Council and due to be vacated by the Citizens Advice Hart team by 31st March 2022.

Development of the Community Wellbeing Hub will be an iterative process. An initial core team of staff from Oakley Health Group and SABP NHS Foundation Trust will be based in the hub, with other services such as Hart Housing Solutions, Hart Voluntary Action, Citizens Advice Hart, and Talk Plus (NHS Talking Therapy service) having a regular presence.

APPENDIX 3

The hub will work closely with wider partners including the Wellbeing Centre service run by Andover Mind, VIVID, The Pantry at Yateley Industries, Hart Foodbank, and Vision 4 Youth to facilitate links with wider support offers.

Opportunities for the Community Wellbeing Hub team to outreach into other local community venues will also be explored, such as informal drop-in sessions or community clinics. These will be spaces where people can be listened to in a relaxed environment and gain support in accessing services.

Work is also underway to identify gaps in service provision to inform future development. It is likely that once the core team is in place, opportunities will arise to involve other relevant organisations, particularly around Substance Abuse (Inclusion), Autism Spectrum Disorder and Dementia Support.

3. Desired Impact / Outcomes / Evaluation

This type of hub is still a relatively new concept and there is no 'one size fits all' model as these approaches utilize and build on local assets such as space, resources and partners. However, some of the outcomes we would like to see are:

- Enhanced partnership working and improved understanding of each other's roles and services
- More coordinated and timely support for people who are experiencing multiple challenges
- Improved mental health and wellbeing outcomes for the local population

Core partners will meet regularly to review how the new model is developing.

4. Funding

The NHS would fund a lease of the building at Royal Oak Close.

The Yateley Primary Care Network (Oakley Health Group) has also received NHS health inequalities funding which will go towards the coordination of the hub model.

5. Risks

- There is a risk that if a lease of the building at Royal Oak Close cannot be agreed, the development of a co-located multi-disciplinary model is severely delayed or cannot go ahead in the proposed form.
- There is a risk that if Mental Health and Physical Health services are delivered in separate buildings, teams will work in silo which will prevent the delivery of holistic care. However, as the Yateley Primary Care Network is already operating as a single team with proven positive results from integrated working, it is unlikely that this would happen.
- There is a risk of disagreement around the objectives and strategy of the Community Wellbeing Hub from key partners within the structure. Key partners will continue to be engaged throughout the development of the hub.

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- There is a risk of lack of space within the Community Wellbeing Hub building to house all of the key partners who may wish to have a presence there. Again, engagement with key stakeholders throughout the project process and managing expectations will help mitigate this risk.

6. Timeframes

The aim is to establish the initial core team at the Community Wellbeing Hub in April 2022 subject to the lease agreement, with the range of supporting in-reach approaches to follow shortly afterwards.

7. Comms and Engagement

The community voice will be at the centre of this project. The project is being developed based on local and national data and most importantly the feedback from local services and community members. Further engagement will be carried out as the hub develops.

The Yateley Patient Participation Group (PPG) has been engaged with and are very enthused about the project and will continue to be consulted throughout developments. A returning member of the PPG will also form part of the core project group.

8. Future commissioning and sustainability

Primary Care and SABP funding for mental health workstreams included within this project proposal are ongoing commissioned service regardless of outcome of this proposal.

9. EQIA

No negative equality impacts have been identified in relation to the use of the building at Royal Oak Close as a Community Wellbeing Hub for the Yateley and Blackwater area.

ⁱ Centre for Mental Health (2020); A Spending Review for wellbeing; www.centreformentalhealth.org.uk/publications/spending-review-wellbeing

ⁱⁱ Hampshire County Council (2021); COVID-19 Health Impact Report; www.hants.gov.uk/socialcareandhealth/publichealth/jsna/2021-covid-19-health-impact-assessment

ⁱⁱⁱ Public Health England (2018); Guidance on reducing health inequalities in mental illness; www.gov.uk/government/publications/health-matters-reducing-health-inequalities-in-mental-illness/health-matters-reducing-health-inequalities-in-mental-illness

^{iv} Public Health England; Mental Health and Wellbeing JSNA; <https://fingertips.phe.org.uk/profile-group/mental-health/profile/mh-jsna>

^v NHS Frimley CCG analysis (2021)

^{vi} Public Health England (2020); Health inequalities slides Hart.

^{vii} Mental Health Foundation (2016); Mental health statistics: poverty; www.mentalhealth.org.uk/statistics/mental-health-statistics-poverty

viii Public Health England (2018); Guidance on reducing health inequalities in mental illness; www.gov.uk/government/publications/health-matters-reducing-health-inequalities-in-mental-illness/health-matters-reducing-health-inequalities-in-mental-illness

ix Mental Health Foundation (2020); Coronavirus: The divergence of mental health experiences during the pandemic; www.mentalhealth.org.uk/coronavirus/divergence-mental-health-experiences-during-pandemic

x Office for National Statistics (2021); Mapping income deprivation at a local authority level;

www.ons.gov.uk/releases/mappingincomedeprivationatalocalauthoritylevel2019

xi Hampshire County Council Monthly Ward claimant counts November 2021;

www.hants.gov.uk/business/ebis/reports

CABINET

DATE OF MEETING: 3 FEBRUARY 2022

TITLE OF REPORT: TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

Report of: Head of Corporate Services

Cabinet member: Councillor James Radley, Deputy Leader and Finance

1 PURPOSE OF REPORT

- 1.1 To present the draft Treasury Management Strategy Statement for 2022/23 which incorporates the Annual Investment Strategy and Prudential and Treasury Indicators for approval.

2 RECOMMENDATION TO COUNCIL

- 2.1 That Cabinet recommend approval to Council of:
The Treasury Management Strategy Statement, Annual Investment Strategy and Capital Strategy.

3 BACKGROUND

- 3.1 The Local Government Act 2003 (“the Act”) and supporting regulations require the Council to ‘have regard to’ the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.
- 3.2 The Act therefore requires the Council to set out the Treasury Strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued after the Act); these set out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 3.3 The Treasury Management Strategy Statement and Annual Investment Strategy are attached as Appendix A.
- 3.4 The Capital Strategy is attached at Appendix B.
- 3.5 The reports were considered by the Council’s Overview and Scrutiny Committee on the 18th January 2022 with no specific comments or concerns raised.

4 EQUALITIES

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

5 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.

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APPENDICES

Appendix 1 – Treasury Management Strategy Statement and Annual Investment Strategy

Appendix 2 – Capital Strategy

Hart District Council

TREASURY MANAGEMENT STRATEGY STATEMENT 2022-23

1.0 Introduction and the revised code

1.1 CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until 2023/24. This Council has to have regard to the existing codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy and monitoring reports during the year.

1.2 The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- a requirement to address Environmental Social and Governance issues within the Capital Strategy and the Treasury Management Risk Framework
- it will require implementation of a policy to review commercial property, with a view to divest where appropriate;
- it requires the creation of new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- the council must ensure that any long term treasury investment is supported by a business model;
- there is a requirement to effectively manage liquidity and longer term cash flow requirements;
- the code has required an amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- There is a a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

- 1.3 In addition, all investments and investment income must be attributed to one of the following three purposes:

Treasury management

Arising from the organisation’s cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration, and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is “either related to the financial viability of the project in question or otherwise incidental to the primary purpose”.

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council’s financial capacity – i.e., that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

- 1.4 As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report. However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether they feel it is relevant to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appropriate).
- 1.5 Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 Treasury Management Strategy Statement report.

2.0 Background to the Strategy

- 2.1 The Council is required to operate a balanced budget meaning that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 2.2 The second function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 2.4 CIPFA defines treasury management 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.”

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

3.0 Treasury Management Reporting requirements

3.1 The Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term 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 aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This Strategy is provided in Appendix 2 to the Treasury Management Strategy Statement report.

3.2 Treasury Management Reporting

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

- a. Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Overview and Scrutiny Committee.

4.0 Treasury Management Strategy for 2022/23

4.1 The strategy for 2022/23 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

4.2 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Members received training in November 2020 and further training will take place in April 2022. The training needs of treasury management officers are periodically reviewed with officers carrying out Treasury management updates attending annual training provided by Link Group.

4.3 Treasury Management Consultants

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by

which their value will be assessed are properly agreed and documented, and subjected to regular review.

5.0 The Capital Prudential Indicators 2022/23 – 2024/25

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

5.2 Capital Expenditure and financing prudential indicator

This prudential indicator is a summary of the Council’s capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts through approval of the Capital Budget each year.

Capital Expenditure by Service	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Community Services	649	500	2,367	867	868
Corporate Services	247	34	90	0	0
Env and Technical	438	1,706	1,861	500	0
Place	-	0	0	0	0
Total	1,334	2,240	4,318	1,367	868
Commercial activities/ non-financial investments *	0	19,032	0	0	0
Total capital expenditure	1,334	21,272	4,318	1,367	868

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

Other long-term liabilities - The above financing need excludes other long-term liabilities.

The table overleaf summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Total capital expenditure	1,334	21,272	4,318	1,367	868
Financed by:					
Capital receipts	213	34	90	0	0
Capital grants	1,067	2,206	2,728	1,367	868
Revenue	55	0	1,500	0	0
Total financing	1,334	2,240	4,318	1,367	868
Borrowing requirement	0	**19,032	0	0	0

- *Capital expenditure on projects for yield schemes will mean that there will be no access to PWLB borrowing. If an authority goes ahead with such schemes, then it should provide figures to explain what proportion of financing is taken by such schemes out of total financing in each year.*

*** The borrowing requirement for 2021/22 is derived from PWLB borrowing to fund Edenbrook Apartments and internal borrowing funding the purchase of Centenary House.*

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

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes.

