



NOTICE OF MEETING

Meeting:	Overview and Scrutiny Committee
Date and Time:	Tuesday 18 July 2023 7.00 pm
Place:	Council Chamber
Enquiries to:	Committee Services Committeeservices@hart.gov.uk
Members:	Dorn (Chairman), Butler (Vice-Chairman), Smith, Butcher, Coburn, Davies, Engström, Harward, Farmer, Thomas and Vernon

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 PREVIOUS MEETING** 4 - 9

The minutes of the meeting of 20th June 2023 are attached to be confirmed and signed as a correct record.
- 2 APOLOGIES FOR ABSENCE**

To receive any apologies for absence from Members*.

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

To declare disclosable, pecuniary and any other interests*.

***Note:** Members are asked to email Committee Services in advance of the meeting as soon as they become aware they may have an interest to declare.
- 4 CHAIRMAN'S ANNOUNCEMENTS**
- 5 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)**

Anyone wishing to make a statement to the Committee should contact Committee Services at least two clear working days prior to the meeting. Further information can be found [online](#).
- 6 COMPLAINTS REPORT FOR Q1** 10 - 17

To analyse and review the number and type of complaints received by the Council for the previous quarter.
- 7 CCTV**

To invite the Portfolio Holder responsible for CCTV to give an update.
- 8 SERVICE PANEL FEEDBACK - COMMUNITY** 18 - 34

To receive feedback from the Community Service Panel from Members
- 9 REVENUE AND CAPITAL OUTTURN** 35 - 46

To note the final position against the revenue and capital budgets for the previous year, agree any actions necessary affecting reserves and note any carry forward requests.

10	TREASURY MANAGEMENT OUTTURN	47 - 64
	To note the activity under the treasury management strategy for the previous year, including adherence to prudential indicators and investment limits, and consider any changes to the strategy or criteria as necessary	
11	CRIME AND DISORDER MEETING	65 - 69
	To receive feedback from members on the recent Crime and Disorder meeting	
12	REVIEW OF RESERVES INCLUDING SANGS FUNDING	70 - 76
	To review the Council's Reserves, including funding allocated to SANGS	
13	CABINET WORK PROGRAMME	77 - 80
	To consider the Cabinet Work Programme.	
14	OVERVIEW AND SCRUTINY WORK PROGRAMME	81 - 85
	To consider and amend the Overview and Scrutiny Work Programme.	

Date of Publication: Monday, 10 July 2023

OVERVIEW AND SCRUTINY COMMITTEE

Date and Time: Tuesday 20 June 2023 at 7.00 pm

Place: Council Chamber

Present:

Dorn (Chairman), Butcher, Butler, Davies, Engström, Farmer, Harward, Smith, Thomas, Vernon and Forster

In attendance:

Quarterman (Virtual)

Local Partnerships (all Virtual)

Emma Bull

Jo Wall

Nathan Wicks

Officers:

Graeme Clark, Executive Director, Corporate Services & S151 Officer

Jaggard, Executive Director Place

Lord, Committee and Members Services Officer

1 ELECTION OF A VICE CHAIRMAN

There were 2 nominations for Vice Chairman

- Councillor Butler (proposed Cllr Davies, seconded Cllr Engström)
- Councillor Farmer (proposed Cllr Butcher, seconded Cllr Forster)

A query was raised about the validity of a Vice Chairman being elected from the ruling party, but it was explained that this was allowable in the constitution as the Vice Chairman would only act in place of the Chairman and not take on the role of the Chairman.

Voting

For Councillor Butler – Butler, Davies, Engström, Harward, Smith, Thomas, Vernon (7)

For Councillor Farmer – Butcher, Dorn, Farmer, Forster (4)

Decision

Councillor Butler would be the elected Vice Chairman of Overview and Scrutiny Committee for the municipal year 2023/24.

2 MINUTES OF PREVIOUS MEETING

The minutes of April 11th 2023 were confirmed and signed as a correct record.

3 APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Coburn, Councillor Forster attended as a substitute.

4 DECLARATIONS OF INTEREST

Councillor Farmer declared a non-pecuniary interest in agenda item 7 as Chairman of the Hart Swimming Club.

5 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that the Overview and Scrutiny Training had had to be deferred to another date and would be discussed in agenda item 12.

6 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

None.

7 CLIMATE CHANGE ACTION PLAN

Councillor Forster declared a non-pecuniary, non-prejudicial interest as a member of Hampshire County Council during this item.

The meeting was given a brief introduction to the report and to "Local Partnerships", the organisation that had produced it.

Local Partnerships then gave a presentation on "Hart's Carbon Pathway". Highlighting how it linked to Hart District Council's Corporate Plan. It was explained how the plan was broken down into 3 focus areas, Buildings, Energy and Transport. Details were given on how the council should guide the district using the 3 Es, Example, Enable and Encourage.