As part of the approval of the Capital budget, Members are asked to approve the CFR projections overleaf; this will be set out as an appendix to the budget papers to February Council.

Capital Financing Requirement (CFR)	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Brought Forward	23,405	22,889	41,405	40,509	39,612
Borrowing requirement	0	19,032	0	0	0
Less MRP and other financing movements	516	516	897	897	897
Net movement in CFR	(516)	18,516	(897)	(897)	(897)
CFR Carried Forward	22,889	41,405	40,509	39,612	38,716

5.4 Minimum revenue provision (MRP) policy statement

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

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

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction).

This option provides for a reduction in the borrowing need over approximately the asset's life.

Repayments included in annual PFI, or finance leases are applied as MRP.

MRP Overpayments - A change introduced by the revised DLUHC MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. For these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

5.5 Borrowing

The capital expenditure plans set out in Section 5.2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing

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

5.6 Current Portfolio Position

The overall Treasury Management Portfolio as of March 2021 is shown below for investments.

Investments / Lending Summary as at: March 2021	Amount Invested (£)	Length of Deposit	Limit (£)	Within Limit Y/N	Terms	Rate (%)
Spelthorne Borough Council	5,000,000	182 days	5,000,000.00	Y	Fixed Term	0.04%
Fareham Borough Council	5,000,000	365 days	5,000,000.00	Y	Fixed Term	0.18%
Qatar National Bank	2,000,000	165 days	5,000,000.00	Y	Fixed Term	0.30%
Barclays Ltd - Green Account	5,000,000	220 days	5,000,000.00	Y	95 Day Notice	0.30%
Lloyds Bank	4,995,858	175 days	5,000,000.00	Y	32 Day Notice	0.03%
Aberdeen Liquidity-Standard Life	4,975,000	Call Account	5,000,000.00	Y	Instant Access	0.01%
Barclays	1,232,488	Call Account	5,000,000.00	Y	Instant Access	0.01%
Santander	4,679,201	Call Account	5,000,000.00	Y	Instant Access	0.08%
TOTAL	32,882,547					

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Borrowing	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Borrowing	11,534	17,091	15,336	14,444	14,083
Other long-term liabilities	0	0	0	0	0
Total debt	11,534	17,091	15,336	14,444	14,083
CFR	22,889	41,405	40,509	39,612	38,716
Under borrowing / (over)	11,355	24,315	25,173	25,169	24,632

Within the range of prudential indicators there are several key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Head of Corporate Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals in this budget report.

5.7 Treasury Indicators: limits to borrowing activity

The operational boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary for external debt	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Borrowing	25,000	25,000	25,000	25,000	25,000
Other long-term liabilities	0	0	0	0	0
Total debt	25,000	25,000	25,000	25,000	25,000

The authorised limit for external debt:

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Appendix I – Annexes

Authorised Limit for External Debt	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Borrowing	30,000	30,000	30,000	30,000	30,000
Other long-term liabilities	0	0	0	0	0
Total	30,000	30,000	30,000	30,000	30,000

Capital Financing Requirement	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Authorised Limit	30,000	30,000	30,000	30,000	30,000
Operational Boundary	25,000	25,000	25,000	25,000	25,000
Capital Financing Requirement	22,889	41,405	40,509	39,612	38,716
External Debt	11,534	17,091	15,336	14,444	14,083
Under / (over) borrowing	11,355	24,315	25,173	25,169	24,632
Change in External Debt	(851)	5,557	(1,755)	(892)	(360)

6.0 Prospects for Interest Rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 20th December 2021. These are forecasts for certainty rates, gilt yields plus 80bps:

Link Group Interest Rate View 20.12.21														
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

Link has provided additional narrative to support the above table which is available on request.

7.0 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Head of Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be taken in line with the Council's constitution and approval processes.

7.1 Policy on borrowing in advance of need

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

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

7.2 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

7.3 New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years)
- Municipal Bonds Agency

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

7.4 Approved Sources of Long and Short term Borrowing

	Variable	Fixed
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●

Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

8 Annual Investment Strategy

8.1 Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The Council’s investment policy has regard to the following: -

- DLUHC’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018

The Council’s investment priorities are security first, portfolio liquidity second and then yield, (return). 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. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to and more than 12 months with high credit rated financial institutions, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied to generate a list of highly creditworthy counterparties. This also enables diversification and thus

avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
3. Other **information sources** used will include the financial press, share price and other such information pertaining to the financial sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of ‘specified’ and ‘non-specified’ investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were originally classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. **Non-specified and loan investment limits.** The Council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 50%.
6. **Lending limits, (amounts and maturity),** for each counterparty will be set through applying the matrix table in paragraph 8.2.
7. **Transaction limits** are set for each type of investment in 8.2
8. **This authority will set a limit** for its investments which are invested for longer than 365 days, (see paragraph 8.2).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 8.3).
10. This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity, and yield,

given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23.

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

8.2 Changes in risk management policy from last year.

The above criteria are unchanged from last year.

8.3 Creditworthiness policy

This Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's, and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- “watches” and “outlooks” from credit rating agencies.
- CDS spreads that may give early warning of changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. This information can be provided to Members on request.

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council’s minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data daily via its passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council’s lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

8.4 Ratings matrix table

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	Money Limit*	Time Limit
Banks	Yellow	£5m	5yrs
Banks	purple	£5m	2 yrs
Banks	orange	£5m	1 yr
Banks – part nationalised	blue	£5m	1 yr
Banks	red	£5m	6 months
Banks	green	£5m	100 days
Limit 3 category-Council’s banks	No colour		1day
Other institutions limit	-	£5m	1yr
DMADF	UK sovereign rating	unlimited	6 months
Local authorities	n/a	£5m	1yr
Housing Associations	Colour bands	£5m	As per colour band

	Fund rating	Money Limit*	Time Limit
Money Market Funds CNAV	AAA	£5m	liquid
Money Market Funds LVNAV	AAA	£5m	liquid
Money Market Funds VNAV	AAA	£5m	liquid
Ultra-Short Dated Bond Funds with a credit score of	Dark pink / AAA	£5m	liquid
Ultra-Short Dated Bond Funds with a credit score of	Light pink / AAA	£5m	liquid

*This Money Limit relates to principal amounts invested and could be exceeded with interest received but consideration will be given to keep this to a minimum and allowable under this Strategy.

8.5 Creditworthiness.

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.

8.6 CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

8.7 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups, and sectors.

- a) **Non-specified investment limit.**
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.5. This list

will be added to, or deducted from, by officers should ratings change in accordance with this policy.

c) **Other limits.** In addition:

- limits in place above will apply to a group of companies.
- sector limits will be monitored regularly for appropriateness.
- Barclays Bank (Hart’s main banking institution) will have an increased counterparty limit to £10m. This increase is due to increased working capital requirements.

8.8 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time, consideration will be given to locking in higher rates currently obtainable, for longer periods.

8.9 Investment returns expectations

The current forecast shown includes a forecast for a first increase in Bank Rate in May 2022 though it could come in February.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows:

Average earnings in each year	Now	Previously
2022/23	0.50%	0.50%
2023/24	0.75%	0.75%
2024/25	1.00%	1.00%
2025/26	1.25%	1.25%
Long term later years	2.00%	2.00%

8.10 Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

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

Upper limit for principal sums invested for longer than 365 days			
£m	2022/23	2023/24	2024/25
Principal sums invested > 364 & 365 days	£5m	£5m	£5m
Current Investments as at 31.12.21 in excess of 1 year maturing each year	£0	£0	£0

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access, money market funds and short-dated deposits (overnight to 100 days), in order to benefit from the compounding of interest.

8.11 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

9 The Capital Prudential and Treasury Indicators 2022/23 – 2024/25

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

9.1 Affordability prudential indicators

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

a. Ratio of financing costs to net revenue stream

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

	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Ratio of financing costs to revenue stream (%)	6.69	5.52	8.37	11.04	10.55

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

9.2 Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing and are required for upper and lower limits.

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

Maturity structure of fixed interest rate borrowing 2022/23		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%
Maturity structure of variable interest rate borrowing 2022/23		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

Link Group Interest Rate View 20.12.21														
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Bank Rate														
Link	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.25	0.25	0.50	0.75	0.75	0.75	0.75	1.00	1.00	-	-	-	-	-
5yr PWLB Rate														
Link	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
Capital Economics	1.40	1.40	1.50	1.50	1.60	1.70	1.70	1.80	1.90	-	-	-	-	-
10yr PWLB Rate														
Link	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
Capital Economics	1.60	1.60	1.70	1.70	1.80	1.80	1.90	2.00	2.00	-	-	-	-	-
25yr PWLB Rate														
Link	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
Capital Economics	1.80	1.80	1.90	1.90	2.00	2.10	2.10	2.20	2.30	-	-	-	-	-
50yr PWLB Rate														
Link	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Capital Economics	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.20	2.30	-	-	-	-	-

9.3 Treasury Management Practice 1 (TMP1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum ‘high’ quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of total investments / £ limit per institution	Max. maturity period
DMADF – UK Government	yellow	100%	6 months (max. is set by the DMO*)
UK Government gilts	yellow	100%	5 years

Appendix I - Annexes

UK Government Treasury bills	yellow	100%	364 days (max. is set by the DMO*)
Bonds issued by multilateral development banks	yellow	£5m	5 years
Money Market Funds CNAV	AAA	100%	Liquid
Money Market Funds LNAV	AAA	£5m	Liquid
Money Market Funds VNAV	AAA	£5m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	100%	Liquid
Local authorities	yellow	100%	5 years
Term deposits with housing associations	Blue Orange Red Green No Colour	£5m	12 months 12 months 6 months 100 days Not for use
Term deposits with banks and building societies	Blue Orange Red Green No Colour	£5m	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£5m	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	£5m	

* DMO – is the Debt Management Office of H.M. Treasury

Accounting treatment of investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

9.4 Approved countries for investments (as at 22.12.2021)

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's, and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

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.

9.5 Treasury Management Scheme of Delegation

The bodies responsible for various functions are as follows:

Council

- receiving and reviewing reports on treasury management policies, practices, and activities
- approval of annual strategy.

Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

Overview & Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

9.6 The Treasury Management Role of the section 151 officer

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- submitting regular treasury management policy reports.
- submitting budgets and budget variations.
- receiving and reviewing management information reports.
- reviewing the performance of the treasury management function.
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- ensuring the adequacy of internal audit and liaising with external audit.
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments, and treasury management, with a long-term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable, and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans, and financial guarantees

- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
 - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
 - *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
 - *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

Hart District Council Draft Capital Strategy

1. Purpose and Aims

- 1.1. The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy in December 2021. The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal.
- 1.2. Formal adoption of the new framework is not expected until 2023/24. Until adoption the 2017 code will be followed.
- 1.3. The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent, and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.
- 1.4. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long run financing implications and potential risks to the authority.
- 1.5. The Prudential Code sets out that to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 1.6. This capital strategy sets out a framework for the self-management of capital finance and examines the following areas:
 - Capital expenditure and investment plans
 - Prudential Indicators
 - External debt
 - Treasury Management

2. National Context

- 2.1. It is important to set out the external environment in which Hart District Council is currently operating. Some of the key factors that impact directly on the capital programme are outlined below:
 - Central Government is focused on recovery following a period of unparalleled global uncertainty due to Covid-19.
 - Discretionary fiscal support to support the economy during the pandemic and increased the pressure on central finances.
 - Financial stability and tackling public debt continue to be key drivers for

Central Government over this parliamentary term. This is resulting in reduced direct funding for local government, particularly related to revenue support. This has a direct impact on the Council's ability to self-fund capital investment.

- The Government has chosen to prioritise high-value investment, specifically in infrastructure and innovation that will directly contribute to raising Britain's productivity.
- Mechanisms for distributing government funding continue to evolve through the Government's devolution agenda specifically through the Local Growth Fund (LGF) and the increased role of Local Enterprise Partnerships (LEPs) in the strategic oversight of regional areas.
- Central government has invested £12 billion through the local growth fund. This presents both opportunities and risks to existing levels of government service delivery and investment, as LEPs with the strongest Strategic Plans will gain the greatest share.

3. "Vision 2040" – Hart District Council's Strategic Response

- 3.1. The Council approved its "Vision 2040" in September 2019, which sets out a clear direction for the district.
- 3.2. "Vision 2040" is structured around three vision statements:

Become THE place to live – creating a connected space that:

- Gives local people a real sense of community, providing a strong narrative on the strengths of the district including our heritage, environment and culture
- Improves affordability of homes, so families can stay close together and so key workers can afford to live in Hart and help our communities flourish
- Ensures work, education, health and other facilities are easily reachable through effective road and rail transport links

Become THE place to work – helping our local economy to thrive through:

- Developing the skills we need for the future by delivering a higher/further education campus within the district, working with local educational providers, with a technological focus
- Helping our micro/small businesses grow and our residents to work flexibly, with casual office space providing high speed internet
- Reducing the impact of climate change by building in sustainability and using new technologies to mitigate the impact of climate change

Become THE place to enjoy – enhancing our environment and health through:

- Creation of green corridors between all settlements to encourage sustainable healthy transport and provide cycles for hire to enable movement
- Enhancing our leisure provision e.g. new country parks delivering improved facilities, and through promotion of culture and heritage in the district e.g. through events
- Working with existing public sector sports facilities providers in the district to create an improved/co-ordinated health offer for our residents

3.3 The vision will be delivered by changing the way the Council is run. A new operating model will include:

- Developing a new business model for the Council
- Creating welcoming services that are inclusive and engaging
- Developing our staff, training and empowering them to innovate
- Creating efficient services available 24/7
- Building in financial resilience from commercialization
- Developing partnerships to enable delivery

4. Corporate Plan 2017-22

4.1 The adopted Corporate Plan 2017 – 2022 is the medium-term strategic policy document which sets out the general direction, key priorities and activities for the Council and informs the use of its resources.

4.2 The four priorities set out in the Corporate Plan are:

A Thriving Local Economy

- Support our town and village centres
- Support the local economy
- Support residents in becoming economically active
- Ensuring an appropriate supply of employment land and premises

Clean, Green and Safe Environment

- Enhance access to open space and recreation facilities
- Protect and enhance biodiversity
- Improve energy efficiency
- Reduce the likelihood of crime and the perception of crime
- Promote a clean environment
- Promoting high quality design and a good standard of amenity

Healthy Communities and People

- Support residents in shaping their local communities
- Work with partners to keep Hart healthy and active
- Ensure access to housing
- Ensure access to education

An Efficient and Effective Council

- Explore options to increase financial self-sustainability

4.3 To help the Council deliver “Vision 2040” and the Corporate Plan it is essential that necessary long term fixed assets continue to be made available. The provision of long term assets is further defined as being capital expenditure.

5.0. What is Capital Expenditure?

5.1 An understanding of what constitutes capital expenditure is fundamental to realising the benefits that an authority can obtain under the Prudential framework. Unless expenditure qualifies as capital it will normally fall outside the scope of the framework and be charged to revenue in the period that the expenditure is incurred. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years’ revenues.

5.2 There are three ways in which expenditure can qualify as capital under the framework:-

- The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with “proper practices”.
- The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

6.0 Approach to Capital Investment

6.1 Hart District Council’s Capital Strategy defines and outlines the Council’s approach to capital investment and is fundamental to the Council’s financial planning processes. It aims to ensure that:

- Capital expenditure contributes to the achievement of the strategic plan.
- An affordable and sustainable capital programme is delivered.
- Use of resources and value for money is maximised.
- A clear framework for making capital expenditure decisions is provided.
- A corporate approach to generating capital resources is established.
- Sufficient long-term assets to provide services are acquired and retained.
- Invest to save initiatives to make efficiencies within the Council’s revenue budget are encouraged.
- An appraisal and prioritisation process for new schemes is robust.

7.0 Governance Arrangements Capital Programme Approvals

7.1 The Authority's constitution and financial regulations govern the capital programme as set out below:

- a All capital expenditure must be carried out in accordance with the financial regulations and the Council's Constitution.
- b The expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards.
- c The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council, the prioritisation of funding and the schemes receiving entry into the Capital Programme.
- d All schemes are formally approved into the capital programme by following a process as set out in the financial regulations.
- e Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations.
- f Each scheme must be under the control of a responsible person/project manager.
- g Any agreements (such as section 106) which contractually commit to procure capital schemes will need to follow the same approval process as other capital expenditure before it can be formally incorporated into the capital programme.
- h Capital expenditure on Commercial projects may be approved in accordance with the processes laid out in the approved Commercialisation strategy.

8.0 Capital Programme Bodies

8.1 The main internal bodies that are responsible for the governance and management of the capital programme are the Full Council and Cabinet.

9.0 Funding Streams

9.1 Hart District Council's Capital Programme is funded from a mix of sources including:-

- a **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. The Council must ensure that unsupported borrowing is affordable, prudent and cost effective. This funding can also be used as an option to front fund development to stimulate growth. This has provided the Council with the flexibility to raise capital funding as demand and business need have dictated. This type of borrowing has revenue implications for the Council in the form of financing costs.

Appendix 2 – Capital Strategy

- b **External Grants** – Disabled Facilities Grants are funded by external grant allocations from central government.
 - c **Section 106, SANGs and External Contributions** – Elements of the capital programme are funded by contributions from private sector developers and partners. Growth in Hampshire has resulted in Section 106 and SANGs contributions from developers accounting for significant elements of funding of the capital programme in recent years.
 - d **Revenue Funding** – The Council can use revenue resources to fund capital projects on a direct basis. However, the impact of austerity on the Council's revenue budget has reduced options in this area and therefore the preference is for Invest to Save options to be adopted where feasible.
 - e **Capital Receipts** – The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. However, Hart now owns very few assets, besides the Civic Centre.
- 9.2 The size of the Capital Programme will be influenced by funding sources and financing costs. The main limiting factor on the Council's ability to undertake capital investment is whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government, now mainly through capital grants.

10.0 Overview of the Capital Programme

- 10.1 The Capital Programme is elsewhere on this agenda as Appendix 2 of the Budget Report.

11.0 2022/23 PRUDENTIAL INDICATORS FOR CAPITAL FINANCE

11.1 Appendix 1 of this report sets out the prudential indicators and outlines how expenditure will be financed by borrowing in an affordable, prudent and sustainable way.