The meeting agreed that they liked the objectives and how they were linked and noted that this is a much-improved plan. Members felt that there were some matters that needed further investigation,

- Terminology - concern was raised that there were still references to Net Zero in the reports and on the web site. Officers undertook to ensure that only the term Carbon Neutral would be used in future and that all references to Net Zero would be removed. It was also noted that a reference to OLEV should say OZED instead.
- Clarity – although the meeting liked the objectives it felt that it should be clearer who would be setting them and when. Concern was also raised about the vagueness of the outcomes. It was felt that these should be more specific. It was felt that reasonable time scales also needed to be set.
- Funding – it was explained that the outcomes were closely linked to funding. Discussion took place around how the various projects would be funded. It was acknowledged that there was some funding available in reserves, however the meeting was also told that there would be funding available from Central Government. It was explained any funding from Central Government was generally only available for a short space of time, and so Local Partnerships was working with Hart’s Climate Change team to ensure that it was ready to bid for any funding as soon as it was available.
- Priorities – following on from the discussions about applying for funding, suggestions were made about splitting the objectives into smaller categories to give more flexibility, particularly the ‘indicative cost’ measure, allowing the council to prioritise more efficiently and so be able to take advantage of all and any opportunities that arise. However, it was also commented that expensive projects should not be dismissed as it was always possible that funding may be made available in the future.
- Renewable Energy – a query was raised as to whether, or not the council was already using 100% renewable energy. It was commented that Hart District Council bought green energy through a Hampshire County Council Scheme, but officers agreed to investigate exactly how green the energy purchased was. A query was also raised about the placing of Wind Turbines on Bramshot Country Park, it was agreed that Local Partnerships should reach out to the various airports in the district to see if this was in fact a viable option.

Transport – it was commented that there seemed to be an omission in the report as regard to “getting people out of petrol and diesel vehicles”. Local Partnerships agreed and this additional point would be passed to Cabinet for consideration.

- Governance – it was welcomed that Corporate Project board would be overseeing the key projects and that Overview and Scrutiny would also be part of the governance process. Members felt that projects should not be open ended and that monies should only be released on the completion of the previous step.

Mr Clark thanked members for their input and informed them that he would be passing their comments on to Cabinet.

Local Partnerships were thanked for their work on this project.

8 FEEDBACK FROM VISIT TO CCTV CENTRE

Members gave their feedback on their visit to the new CCTV unit in Runneymede.

The feedback highlighted many positive aspects of the new centre, however there were some concerns with the arrangements.

The meeting was informed.

- The centre has high quality equipment including over 700 monitors, which are watched by trained staff who know the areas. The equipment including cameras are replaced on a 3-year rolling programme.
- There is a good relationship between the centre and the police. It was confirmed that although at the moment the police would have to travel to Runneymede to pick up copies of recordings, a terminal is due to be installed in the near future at Rushmoor Council offices that would give them remote access.
- The control room is connected to the police and can notify them if the police's assistance is required.
- The control room is also connected to Pubwatch, and members had been informed that this could be extended to Fleet Bid, so that businesses in Fleet could be alerted to any potential issues.
- Concern had been raised about the number of monitors, however it had been stated that there were sufficient staff, who had been trained in what to look for. The manager of the centre had also confirmed that he would not be expanding the centre to take on more clients without making sure he had the capacity to do so.

It was agreed that the visit had been a success. However, it was commented on that, although the quality of the recording was good it was only of use if the police requested it. It was felt however that the presence of the cameras was deterrent in itself. The meeting was told that at the recent residents meeting on Elvetham Heath the possibility of installing some cameras on the Heath was raised.

It was commented that the purpose of the cameras should be communicated to residents, as there had been some queries about using them to monitor issues of people sleeping rough.

9 CONSERVATION AREA TASK AND FINISH GROUP

A member of the Task and Finish group introduced the item by explaining the definition of a Conservation area, and the criteria it had to meet.

The meeting was told that the group met with four Parish Councils and the Planning Policy & Economic Development Manager. The parishes had reported their experiences in undertaking Conservation Area appraisals, these had greatly differed, as had their approaches, several had relied on help from consultants.

The Task and Finish Group made 16 recommendations to assist the process going forward.

The Executive Director – Place thanked the Task and Finish Group and said he thought their work had been really helpful. He agreed to return in the Autumn to provide an update on the actions against each one of the recommendations.

It was commented that Hart District council supported the report and the action plan, but it should be noted that Hart was a very “lean” organisation, and it was possible that in house support would not always be available and that parishes should be encouraged to use outside consultants.

A query was raised about the appraisal reports. It was agreed that all reports should be created on Microsoft Office compatible platforms. The quality and standard of the reports was also discussed. The meeting was told that the Conservation Area Appraisals should be robust enough to provide the evidence required should they be needed to be used in a planning appeal.

Thanks was given to the group for their hard work, and they were informed that the CEO Mr Phillips particularly wanted to give them his congratulations on how well this Task and Finish Group operated.

10 ELECTION OF MEMBERS TO SERVICE PANELS

The meeting was reminded of the purpose of the Service Panels and the members role on them and it was confirmed that the meetings would be held on TEAMS. The Members were told that there had been a change of date to the 1st Place meeting, to Tuesday August 1st.

Nominations

Community - Councillors Butcher, Butler and Thomas
Corporate - Councillors Farmer, Smith and Thomas
Place - Councillors Butler, Coburn and Engström

Proposed Cllr Butcher, seconded Cllr Smith
Voted unanimously.

For the benefit of the new Councillors there was a brief introduction to Butterwood Homes.

Nominations

Councillors Davies, Engström, Farmer and Smith

Proposed Cllr Farmer, seconded Cllr Butcher

11 CABINET WORK PROGRAMME

A request was made that the 3 members from the Odiham Ward were briefed on the potential sale of the Swan Pub.

It was agreed that the Flood Schemes review should come to O&S in July.

Confirmation was sought as to whether the Climate Change Action Plan was going to Cabinet in July. It was confirmed that it was, and that the comments from O&S would be included.

12 OVERVIEW AND SCRUTINY WORK PROGRAMME

It was explained to the meeting that the O&S training/development session had been moved to allow members to get the full benefit from it. Members were also informed that the training was not just for new members to the committee, but for all members to develop the committee to get the best out of it. It was agreed that the dates would be circulated so that members could indicate their availability. Members noted that the session would be approx. 2 hours and they were generally happy with a 6pm start.

It was queried as to why the review of Reserves was going to Cabinet in August but not coming to O&S in July. It was confirmed that the Reserve Review would in fact be coming to O&S in July.

In light of the recent visit, it was questioned as to whether it was still of value to have the Portfolio holder for CCTV attend the next meeting. It was agreed that since the Portfolio holder was being asked to give an update on the improvement of the service since the move, rather than an update on the visit then it was still appropriate to invite the Portfolio holder.

Attention was brought to the items on the work programme related to Core Grants, it was explained that these items were related to the groups that Hart supported and the groups would be providing feedback on how the money was being spent.

The meeting closed at 9.01 pm

OVERVIEW AND SCRUTINY COMMITTEE

DATE OF MEETING: TUESDAY 18 JULY 2023

TITLE OF REPORT: COMPLAINTS ANALYSIS Q1 APRIL-JUNE 2023

Report of: Corporate Services

Cabinet Portfolio: Leader and Strategic Direction and Partnerships

Key Decision: No

Confidentiality: Non-Exempt

PURPOSE OF REPORT

1. This report updates Members on the number and outcome of customer complaints for Quarter 1, April–June 2023.
2. The report looks at performance on a range of metrics and examines any learning that can be gained from the information presented.

RECOMMENDATION

3. The complaints report for April-June 2023 is noted.

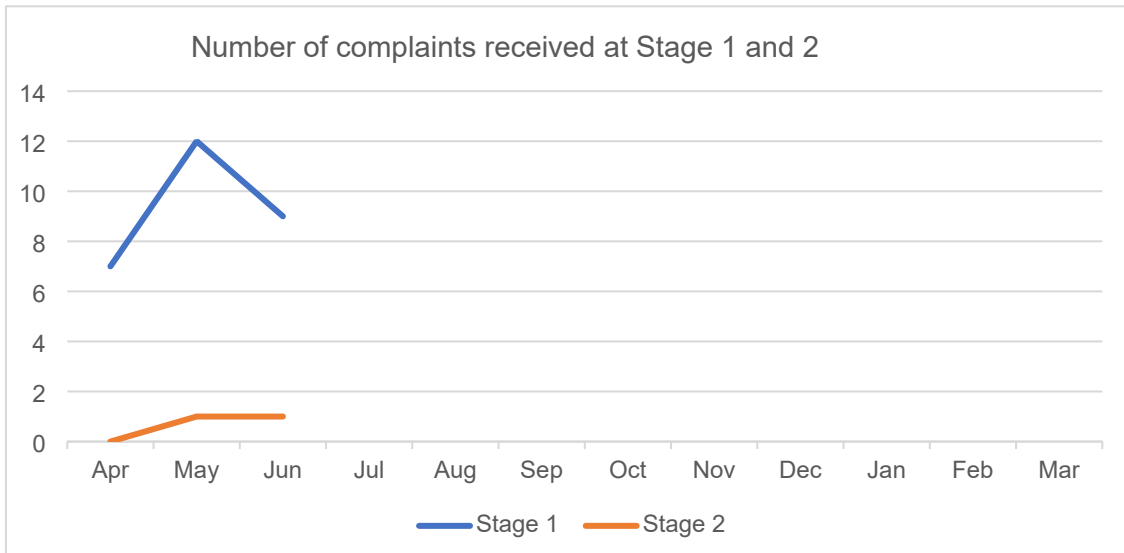
BACKGROUND

4. This report is the first complaint report for this financial year. It provides details of formal complaints received during Quarter 1, April-June 2023. The report reviews data from the corresponding quarter in 2022/23 to provide a comparative data set.
5. Complaints performance is reported to Overview and Scrutiny Committee at the end of each quarter.