12.0 COMMERCIALISATION STRATEGY

12.1 Cabinet agreed a refreshed Commercialisation Strategy in July 2021.

12.2 As central government funding is reduced, it is intended that the gap in funding is filled by commercial income. In 2022/23 commercial income is expected to be £1.2 million. The target commercial income is at least £2 million.

12.3 The target investment is to build a balanced portfolio with a capital value of up to £50 million which will be financed where possible by prudential borrowing in accordance with the Council's Medium Term Financial Strategy (MTFS).

12.4 The priority will be to invest within Hart district (all residential acquisitions must be with the area of Hart) but the Strategy supports the need for flexibility in acquisition of commercial investment properties outside the district boundary as there are insufficient commercial property opportunities available within the Hart district that:

- Will enable the investment of £50m within the parameters identified within the strategy
- Will enable the mix of investment property types stipulated (to mitigate risk)
- Will enable the Council to achieve the liquidity required from the investment portfolio
- Will provide the substantial covenant strengths required for long term secure property investment.

12.5 In making any decision to invest in property, the Council will consider the statutory investment guidance issued in 2021 from the Ministry of Housing, Communities and Local Government (MHCLG), and CIPFA's Prudential Code, which sets the governing framework for borrowing for commercial return.

12.6 Where possible, internal borrowing will be utilised, as this is more cost effective than external borrowing.

12.7 There are no plans to raise the limits for external borrowing in 2022/23.

CABINET

DATE OF MEETING: 3 FEBRUARY 2022

TITLE OF REPORT: DRAFT BUDGET 2022/2023 AND MEDIUM-TERM FINANCIAL STRATEGY

Report of: Head of Corporate Services

Cabinet Member: Councillor James Radley, Deputy Leader and Finance

1 PURPOSE OF REPORT

- 1.1 This report provides a summary of the revenue and capital budget proposals for 2021/2022 to be approved by Cabinet and recommended to Council. The report also includes the statutory statement of the Head of Corporate Services (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves. This proposed budget includes funding provided in the provisional finance settlement for 2022/2023 which was published on December 16th, 2021. The final settlement is expected imminently.
- 1.1 The anticipated multi-year Spending Review was once again replaced by a short-term Spending Round. This limits any meaningful financial planning to one year. Whilst best estimates have been made for future years, this report therefore cannot give any realistic projection beyond 2022/2023. The Medium-Term Financial Strategy is provided in Appendix 2.

2 OFFICER RECOMMENDATION

RECOMMENDATION to Council

- 2.1 That the level of Council Tax for 2022/23 be increased by £5 and set at £186.84 for a band D property.
- 2.2 That the summary revenue budget for 2022/23 as set out in paragraph 13 of this report be approved.
- 2.3 That the capital programme for 2022/23 as detailed in Appendix 1 be approved.
- 2.4 That no changes be made to the Council Tax Support Scheme for 2022/23 but that consultation on a new scheme takes place in Quarter 3 2022/23 for implementation in 2023/24.

3 BACKGROUND INFORMATION

- 3.1 This is the third year that the Government has provided a short-term (one-year) funding settlement. The following paragraph states key proposals from the provisional settlement.

Summary of Proposals for 2022/23:

- A freeze in Baseline Funding Levels (BFLs) at 2021-22 levels, to match the freeze in the business rates multiplier.
- An increase in section 31 grant for the under-indexation of the multiplier, to compensate for the freeze in the business rates multiplier.
- A bespoke council tax referendum principle of up to 2% or £5, whichever is higher, for shire district councils.
- A referendum principle of £10 for police authorities.
- A new round of New Homes Bonus payments in 2022-23, which will not attract new legacy payments.
- A new one-off Services Grant based on 2013/14 Settlement Funding Assessment to compensate for the increase in National Insurance Contributions.
- Allocation of a Lower Tier Services Grant to top up the Council above the minimum funding floor.

3.2 This report was reviewed by Overview and Scrutiny Committee on the 18th January 2023. Following this review, officers have incorporated additional information in the section on Fees and Charges, provided a Medium Term Financial Strategy forecasts and additional appendices.

4 COUNCIL TAX

4.1 The Government has provided a cap on Council Tax increases to District Council as in previous years. The cap for 2022/23 is the greater of 2% or £5 on a Band D property. Any higher rise will require holding a local referendum. The Government assumes that we will increase at the capped level in order to maintain our spending power as a Council. The budget proposals included in this report assume a £5 increase in 2022/2023. This equates to an annual Council Tax income of £7,812,875 for 2022/23 (an increase of approximately £325,000)

5 NEW HOMES BONUS (NHB)

5.1 Under the expected changes to be made to Local Government Financing, we were not expecting to receive New Homes Bonus for 2022/23 and that this funding would be replaced by a smaller replacement grant. Officers had forecast that the previous grant of £1.8m would be replaced by a smaller grant of £1m. The provisional Local Government Settlement retains New Homes Bonus for 2022/23 and the value to be received for 2022/23 is £1,604m. The Council relies on funding from New Homes Bonus with approximately 17% of the net revenue budget being funded by New Homes Bonus in 2021/2022.

5.1 There is, therefore, a significant future risk to the Council and whilst the Government consultation is considering replacements to the New Homes Bonus from 2023/24 there is absolutely no certainty as to what this could look like.

6 LOWER TIER SETTLEMENT GRANT

- 6.1 The 2021/22 Finance Settlement introduced an un-ringfenced lower tier services grant, which was granted to ensure that no council received a reduction in core spending power. It is based on assessed relative need for lower tier services.
- 6.2 The Financial Settlement proposes that Hart will receive £0.062 million in Lower Tier Settlement Grant in 2022/23. This is a reduction of 0.122 million from 2021/22.

7 SERVICES GRANT

- 7.1 The 2022/23 Finance Settlement introduced a one-off Service Grant to provide funding in recognition of vital services delivered by local government.
- 7.2 The Financial Settlement proposes that Hart will receive £0.095 million in Services Grant. The purpose of the intent of this grant is to assist with the increased National Insurance Contributions required in 2022/23.

8 COUNCIL TAX SUPPORT SCHEME

- 8.1 Since 2013, local authorities in England have been responsible for running their own local schemes for help with council tax - Council Tax Support. Councils can choose to either reduce the discount paid to working age claimants or find income to make up the reduction. In previous years the Council has agreed not to reduce the discount (benefits) paid to such claimants but to fund the cost from the revenue account. The Council is reviewing the parameters of the scheme in 2022/23 for implementation in 2023/24.

9 FEES AND CHARGES

- 9.1 The Budget has been prepared taking account of the following changes to charges in the main service areas: -
- Car Parking – Following a significant decrease in income during Covid-19 and a lack of workplace commuting the overall Car parking fee income budget has been reduced by 25% in comparison to pre-Covid levels. No off-street car parking charges have increased.
 - The Taxi licensing service is provided by Basingstoke and Deane Council. Basingstoke and Deane Council are proposing an increase in the cost that they charge us for this service. However, due to delays in providing this information; this matter will need to be dealt separately through the licensing committee.
 - In all other cases, where the Council has flexibility in setting and charges the general intention is to increase them by CPI on a July to July comparison (3.2%) and up to the nearest £, where applicable, unless any individual

scheme of delegation allows flexibility to set specific fees and charges, or Statutory charges apply.

- At the point of writing this report we had not yet received confirmation from the County Council of fees and charges relating to the services we operate under the Agency agreement. An update will be provided when these are received.

10 GROWTH AND SAVINGS INCLUDED IN BUDGET

- 10.1 Historically, an incremental approach to the budget is being followed to build the budget but for this year; a zero-based budget build was applied. A zero-based budget requires that all expenditure is justified. The below table shows the movement in net cost of services as a result of the zero-based budget: highlighting budget corrections, growth items and reductions as a result of reviewing each service line by line.

	£'000
Net Cost of Services 2021/22	10,794
Net Staff Inflation after savings	51
Contract inflation	919
Growth – New initiatives	487
Growth – Existing Service Delivery	448
Insurance	(19)
Savings (zero base budget not required)	(183)
Net Cost of Services 2022/23	12,497

A breakdown of all of the above areas are shown in Appendix 4. Existing service delivery growth recognises growth required to deliver the existing services. New initiative growth recognises a change or new initiative for example growth in climate change or a change in method of service delivery in Repairs and Maintenance for the Civic Offices.

- 10.2 Section 13.1 below shows the current pressure for movement of budgets between 2021/2022 and 2022/2023. Considering current risks, the details of any budget movements are still being evaluated and will be refined further before final consideration by Council.
- 10.3 However, the following areas represent some of the more significant and ongoing cost pressures:
- Contract inflationary charges uplifted to reflect CPI of 5.1%.
 - Reduction in income anticipated from fees and charges
 - Unknown increase in staff pay
 - Power and Fuel cost inflation
- 10.4 In August 2021 a program of savings and refreshed Medium Term Financial Strategy was brought to Members to review. Potential Savings were classified into Tier 1 and Tier 2; the more difficult savings included within Tier 2 due to the speed of implementation; desirability and risk of implementation. Tier 1 and 2 Savings have been agreed for implementation and the following assumptions have been made on implementation. The value of Tier 1 savings

agreed for implementation in 2022/23 is £335,000. The value of Tier 2 savings to be realised in 2022/23 is £202,000 and a breakdown is shown in the table below.