COMPLAINTS OVERVIEW FOR QUARTER 1, APRIL–JUNE 2023

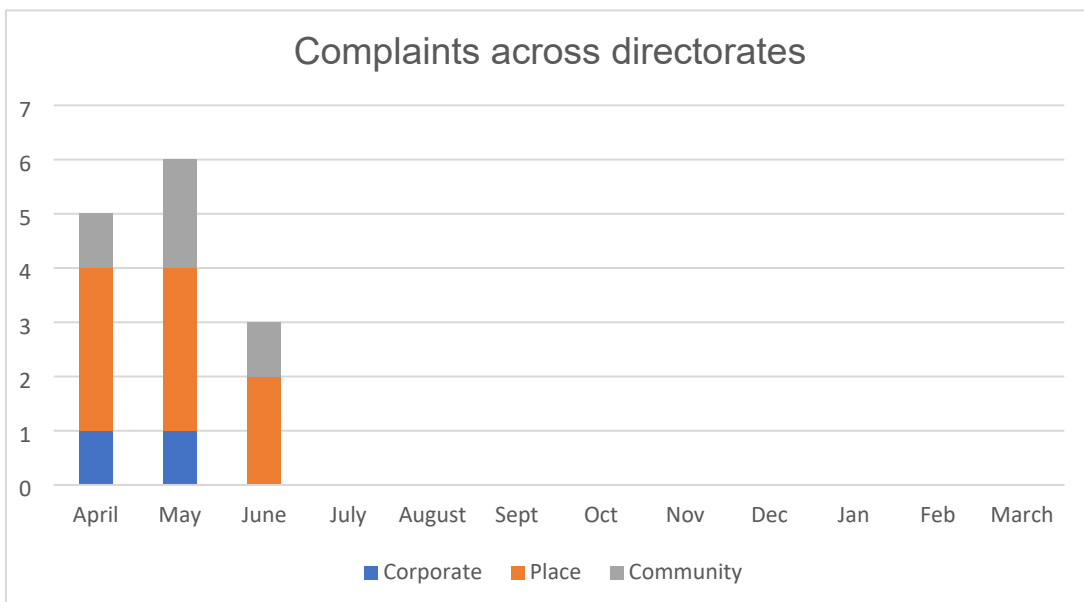
Number of complaints

6. The Council recorded a total of 30 complaints during Q1. Of those complaints received in Q1, 28 were recorded at stage 1 and two recorded at stage 2.
7. We received 35 complaints in Q1 2022/23 with two reaching stage 2.



Complaints by directorate/ team

8. Corporate Services account for 60% of all complaints in Q1 2023/24 which includes shared services. Place Services register 27% of all complaints and Community Services 13%.



9. For detailed analysis from across the different service teams, see Appendix 1. This examines the following information:

- Number of complaints reported by team
- Number of complaints as a percentage against the total
- How many complaints have been escalated to stage 2
- Compares against the number of complaints received in Q1 2022/23

10. Shared services (Waste at Basingstoke and Deane Borough Council and Council Tax/ Housing Benefit managed by Capita) account for 89% of the Corporate Services total. The table below shows the split across the different shared services teams.

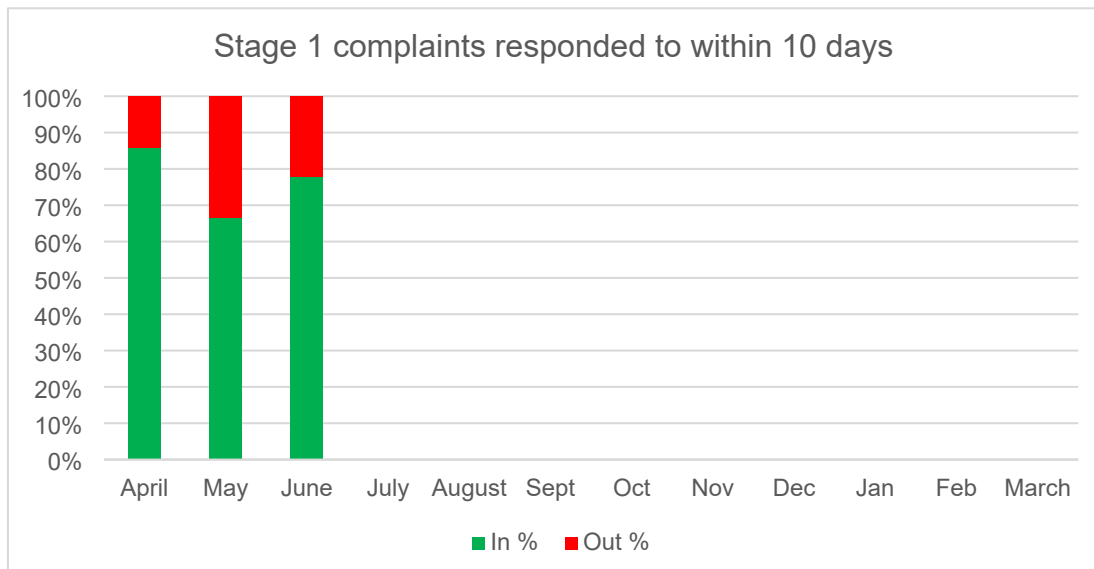
	Waste	Council Tax	Housing Benefit	Business rates
April	1	1	0	0
May	2	5	0	0
June	3	1	1	2
Total	6	7	1	2

11. Each service area, with the exception of Community has seen a reduction in the number of complaints compared to Q1 2022.

	Q1 2023	Q1 2022	Difference
Community	4	4	-
Corporate	2	3	-1
Shared Services	16	18	-2
Place	8	10	-2

Responding to complaints in time

12. Responding to complaints within published timescales is a key objective for teams across Hart. There is a 10 day service level agreement for stage 1 complaints, and we meet this in 77% of complaints in Q1.
13. As a comparison, we responded to 81% of complaints in Q1 2022/23.
14. There is a 20 day target for stage 2 complaints: we achieved 100% completion from the two complaints investigated in this quarter.
15. Appendix 1 includes the breakdown for each team's response times. This shows that most teams are responding to complaints within target.
16. Two teams do not meet this objective.
- Planning had five complaints in this quarter and responded to 20% of complaints within timescales. The service has been transitioning to a new team following several key staff changes. Its anticipated performance will improve in Q2 as staff become familiar with Hart processes
 - Committee Services managed one complaint in this period. As they responded to the stage 1 complaint outside of the 10 day limit, this shows a 0% completion rate.



Reasons for complaints

17. We record the reasons why a complaint has been made, in line with the list of categories set out in [the policy](#).

18. The three highest categories of complaint are

- a. Delay in taking action without good reason (nine complaints: 30%)
- b. Not following the law or the council's own policies (five: 17%)
- c. Mistakes in the way a decision has been taken (five: 17%)

19. For stage 2 complaints this year, we have added a new metric to analyse why the complaint has been escalated. In collaboration with officers and the complainant, an assessment of the stage 1 escalation is made based on the following categories:

- Promised action not taken
- Promised action delayed
- Misleading or inaccurate response
- Inadequate explanation
- Failed to address some or all issues
- Disagree with decision

20. In Q1, two complaints have been escalated to stage 2.

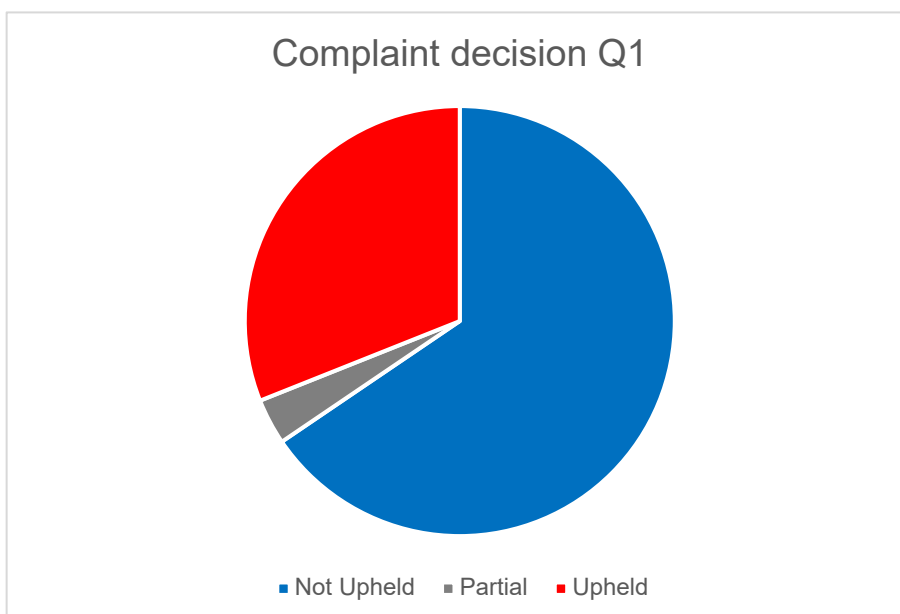
- a. Community (Community Safety.) Complainant disagreed with the decision. The complaint was investigated by Executive Director for Place who did not uphold the complaint
- b. Corporate (Business rates.) Complainant felt that the stage 1 complaint response was misleading. This complaint was investigated by the Chief Executive who did not uphold the complaint.

Complaint decisions

21. The Council records its decisions on complaints in three ways:

- upheld, where the Council agrees with the complainant
- partly upheld, where the Council agrees with some aspects of the complaint
- not upheld, where the Council does not agree with the complainant

22. We have upheld nine complaints in Q1. Overall, this accounts for 30% of all complaints since April. We have partially upheld one complaint in this time. We have not upheld/ disagreed with 63% of complaints.



Learning from complaints

23. While learning can be taken from complaints that have not been upheld, the focus is on those complaints that we've accepted some errors or mistakes have been made.
24. Of the nine complaints we've upheld in Q1, there are no clear lessons learned that can be distilled from the responses. The majority are related to staff shortage and/or delays to the initial service request. Anecdotally, officers who have maintained a dialogue with the complainant throughout the course of the complaint appear to satisfy most complainants.
25. Assessing complainant satisfaction with the way Hart have handled formal complaints will commence in Q2. A brief survey will be sent to a sample selection of complainants from Q1 for feedback on the process. The findings will be considered in Q2 report due in October.
26. Training on the complaints process is scheduled to take place with officers in September. This will focus on the mechanics of the complaints process but also look at the culture of complaints handling and how this can be improved.