Tier 2 Savings - in at 50% achievement rate in most cases for 2022-23 increase in 2023-24	2022-23 £'000
Corporate – Corporate Services Restructure – bring services back from Mendip and restructure	62
Corporate – Review and revise skills and resources at Senior Management Team	52
Corporate – Carry out a review of Member and Staff Allowances	4
Corporate – Outsource of Internal Audit to one provider	15
Place – Review and revise skills and resources and skills required in the future within Place	25
Technical and Environmental – Review and revise skills and resources required within Technical and Environmental Service	17
Place – Review provision of dog warden service	27
TOTAL TIER 2 SAVINGS	202

11 OUTTURN BUDGET FOR 2021/2022

- 11.1 Quarter Two budget monitoring was reported to Cabinet in January 2022. At the end of Quarter Two, the Council was forecasting an overspend of £240K.
- 11.2 The key drivers of the overspend are reductions in off-street parking income and leisure income due to Covid-19 and an increase in expenditure on homelessness.

12 CAPITAL PROGRAMME

- 12.1 The proposed 2022/2023 Capital Programme is attached as Appendix 1.

13 DRAFT BUDGET 2022/2023

13.1 The table below summarises the draft budget for 2022/2023 compared to the approved 2021/2022 budget

	2021/2022	2022/2023	
	Budget	Draft	
	£000	£000	
Net Service Budget	10,536	11,930	
SANG Expenditure	258	567	Funded from allocated S106 receipts
Cost of Service	10,794	12,497	
Debt Interest	12	12	
MRP	406	642	
New Homes Bonus	-1847	-1,603	Provisional Local Government Settlement
Lower Tier Services Grant	-200	-62	Provisional Local Government Settlement
Services Grant		-95	
Pressures	610		Change programme variables
Net Expenditure	9,776	11,391	
Financed by			
Council Tax	-7,487	-7,813	Provisional Local Government Settlement maximum increase
Business Rates Retained	-1,400	-1,400	Provisional Local Government Settlement
Tier 1 Savings		-335	
Tier 2 Savings		-202	
S106 receipts	-53		Allocation as per approved expenditure
SANG receipts	-258	-567	Allocation as per approved expenditure
Commercial Income	-196	-1,074	
Total Financing	-9,395	-11,391	
Transfer from /to Reserves	381	0	

13.2 The major revenue funding risks and decisions looking beyond 2022/23 are to be considered to ensure financial sustainability:

Funding Risks

- Spending Review 2022 – may reduce the totality of local government funding
- Fair Funding Review – risk of losing further central government funding as it is distributed elsewhere
- Changes to New Homes Bonus
- Changes to 75% business rates retention from 2023/2024
- General delays and uncertainty on future funding caused by Covid-19
- Uncertainty over future Planning Fee income (this will inevitably fluctuate)
- Concerns in delivering previously estimated levels of Commercial Income.

14. EQUALITIES

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

15. CLIMATE CHANGE

The budget and MTFS will work alongside the council's ambition to become a carbon neutral authority by 2035. There are no direct carbon/environmental impacts arising from the recommendations, however, it should be noted that a £250,000 Growth Item is being requested for 2022-23 to further develop the Council's agenda to deliver the ambition of being a carbon neutral authority by 2035.

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APPENDICES:

- Appendix 1 – Capital programme 2022/2023
- Appendix 2 – Medium Term Financial Strategy
- Appendix 3 – Review of Reserves
- Appendix 4 – Changes between years

Appendix 1 - Capital programme 2022/2023

Service Area and Description	2022/23 Budget requested £'000	2023/24 Estimate £'000	2024/25 £'000	Source of Funding
Checkpoint Gateway refresh	30	0	0	Digital Transformation Reserve
Corporate Internet Contract migration and project costs.	25	0	0	Digital Transformation Reserve
On-Premises Backup upgrade	35	0	0	Digital Transformation Reserve
Total Corporate Services	90	0	0	
Disabled Facilities Grant	867	867	868	Grant – Better Care Fund
Affordable Housing Loan	300			S106 – Earmarked Reserve Housing
Householder Loans to prevent homelessness	650			S106 – Earmarked Reserve Housing
Total Community Services	1,817	867	868	
3 x Electric Service Vehicles	70			SANG's Reserve
Countryside Stewardship (2)	134			£12K S.106 Balance DEFRA
Bramshot Farm	340	500		S106
Edenbrook Country Park Teen Health	65			S106
Edenbrook Country Park Visitor Improvements	158			S106
Fleet Pond Access Track	433			EM3 LEP Funding Grant
Fleet Pond Green Grid Ecology	25			S106
Fleet Pond Green Grid Engineering	373			EM3 LEP Funding Grant
Fleet Pond Visitor Enhancement	31			S106
Hazeley Heath Access Improvements	30			S106
Kingsway Flood Alleviation Scheme	54			Environment Agency funding already received and held in reserves
Mill Corner Flood Alleviation Scheme	27			Environment Agency funding already received and held in reserves
Phoenix Green Flood Alleviation Scheme	70			Environment Agency and Vivid Housing

Small SANG Sites	185			SANG's reserves
Total Environmental and Technical	1,955	500	0	
Council Totals	3,862	1,367	868	

Appendix 2

Medium Term Financial Strategy

Medium-Term Financial Strategy 2022/23 – 2024/25

1 Introduction

1.1 The purpose of the Medium Term Financial Strategy is to set a robust overall financial framework for the Council's spending plans over the next four years to support delivery of the Corporate Plan priorities within the context of a balanced annual budget.

1.2 The main objectives of the Medium Term Financial Strategy are:

- To look to the longer term to help plan sustainable services within an uncertain external economic and funding environment.
- To help ensure that the Council's financial resources are directed to support delivery of the Corporate Plan priorities and achievement of value for money.
- To illustrate the financial effects of existing financial commitments over the medium term, both revenue and capital, under a number of possible scenarios, and to set the parameters for the efficiency and savings strategy necessary to achieve a balanced budget.
- To provide a robust framework to assist the decision making process.
- To maximise the Council's financial resilience and manage risk and volatility, including maintaining adequate reserves.
- To secure, maintain and develop the Council's capital assets consistent with asset management plans and the Capital Strategy
- To provide a single document to communicate the financial context, aims and objectives to staff and stakeholders and support working with partners.

1.3 The financial strategy includes a five year budget forecast that is reviewed annually. The Medium -Term Financial Strategy builds on the previous medium term strategies to provide the financial foundation for delivery of the Council's policy priorities and to meet the identified performance and resource issues.

1.4 Proposals to balance the Medium Term Financial Strategy are designed to support the Corporate Plan priorities over the medium term and are a continuation from previous years' strategies which involve a range of approaches to balancing the budget. These include efficiency savings, additional commercial income, council tax increases, use of reserves and use of grants.

1.5 The current economic and financial environment provides a very challenging context for the Medium Term Financial Forecast. The forecast and strategy need to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and risk transfers from central government.

1.6 All service budget holders need to develop their service plans and budgets within the context of the medium term forecast. This includes achieving saving and efficiency budget reductions and containing any new development within the overall level of resources identified in the strategy.

2 Internal Policy and Service Context

2.1 The role of the Council's financial planning process is to support the achievement of the Corporate Plan.

2.2 The adopted Corporate Plan 2017 – 2022 is the medium term strategic policy document which sets out the general direction, key priorities and activities for the Council and informs the use of its resources.

2.3 The four priorities set out in the Corporate Plan are:

1 A Thriving Local Economy

- Support our town and village centres
- Support the local economy
- Support residents in becoming economically active
- Ensuring an appropriate supply of employment land and premises

2 Clean, Green and Safe Environment

- Enhance access to open space and recreation facilities
- Protect and enhance biodiversity
- Improve energy efficiency
- Reduce the likelihood of crime and the perception of crime
- Promote a clean environment
- Promoting high quality design and a good standard of amenity

3 Healthy Communities and People

- Support residents in shaping their local communities
- Work with partners to keep Hart healthy and active
- Ensure access to housing
- Ensure access to education

4 An Efficient and Effective Council

- Explore options to increase financial self-sustainability

2.4 The Medium Term Financial Strategy also supports all other Council strategies, such as the Capital Strategy, the Commercialisation Strategy, and the Treasury Management Strategy. In particular, it acts as the framework linking the Council's more detailed service plans, asset management plans

and capital plans with the longer term to help ensure that the Council's plans are financially achievable.

3 Internal Financial Context

3.1 In 2021/22 the Council's net cost of services was £10,794m

3.2 The key financial issues for the Council are.

- The Council relies heavily on New Homes Bonus and uses all the funds it receives to support the revenue budget each year
- Changes to Business Rates retention have not significantly increased the Council's income to date, as there has been little net growth of larger businesses in the district
- Reserves are currently healthy, but are likely to be increasingly required to fund the revenue budget in future years
- The council tax base has seen strong growth over recent years, but future development may be slower as our Local Plan development has been front loaded.
- Government funding is likely to further reduce after 2022-23
- The Council has few saleable assets and will have to borrow to fund capital assets.

4 External Economic, Financial and Legislative Context

4.1 The Council's Medium Term Financial Strategy is set within the context of the national economy, the public expenditure plans detailed in the government's Spending Review and national legislation.

4.2 Local Government Finance Settlements

4.2.1 The draft Local Government Settlement for 2022/23 included zero Revenue Support Grant.

4.2.2 The government's calculations of local authorities' core spending power consider their ability to generate income from business rates and Council Tax and assumes that authorities will increase Council Tax up to the referendum limit which for this council is £5.00 (2.0%) for a Band D property.