Ombudsman decisions

27. No cases were referred to the [Local Government Ombudsman](#) in the reporting period.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

28. As this report is for information and no decisions required, no options have been considered.

CORPORATE GOVERNANCE CONSIDERATIONS

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

29. Performance reporting is an essential element of understanding how the services are performing in the context of the actions being undertaken in Service Plans. Complaints analysis provides officers with invaluable feedback on the provision of services at an operational level.

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? No

Legal and Constitutional Issues

30. There is no statutory duty to report regularly to Cabinet on the Council's performance. However, under Section 3 of the Local Government Act 1999 (as amended) an authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency, and effectiveness. Regular reports on the Council's performance in responding to complaints assist in demonstrating best value and compliance with the statutory duty.

Financial and Resource Implications

31. None identified

Risk Management

32. Complaints about services can indicate where identified operational risks have materialised. This should be monitored through individual departmental risk registers. Learning from complaints can help mitigate the same risks occurring in the future.

EQUALITIES

33. The analysis conducted through this paper potentially have relevance to the Equality Act. One complaint reported in Q1 referenced bias or unfair discrimination. This was a stage 2 complaint not upheld by Place Executive Director who reviewed the stage 1 complaint following allegation of unfair discrimination due to learning difficulties

CLIMATE CHANGE IMPLICATIONS

34. There are no direct carbon/environmental impacts arising from the report

ACTION

35. This report enables Overview and Scrutiny to understand the Council's current performance around complaints handling and performance. Those that are escalated to the Ombudsman could result in a significant detrimental impact on the Council if it is found to be at fault through maladministration or negligence and so it is important that Cabinet and the public can be satisfied that the Council is running a well-managed and effective complaints system.
36. To ensure transparency, the report is available on the Council's website through the committee reports pages.

Contact Details: Steve Bennett, steven.bennett@hart.gov.uk

Supporting papers: Appendix 1 complaints analysis across service areas comparing Q1 2023 with Q1 2022

Appendix 1 complaints analysis across service areas comparing Q1 2023 with Q1 2022

	Q1 2023 number	Q1 2023 overall %	Escalated to S2	Response time %	Q1 2022 number*	Q1 2022 overall %
Communities	4	13%	1	100%	4	12%
Countryside	1	3%	0	100%	3	9%
Com. Safety	2	6%	1	100%	0	0
Housing	1	3%	0	0	0	0
Parking	0	0%	0	0	1	3%
Shared service	16	53%	1	92%	18	52%
Council Tax	7	24%	0	86%	9	26%
Business rates	2	7%	1	100%	0	0
Hsg Benefit	1	3%	0	100%	0	0
Waste Service	6	21%	0	83%	9	26%
Corporate	2	6%	0	50%	3	9%
Cttee Services	1	3%	0	0%	0	0
Elections	1	3%	0	100%	1	3%
FOI	0	0%	0	0	1	3%
Other	0	0%	0	0	1	3%
Place	8	26%	0	73%	10	29%
Env Health	2	6%	0	100%	0	0
Planning	5	16%	0	20%	7	20%
Infrastructure	1	3%	0	100%	2	5%
BSU	0	0%	0	0	1	3%

* Environment and Technical complaints in Q1 2022 have been amalgamated into service teams in Communities and Place.

Service Board: Community Services 2023/24 - Q1

1. Summary comments from Service Managers:

Housing Solutions – Q1: Good start to the quarter, our focus on early intervention and prevention of homelessness continues; we have launched the Alexa digital platform as another tool for users to be able to search and bid for available social housing. We are continuing to see a demand in applications for social housing and continue to see an increase in work needed to support the Homes for Ukraine project alongside work to support resettlement of other migrant pathways.

Community Partnerships & Projects – Q1: This quarter the first phase of the UKSPF project began. In June we held the first workshop with participants from the Here for Hart Working Group (extended to include town and parish council clerks). The workshop was well attended, and engagement was very good. We obtained a lot of information which contributes to the data mining phase. There have already been a number of potential quick wins identified which will be followed up next quarter. The team continue to make progress and connections across the Intergrated Care Boards, collaborating and contributing on the physical activity, obesity, food poverty and loneliness projects. Plans for Q2 include working on projects around the revived Live Longer Better initiative (with funding available from HCC), money and mental health with Citizen's Advice and working with Place with regards to the Green Grid and opportunities to promote its use in increasing physical activity. The Homes for Ukraine team continue to successfully place people into private rentals with 8 moves this quarter.

Private Sector Housing – Q1: A very busy first quarter for the new team who have settled in well and hit the ground running. A total of 31 DFG's and Prevention Grants completed which is over a third of our annual target, with a similar amount of the yearly budget spent. In addition, caseworkers have continued to assist clients who have paid for works privately and assisted clients with claiming disability benefits and similar. The team have also been working with the Greater South East Net Zero Hub in securing the next round of energy efficiency grant funding, known as HUG (Home Upgrade Grant) 2 as well as attending the Council's climate change officers working group.

Strategy & Development – Q1: This quarter has been busy with continuing to work on the LAHF scheme (homes for refugees), completing Government returns and monitoring information, working on the legal agreement with VIVID, a Local Lettings Plan and a process to be used internally to allocate the homes. The work on Rural Exception Sites with 4 Parish Councils continues and the sites are making good progress and are moving forward but these are always slow sites to bring forward due to the complex and unique nature of them. In addition, the team visited a new older person's housing scheme to meet the Housing Association (Anchor) and to see at first hand the quality of the homes and the scheme overall. Our regular meetings with our housing associations operating in the district continued, helping to keep good working links between us and provides us with useful insights into the housing market, developments and appetite for affordable housing locally and in Hampshire. On the 12th June we hosted the first Low-Cost Home Ownership event Hart has had for over 3 years due to the pandemic. The turnout was amazing and 163 people came to talk to the exhibitors.

Safer Communities – Q1: This quarter sees our first full quarter with Safer Runnymede as our new CCTV monitoring service and whilst we had a few issues early on to iron out regarding the Out of Hours service provision, that they are also supporting us with, we have seen a relatively smooth transition. 115 incidents have been logged which range from observations of suspicious behaviour to responses to Police call outs and monitoring of individuals/vehicles through the cameras available. Community Safety have continued to be impacted by reduced resource due to long term sickness but have still managed to process 222 reports with 155 being notified by Police and 67 received directly with an outcome of 13 early interventions and 2 early-stage enforcements actioned. The team have also attended 1 Community Engagement event and delivered the Stay Safe programme to 260 Year 9 students at Robert Mays School over 3 days. Parking have seen a significant increase in PCN income from our car parks since the return of the On Street parking service to county and are in the early stages of trialling a new touchscreen ticket machine.

Environmental Promotion – Q1: Good start to the year with all the International Green Flag awards being retained and an extra two being secured at Edenbrook and Hartland Park. We have started the weekend duties at our more popular sites, and we have more corporate volunteer groups booked in for the coming next few weeks. This will be evidenced in next month's monitoring. Fly tipping continues to be on the rise with 707 cases being removed this quarter. Most are large incidents or need specialist removal. We are currently working with our colleagues in Place to look at how we can improve this trend. New electric vehicles are now procured and being used by countryside and parking. No Mow May was implemented in 23 areas across the district we will review this and our current wildflower planting scheme to see how we can improve in the following years.

2. Projects and actions

The table below sets out the service priorities for 2023/24, over and above day to day service delivery with progress in Q1 detailed in the final column.

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
1	Development of revised Supporting Communities Plan for 2023-2025	Plan developed with Here for Hart colleagues and published	September 2023	Data starting to be collated from the UKSPF project and E&D profile data which will form a basis for the plan
2	Delivery of the Supporting Communities Plan via the Here for Hart programme	Delivery against action plan set out in Supporting Communities Plan 2023-2025	March 2024 and ongoing	Hypertension, Physical Activity and Mental Health Working group key members along with the Local Children's Partnership. Actions and initiatives have been embedded in the Here for Hart strategy.
3	Monitoring and reporting on the funded Service Level Agreements (SLA's) with key agencies	Delivery against set outcomes and value for money achieved via SLA's: <ul style="list-style-type: none"> • Citizens Advice, • Hart Voluntary Action, • Fleet Phoenix, • Inclusion Hampshire 	March 2024	Q1 KPI reports due end of June. Partners booked in to deliver presentations at O&S

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
4	Delivering the Refugee Workstream	<p>Delivering the LAHF homes</p> <p>Prevention of homelessness due to breakdown in hosting arrangements</p>	<p>November 2023</p> <p>March 2024</p>	<p>5 newbuild properties have been secured by VIVID. These should be completed by November 2023.</p> <p>Work continues to secure the remaining 4 homes to complete the LAHF programme.</p>
5	Delivery of the Armed Forces Covenant Duty	<p>Delivery of activities in line with Armed Forces Covenant Duty</p> <p>Deliver Health & Wellbeing events at Bases and in community locations.</p> <p>Support veterans and armed forces families with employment signposting</p> <p>Gain Silver 'Employer Recognition Award'</p>	<p>March 2024</p>	<p>Engagement with the Armed Forces remains high with a new Armed Forces Officer and Armed Forces Champion. Events attended include 4 Meet and Greets, 2 Health Fairs and 2 Armed Forces official parades to celebrate Armed Forces Day.</p>
6	Contribute to the delivery of the North Hampshire Community Safety Partnership (CSP) Partnership Plan	<p>Delivery of initiatives in support of key objectives of the CSP Plan</p> <p>Promotion of crime prevention and safety initiatives through project work</p> <p>Joint work with the Police on ABC's and CPN's</p>	<p>March 2024</p>	<p>Delivery of Stay Safe to 260 Year 9 students at Robert Mays School over 3 days.</p> <p>Attended Over 55s Forum in Fleet Library to promote Community Safety and provide information to those attending around personal and home security as well as around ASB.</p> <p>1 Formal ASB Warning letter has been issued jointly with Police and 2 CPN Warning Letters have been issued.</p>