4.3 Spending Review 2022

In his latest Statement the Chancellor of the Exchequer announced a Spending Review to determine departmental spending limits for the period of this MTFS. In the latest Budget it became clear that any additional spending would be allocated to "protected" services, particularly the NHS. At best, DULHC control totals are likely to increase by no more than CPI. As an "unprotected" service, real funding may be further reduced.

4.4 Fair Funding Review

The Spending Review will determine the size of the DLUHC's overall local government budget. The Fair Funding Review will determine how that budget is allocated between local authorities.

Grants and spending power are determined according to the relative needs and resources of each council area. The formulae to calculate these needs and resources are being reviewed, reduced in number, and simplified for allocations from 2023/24. This will inevitably lead to "winners" and "losers" as the overall pot will remain the same size at best.

Hart is likely to lose out from this process as it is almost certain that funding will be shifted towards those authorities that have social care responsibilities. Funding issues around adult social care have been apparent for years, but more recently concerns have arisen about the funding of children's services too, as demand keeps rising.

4.5 Business Rates Income

4.5.1 The position on business rate scheme changes is currently unclear.

4.5.2 The Government announced in 2016 a proposal to introduce a new scheme by the end of the current parliament which would move from 50% to 100% business rates retention by local authorities nationally, accompanied by new responsibilities for local government and a phasing out of certain government grants.

4.5.3 However, the proposals were then revised to 75% retention as insufficient grant streams proved suitable for replacement. The Government proposals expect the new system to retain the current top-up /tariff approach which results in the council currently retaining only £1.2 million (3.3%) of the £39 million it collects in business rates. Further consideration will be required to determine the proportion of business rates that will be allocated to each tier of local government.

4.5.4 Government consultation recognised the potential increase in risks due to the business rates appeals process, and the difficulties in forecasting and accurately predicting outcomes.

4.5.6 At the same time the government is also carrying out the Fair Funding Review which will set a new base level position for business rates retained by the Council based upon a relative needs and resources assessment.

4.6 New Homes Bonus Grant

The New Homes Bonus is a grant paid by central government to local councils for increasing the number of homes and their use. This grant was due to end in 2020/21 and it is expected it will be replaced before 2023/24.

4.7 Impact on the Council and Budget

4.7.1 The key impacts of the national context on the Council's Medium Term Financial Strategy are:

- The Council should be prepared for an extended period of government funding reductions throughout the medium-term period and beyond and therefore should continue to seek to reduce costs and generate additional revenues wherever possible in order that core services can be delivered on a sustainable basis.
- The Council may face increased demand on its services and budgets as a result of partner organisations' responses to reductions in government funding.
- There has been a significant risk transfer from central government to local government as a result of the legislative changes.
- The uncertainty and increased risk and volatility associated with the new Business Rate Retention Scheme and the fair funding review.
- The impact on business rates of the current economic volatility and Covid-19

4.7.2 The Council needs to plan over the medium term for an increase in financial risk and year on year volatility. The economic outlook remains unclear, and it remains important that the Council has a level of reserves that allows it to withstand unanticipated financial impacts of future developments at a local and national level. In the longer term there will be financial returns from commercial investments which will offset the pressures from government funding.

4.7.3 To ensure a balanced and sustainable medium term budget, significant further on-going efficiency savings and agreed strategies for increased investment income (non-fixed interest) will need to be delivered.

MEDIUM TERM FINANCIAL FORECAST AND STRATEGY 2022/23 to 2026/27

5 Financial Forecast Scenarios and Assumptions

5.1 Given the uncertainty and financial challenges facing the council it is important that for each of the most significant areas the Council look at different potential outcomes. The financial forecasts have been prepared by looking at five scenarios for each of the significant areas and deciding on which is the most likely.

5.2 The main assumptions used in for each of the significant areas are summarised below:

- Pay increase allowance of 2% per annum, along with an allowance for incremental increases.
- Pension cost increases in line with notified changes equivalent to 1% increase in payroll costs for 2019/20 followed by no increase per annum from 2020/21 for the next triennial valuation of the pension fund, as indicated at the recent Employers meeting of the Hampshire Pension Fund
- An annual inflation allowance of 5.1% per annum
- Contracted services' inflation allowances reflect the inflation clauses of their contracts.
- Base interest rate assumption of 0.5% on Treasury management investments.
- Use of all New Homes Bonus receivable to support the revenue budget
- Zero Revenue Support Grant
- Business rate income forecast to be at the baseline level over the forecast period.
- Continuation of the current council tax support scheme.

Appendix 3

Review of Reserves

The Chief Finance Officer is required, under section 25 of the Local Government Act 2003, to report on the robustness of estimates and adequacy of reserves. This is also linked to the requirement of the Prudential Code that authorities should have full regard to affordability, when making recommendations about future capital programmes.

Statement on the Adequacy of Financial Reserves

“Having conducted a review of the Council’s requirement for the minimum working balance, taking into consideration various matters including: -

- the Council’s spending plans for 2021/22 - 2022/23 and the medium-term financial position.
- adequacy of estimates of inflation, interest rates.
- treatment of demand led pressures.
- impact of external partnerships.
- the need to respond to emergencies.
- Capital programme variations.
- Reduction of New Homes Bonus in future years
- Income risks from future national waste strategy
- Income from Leisure contract

I can confirm that an amount of £5.317m is considered adequate for this purpose. In relation to other financial reserves, a review has also been conducted to determine their adequacy. In addition to the matters referred to above, and considering the Medium-Term Financial Plan, the review concluded that the level of such reserves is adequate based on current information in relation to anticipated risk, existing commitments and known future plans.

However, the Council faces a significant degree of uncertainty over future funding and reductions in the base budget will need to be made.

This statement is made on the understanding that any use of reserves and balances is undertaken in accordance with the Council’s existing Financial Procedure Rules and that a further review of reserves and balances will be undertaken following the closure of the Council’s accounts in May 2022.

Emma Foy BA (Hons) FCCA
Head of Corporate Services and Section 151 Officer

Medium Term Financial Strategy

	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000
Cost of Service	12,497	12,433	13,054	13,707	14,392
MRP and Debt	654	654	654	654	654
Grants (NHB)	(1,760)	(1200)	(1200)	(1200)	(1200)
Budget Requirement	11,391	11,887	12,508	13,161	13,846
Reserves Funding - SANGS	(567)	(567)	(567)	(567)	(567)
Savings Tier 1	(335)	(335)	(335)		
Savings Tier 2	(202)	(313)	(467)	(467)	(467)
Council Tax	(7,813)	(7,897)	(8,102)	(8,307)	(8,512)
Business Rates	(1,400)	(1,400)	(1,400)	(1,400)	(1,400)
Commercial Income	(1,074)	(1,102)	(1,102)	(1,146)	(1,146)
Funding	(11,391)	(11,614)	(11,973)	(11,887)	(12,092)
(Surplus) / Deficit	0	273	535	1,274	1,754

Appendix 4

Appendix 4 shows the detailed breakdown of each line provided in the table in 10.1.

Net Cost of Services						
Values	Community	Corporate	Place	Tech&Env	Accounting Adjustments	Grand Total
Budget 2021/22	1,433,280	6,142,697	2,422,322	2,304,728	-1,508,678	10,794,349
Staff Inflation	-1,115	-165,809	84,801	133,076	0	50,953
Contract Inflation	29	639,552	84,938	195,141	0	919,660
New Initiatives	40,466	5,000	119,312	322,365	0	487,143
Service Delivery - growth	39,077	79,501	163,464	165,500	0	447,542
Insurances	9,503	-16,210	612	-13,315	0	-19,410
Zero Based Cost of Service	-502,594	280,526	-499,035	35,128	502,750	-183,225
Draft Budget 2022/23	1,018,646	6,965,257	2,376,414	3,142,623	-1,005,928	12,497,012

Net Cost of Services Staff Inflation

Cost Centre Name	Community	Corporate	Place	Tech&Env	Grand Total
Corporate - Apprentices			66,406		66,406
Small SANG Sites				48,760	48,760
Housing Needs Service	42,578				42,578
Edenbrook Country Park				41,977	41,977
Commercialisation		38,703			38,703
Odiham Common				30,856	30,856
Env Health Commercial			28,080		28,080
Commons excl Odiham				24,326	24,326
Estates/Asset Management				24,058	24,058
HR Contract		18,884			18,884
Bramshot Farm				18,057	18,057
Climate Change				16,820	16,820
Fleet Pond				15,915	15,915
Business Support Staff			14,439		14,439
Support To Elected Bodies		14,337			14,337
Community Safety	11,500				11,500
Building Control - Fee Earning			7,945		7,945
Building Control - Non-Fee			7,945		7,945
Hart Drainage				7,844	7,844
Street Cleaning				7,546	7,546
Elvetham Heath Nature Reserve				7,474	7,474
Grounds Mtn Contract				7,430	7,430
Biodiversity				6,130	6,130
Planning Development			4,780		4,780

Strategic Housing Services	4,178			4,178
Economic Development		4,058		4,058
Tree Preservation Orders			4,055	4,055
Landscape & Conservation			3,919	3,919
Pest Control		3,375		3,375
ON Street Parking			2,861	2,861
Digitalisation	2,738			2,738
Churchyards			2,704	2,704
OFF Street Parking			2,693	2,693
Health & Safety		2,378		2,378
Corporate Performance Team	2,110			2,110
Leisure Centres	1,975			1,975
Admin Bldgs - R & M		1,731		1,731
Customer Services Contracts	528			528
Legal Services	520			520
Emergency Planning			339	339
Street Naming & Numbering		324		324
Licences		182		182
Hackney Carriages		182		182
Street Furniture			170	170
Hart Development		-222		-222
CCTV			-1,087	-1,087
Hart Election Costs	-2,547			-2,547
IT Contract	-3,754			-3,754
Highways Traffic Management			-4,940	-4,940
Out Of Hours Noise Service		-5,765		-5,765
Corporate Finance	-12,912			-12,912
Register Of Electors	-16,839			-16,839
Environmental Protection		-18,344		-18,344
Private Sector Housing	-26,707			-26,707
Leadership Team	-27,270			-27,270
Social Inclusion & Partnership	-32,664			-32,664
Dog Warden		-32,693		-32,693
Waste Client Team	-33,098			-33,098
Internal Audit	-42,056			-42,056
Corporate Communication	-48,161			-48,161
New Settlement	-58,967			-58,967
Environment Promotion Strategy			-134,831	-134,831
Total	-1,115	-165,809	84,801	133,076
				50,953

Net Cost of Services

Contract Inflation

Cost Centre Name	Community	Corporate	Place	Tech&Env	Grand Total
Estates/Asset Management				- 38,519	- 38,519
CCTV				- 37,801	- 37,801
Private Sector Housing	29				29
Hart Election Costs		51			51
Register Of Electors		161			161
Biodiversity				404	404
Env Health Commercial			875		875
Emergency Planning				1,040	1,040
Planning Development			1,167		1,167
Climate Change				1,600	1,600
Support To Elected Bodies		2,901			2,901
Leadership Team		2,922			2,922
Hackney Carriages			4,104		4,104
Licences			4,320		4,320
Building Control - Non-Fee			4,680		4,680
Environment Promotion Strategy				4,694	4,694
External Audit		5,569			5,569
Corporate Communication		5,903			5,903
Business Support Staff			7,496		7,496
Customer Services Contracts		8,200			8,200
HR Contract		8,411			8,411
Building Control - Fee Earning			11,440		11,440
ON Street Parking				14,438	14,438

Rechargeable Elections	15,228			15,228
Legal Services	15,700			15,700
Dog Warden		24,879		24,879
OFF Street Parking			25,057	25,057
Admin Bldgs - R & M		25,977		25,977
Waste Client Team	43,844			43,844
Internal Audit	52,867			52,867
Grounds Mtn Contract			86,266	86,266
Waste Contract	93,939			93,939
Street Cleaning			137,962	137,962
IT Contract	164,158			164,158
5 Council Contract - Capita	219,698			219,698
	29	639,552	84,938	195,141
				919,660

Net Cost of Services New Initiatives

Cost Centre Name	Community	Corporate	Place	Tech&Env	Grand Total
Admin Bldgs - R & M			76,414		76,414
Bramshot Farm				40,500	40,500
Climate Change				250,000	250,000
Economic Development			20,000		20,000
Environmental Protection			7,898		7,898
Edenbrook Country Park				31,865	31,865
HR Contract		5,000			5,000
Housing Needs Service	12,000				12,000
Planning Policy			15,000		15,000
Community Safety	28,466				28,466
	40,466	5,000	119,312	322,365	487,143

Net Cost of Services

Growth in Expenditure - existing Services

Cost Centre Name	Community	Corporate	Place	Tech&Env	Grand Total
Biodiversity				7,801	7,801
Admin Bldgs - R & M			3,600		3,600
Bramshot Farm				2,500	2,500
Business Support Staff			9,544		9,544
CCTV				8	8
Corporate Finance		18,983			18,983
Civic Function & Chairman		1,500			1,500
Climate Change				2,940	2,940
Commercialisation		8,609			8,609
Corporate Communication		9,124			9,124
Landscape & Conservation				80	80
Dog Warden			10,822		10,822
Hart Drainage				6,185	6,185
Economic Development			6,300		6,300
Env Health Commercial			5,272		5,272
Environmental Protection			3,685		3,685
Edenbrook Country Park				2,860	2,860
Estates/Asset Management				2,822	2,822
Environment Promotion Strategy				11,025	11,025
Hart Development			500		500
Hart Election Costs		23,224			23,224
Highways Traffic Management				4,560	4,560
Strategic Housing Services	1,724				1,724
HR Contract		424			424
Social Inclusion & Partnership	138				138
IT Contract		1,780			1,780
Leadership Team		488			488
Legal Services		20			20
Leisure Centres		21			21
Support To Elected Bodies		15,048			15,048
Street Naming & Numbering			16		16
Housing Needs Service	35,661				35,661
Odiham Common				2,150	2,150
Out Of Hours Noise Service			1,398		1,398
Planning Development			121,127		121,127
OFF Street Parking				9,435	9,435
ON Street Parking				2,090	2,090
Fleet Pond				3,744	3,744
Planning Policy			1,200		1,200
Private Sector Housing	994				994
Register Of Electors		30			30
Community Safety	560				560
Customer Services Contracts		250			250

Small SANG Sites				78,300	78,300
Tree Preservation Orders				29,000	29,000
	39,077	79,501	163,464	165,500	447,542

Net Cost of Services

Insurances

Cost Centre Name	Community	Corporate	Place	Tech&Env	Grand Total
Building Control - Fee Earning			29		29
Building Control - Non-Fee			29		29
Biodiversity				208	208
Admin Bldgs - R & M			-4,421		-4,421
Bramshot Farm				1,856	1,856
Business Support Staff			5,286		5,286
CCTV				-10	-10
Corporate Finance		-26,891			-26,891
Climate Change				705	705
Commercialisation		7,378			7,378
Corporate Communication		894			894
Commons excl Odiham				-3,344	-3,344
Landscape & Conservation				324	324
Digitalisation		244			244
Dog Warden			-3,819		-3,819
Hart Drainage				203	203
Economic Development			244		244
Env Health Commercial			1,845		1,845
Elvetham Heath Nature Reserve				-3,799	-3,799
Environmental Protection			1,011		1,011
Emergency Planning				-154	-154
Edenbrook Country Park				2,750	2,750
Estates/Asset Management				-4,707	-4,707
Environment Promotion Strategy				-6,153	-6,153
Street Furniture				14	14
Grounds Mtn Contract				47	47
Hart Development			418		418
Hart Election Costs		-3			-3
Highways Traffic Management				624	624
Strategic Housing Services	198				198
HR Contract		966			966
Health & Safety			311		311
Internal Audit		317			317
Social Inclusion & Partnership	2,288				2,288
IT Contract		2,115			2,115
Leadership Team		1,160			1,160
Legal Services		29			29
Leisure Centres		-7,204			-7,204

Licences			14		14
Support To Elected Bodies		2,109			2,109
Street Naming & Numbering			104		104
Housing Needs Service	3,812				3,812
Odiham Common				-3,272	-3,272
Out Of Hours Noise Service			-601		-601
Planning Development			924		924
Corporate Performance Team		298			298
Pest Control			14		14
OFF Street Parking				4,312	4,312
ON Street Parking				-2,726	-2,726
Fleet Pond				-3,242	-3,242
Planning Policy			-790		-790
Private Sector Housing	1,047				1,047
Register Of Electors		-7			-7
Community Safety	2,158				2,158
Customer Services Contracts		38			38
New Settlement		2,347			2,347
Churchyards				44	44
Small SANG Sites				2,340	2,340
Street Cleaning				108	108
Hackney Carriages			14		14
Tree Preservation Orders				557	557
	9,503	-	612	-	-
		16,210		13,315	19,410

Net Cost of Services

Impact of setting all Services at zero and justifying all income and expenditure

Cost Centre Name	Community	Corporate	Place	Tech&Env		Grand Total
5 Council Contract - Capita	0	-562,871	0	0	0	-562,871
Social Inclusion & Partnership	-393,037	0	0	0	0	-393,037
COVID19	0	-263,562	0	0	0	-263,562
Commercialisation	0	-256,684	0	0	0	-256,684
			-			
Admin Bldgs - R & M	0	0	198,621	0	0	-198,621
Non Distributed Costs	0	-168,454	0	0	0	-168,454
Community Safety	-121,772	0	0	0	0	-121,772
Highways Traffic Management	0	0	0	-115,765	0	-115,765
Building Control - Fee Earning	0	0	-97,721	0	0	-97,721
Planning Policy	0	0	-96,991	0	0	-96,991
Environment Promotion Strategy	0	0	0	-59,142	0	-59,142
Hart Development	0	0	-51,116	0	0	-51,116
Env Health Commercial	0	0	-50,961	0	0	-50,961
Business Support Staff	0	0	-48,379	0	0	-48,379
Neighbourhood Planning	0	0	-45,598	0	0	-45,598
Leadership Team	0	-42,166	0	0	0	-42,166
Corporate Communication	0	-40,760	0	0	0	-40,760
Taxation & Non Specific Grants	0	0	0	0	-38,000	-38,000
HR Contract	0	-32,280	0	0	0	-32,280
Grounds Mtn Contract	0	0	0	-27,651	0	-27,651
Commons excl Odiham	0	0	0	-22,877	0	-22,877
Private Sector Housing	-22,767	0	0	0	0	-22,767
Support To Elected Bodies	0	-21,069	0	0	0	-21,069
IT Contract	0	-19,632	0	0	0	-19,632
Print Room & Photocopying	0	0	-18,097	0	0	-18,097
Rechargeable Elections	0	-15,228	0	0	0	-15,228
Corporate - Apprentices	0	0	-15,000	0	0	-15,000
Dog Warden	0	0	-12,826	0	0	-12,826
External Audit	0	-12,000	0	0	0	-12,000
Clinical and Bulky	0	-10,622	0	0	0	-10,622
Legal Services	0	-10,423	0	0	0	-10,423
Elvetham Heath Nature Reserve	0	0	0	-9,941	0	-9,941
Tree Preservation Orders	0	0	0	-8,733	0	-8,733
Strategic Housing Services	-8,229	0	0	0	0	-8,229
Estates/Asset Management	0	0	0	-6,841	0	-6,841
Odiham Common	0	0	0	-6,620	0	-6,620
Health & Safety	0	0	-6,093	0	0	-6,093
Hart Drainage	0	0	0	-3,708	0	-3,708
Bramshot Farm	0	0	0	-2,395	0	-2,395
Biodiversity	0	0	0	-2,240	0	-2,240
Churchyards	0	0	0	-1,995	0	-1,995

Revenues & Benefits Contract	0	-1,980	0	0	0	-1,980
Waste Education & Comms	0	-1,377	0	0	0	-1,377
Environmental Protection	0	0	-1,257	0	0	-1,257
Internal Audit	0	-1,194	0	0	0	-1,194
Fleet Pond	0	0	0	-1,075	0	-1,075
Landscape & Conservation	0	0	0	-719	0	-719
Digitalisation	0	-669	0	0	0	-669
Pest Control	0	0	-629	0	0	-629
Register Of Electors	0	-549	0	0	0	-549
Hart Election Costs	0	-508	0	0	0	-508
Civic Function & Chairman	0	-500	0	0	0	-500
Corporate Performance Team	0	-482	0	0	0	-482
Climate Change	0	0	0	-457	0	-457
Out Of Hours Noise Service	0	0	-328	0	0	-328
Street Furniture	0	0	0	-13	0	-13
CCTV	0	0	0	-4	0	-4
Small SANG Sites	0	0	0	555	0	555
Street Naming & Numbering	0	0	2,791	0	0	2,791
Emergency Planning	0	0	0	4,293	0	4,293
Land Repossessions	0	0	0	4,480	0	4,480
Street Cleaning	0	0	0	6,968	0	6,968
Edenbrook Country Park	0	0	0	14,049	0	14,049
Hackney Carriages	0	0	20,330	0	0	20,330
Local Land Charges	0	0	22,773	0	0	22,773
ON Street Parking	0	0	0	25,813	0	25,813
Waste Contract	0	27,500	0	0	0	27,500
Economic Development	0	0	30,067	0	0	30,067
Planning Development	0	0	31,339	0	0	31,339
Licences	0	0	37,282	0	0	37,282
Housing Needs Service	43,211	0	0	0	0	43,211
New Settlement reduction grant	0	102,222	0	0	0	102,222
Corporate Finance	0	111,158	0	0	0	111,158
Customer Services Contracts	0	151,879	0	0	0	151,879
MiRS - Direct Costs	0	0	0	0	160,000	160,000
OFF Street Parking	0	0	0	249,146	0	249,146
Housing/Council Tax Benefits Financing & Investment	0	361,026	0	0	0	361,026
Income	0	0	0	0	380,750	380,750
Waste Client Team	0	470,567	0	0	0	470,567
Leisure Centres	0	519,184	0	0	0	519,184
			-			
	-502,594	280,526	499,035	35,128	502,750	-183,225

CABINET

KEY DECISIONS/ WORK PROGRAMME, AND EXECUTIVE DECISIONS MADE

February 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
Future of CAB Yateley Building	To approve CAB the use of the Apex Building and agree a proposal for occupation by the Oakley Health Group	Feb 22		JR	CS	
Draft Budget 2022/2023	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	
Treasury Management Strategy Statement and Annual Investment Strategy	Post consideration by Overview & Scrutiny Committee, to agree to recommend to Council the draft Treasury Management Strategy Statement for 2022/2023 which incorporates the Annual Investment Strategy and Prudential and Treasury indicators	Feb 22		JR	F	
Housing Scrutiny Panel	To seek Cabinet approval on the report of performance of the Housing Company	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
Reorganisation of Corporate Services	Post consideration by the Staffing Committee, to consider and financial implications arising from the proposed restructure of Corporate Services	Feb 22		JR	F	Y
Meeting of 'Extra Cabinet'	To consider the restructure of the senior management team	8 Feb 22		DN	ALL	Y
Homelessness Strategy	Post consideration by Overview & Scrutiny Committee, to consider a new Homelessness Strategy 2022-2027	Mar 22		SB	CSF	
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	Mar 22		SB	H	
Easement – ex Travis Perkins Site in Hartley Wintney	To approve the consideration offered for access and service easement to the land located to the front of Primrose House and the former Travis Perkins Builders merchants, Albion Place, Hartley Wintney	Mar 22		JR	TS	

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
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	
Budget Monitoring – Quarter Three	Post consideration by Overview & Scrutiny Committee, to consider a report on Budget Monitoring which also includes debt write offs	Mar 22 Jun 22 Sep 22 Dec 22		JR	F	
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 -

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

Note 2**Cabinet Members**

DN	Leader	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

11/01/22	Cllr Radley	<p>Urgent Decision</p> <p>Title: Implementation of additional restrictions grant (round 5 Omicron funding)</p> <p>The decision associated with the Omicron Business Grants was agreed under Urgency Provisions in consultation with the Deputy Leader and Chairman of Overview and Scrutiny Committee, to prevent any delay in implementation of the grant scheme, that would be associated with an Executive Decision.</p> <p>This decision will be report to Cabinet next month and published in accordance with all the normal requirements of the Constitution.</p>	

EXECUTIVE DECISION BY DELEGATED AUTHORITY

DATE: 11 JANUARY 2022

TITLE OF REPORT: IMPLEMENTATION OF ADDITIONAL RESTRICTIONS GRANT (ROUND 5 OMICRON FUNDING)

Report of: Head of Corporate Services

Cabinet member: James Radley – Finance, Assets and Deputy Leader

1 PURPOSE OF REPORT

1.1 To agree the policy and implementation of the Additional Restrictions Grant funding (Round 5 Omicron funding).

2 OFFICER RECOMMENDATION

2.1 To agree the administration and payment of Additional Restrictions Grant Omicron to local business who are not eligible for the mandatory Hospitality Grant at a rate of £500 for those businesses without third-party fixed costs and £1000 for those who can provide evidence of third-party fixed costs e.g., rent subject to businesses making a valid application and subject to fraud, assurance and governance checks.

3 BACKGROUND

3.1 The Government has provided approximately £250,000 of discretionary funding for us to pay businesses adversely affected by the Omicron variant. This is in addition to the mandatory grant for hospitality businesses which pay business rates.

3.2 Officers are seeking authorisation to introduce a fourth phase of the discretionary business grants scheme (Additional Restrictions Grant). The grant is to help businesses who can demonstrate they have been adversely affected by the Omicron variant and is not available to businesses in receipt of the mandatory hospitality grant.

3.3 To be eligible for a grant a business must submit a new application form and provide evidence of bank statements, trading and other statutory information required by Central Government. Detailed fraud and assurance checking must be carried out by officers before a grant can be awarded. Evidence obtained from previous grant schemes cannot be used for this purpose.

3.4 Hart District Council will be administering the Additional Restrictions Grant internally and in order to help all affected businesses
The Additional Restrictions Grant has been set up to assist all businesses that have been adversely impacted by the Omicron variant and therefore amounts payable will be £500 for businesses without third-party fixed term costs such as rent and £1000 for businesses with third-party fixed term costs.

3.5 All monies must be paid to businesses by the 31st of March and therefore businesses must have submitted applications by the 28th of February 2022. Applications are made by a web form on the Grants and Funding section of the Hart District Council website.

3.6 Any queries from businesses regarding the ARG should be emailed to businessgrants@hart.gov.uk
Any queries from Members regarding the ARG should be emailed to membersbgenquiries@hart.gov.uk

4 CONSIDERATIONS

4.1 The scheme is funded by Central Government, the scheme requires 3 FTE of officer time between now and the 14th of April. An application for these costs will be made from new burdens funding; however, as in previous rounds; the shortage of staff in these areas makes it very difficult to recruit additional officers and this work is therefore completed in addition to all requirements of the Service Plan. The Head of Service is grateful to all staff who give additional personal time to the delivery of this scheme to ensure funding reaches local businesses.

4.2 There are no direct impacts on Climate Change or Equalities considerations from this scheme.

5 FINANCIAL IMPLICATIONS

5.1 The Finance Officer has been appraised of the proposal and has confirmed that the funding is contained within the receipts from Central Government.

6 MANAGEMENT OF RISK

6.1 The key risk is the risk of resourcing which is being mitigated wherever possible through increased hours and overtime payments. The Council is under significant pressure from the Secretary of State to ensure these grant payments are made promptly and accurately. The risk of fraud and error is mitigated by a significant number of assurance checks required on every applicant and grant payment.

7 CONCLUSIONS

7.1 Officers seek approval of this final discretionary grant scheme to compensate businesses adversely affected by the measures introduced in response to the Omicron variant.

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

BACKGROUND PAPERS: None

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

Document is Exempt from Publication

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of the Local Government Act 1972.

Document is Exempt from Publication