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
7	Review Allocations Policy	<p>Full review of allocations Policy to ensure compliance with all new legislation</p> <p>Take revised Policy (if change is needed) to Cabinet for approval</p>	March 2024	<p>Minor change to the allocations agreement and the attached document has been placed on the website Hart-Allocations-Policy-(as-amended-June23).docx (live.com) to incorporate a change to the bedroom standard. It has been amended to allow 5 person households to bid on 3-bedroom properties where the household is made up of 1 adult and 4 children to relieve some pressure from those waiting for 4-bedroom accommodation. Initial review meeting booked in for Q2</p>
8	Review Homelessness Out of Hours Provision	<p>Homelessness Out of Office Hours or due Office Closure is reportable and actioned</p> <p>Fair remuneration for staff involved in delivering the out of hours service</p> <p>Good value for money service in place</p>	September 2023	<p>Review complete and agreed by CEx waiting for implementation date from HR.</p>

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
9	Ensure we have an active private rented sector, engaging with landlords and hosting landlord events. Delivery of landlord support and tenancy sustainment services	Annual landlord event and bi-annual landlord newsletter	March 2024 and onwards	We remain actively engaged with our landlords and have booked in the next Landlord event on the 13 th September 2023 to follow on from our successful forum last quarter.
10	Produce an Annual Community Services Update	Publication of an annual update and associated promotion / communication on key outputs	July 2023	Completed and published June 2023.
11	Establish processes and documentation for First Homes	Setting up a system to process and monitor first homes in the district	March 2024	Initial work commenced but paused due to more urgent priorities for the time being. No sites with First Homes yet.
12	Review the requirements for and establish a new vehicle for recording shared ownership	Review options for the recording of shared ownership need and demand following the closure of the Government agency. Set up a system to record and advertise shared ownership properties for sale within the district.	December 2023	Initial work commenced and an IT system has been reviewed. At present, we believe that there may be enough information provided by each housing association to provide the Council with sufficient housing needs data on shared ownership need and sales without the need for a bespoke IT module. Will be kept under review

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
				as this settles down and new ideas and ways of working emerge. In the sector.
13	Delivery of Disabled Facility Grant service	<p>Enabling residents to remain in independent living accommodation (80 DFGs per year)</p> <p>Provision of discretionary Prevention Grants, focused on providing quick solutions to those in urgent need</p> <p>Promotion of prevention grants</p>	March 2024	A busy start to the year with 26 DFG's completed representing over a third of the annual target and budget spend.
14	Review private sector renewal policy in relation to DFG recharges and homeowner loan provision	<p>Benchmark against best practice</p> <p>Explore opportunities for increasing return</p>	March 2024	On-going. The decision has been made to end homeowner loan provision from April 2024 due to low uptake and savings made.
15	Support the delivery of the climate change action plan	Participate in the officer working group	March 2024	On-going
16	Identify biodiversity and climate change offsetting opportunities	Submit a costed plan to Cabinet for the delivery of offsetting "pilot" projects on the ground	August 2024	All site visits undertaken, and 1 st "pilot" project being costed

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
		Submit to Cabinet for approval of the “model” for project and financial delivery	January 2024	This is being developed currently
		Deliver “Phase 2” of the offsetting model	March 2024	Not started as we are undertaking the earlier stages above
		Complete the delivery of “pilot” projects (delivery of the physical works on site)	Sep 2024 to March 2026	Long-term project associated with the previous stages
17	Tree Strategy	Produce a Tree Strategy that will benefit sustainability, global warming, carbon and biodiversity	March 2024	Going to tender this month
		Complete a Tree Planting project as an example of good practice and to support biodiversity and carbon offsetting strategy	March 2024 to 2025	Being considered over two project areas to cover biodiversity and carbon off setting. Design approved this FY and implemented the following
18	Reduce Operational Carbon Emissions	Instal electric vehicle (EV) charging points at Civic Offices	March 2023	Completed
19	Green Grid Strategy	Production of Local Walking and Cycling Strategy	September 2023	Final public consultation being held
		Identify opportunities for Green Networks in Hart with key partners	July 2023	Met with key partners (awaiting strategy approval)
		Stakeholder consultation, Completion of Strategy and Cabinet approval.	June 2024	Subject to approval (delayed)

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
		Identification of "Phase 2" Green Corridor with costed plan	September 2024	Subject to approval (delayed)
20	Delivery of Hart Green Grid East	Installation of signage through to Hartland Park.	September 2023	St Edward have been passed the designs and will install this FY
		Working with HCC and St Edwards on provision of temporary crossing of Bramshot Lane	September 2023	St Edwards looking to complete this FY.
		HCC to develop: A3013 Cove Road crossing; Southwood Lane, cattle grid bypass improvements; pavement and drainage improvements	September 2024	Preliminaries in progress. Consents are being gained from landowners and we expect these works to start October – November but we have to complete these works before we can firm up dates for the commencement on works
21	Delivery of (Phase 2) Ecological Mitigation works at Fleet Pond	Approve updated project plan with proposed financial strategy	May 2023	Updated on time
		Tender Phase 2 to develop a costed strategy for approval	June 2023	Going out early July
		Costed Strategy Completed Draft Presented to O&S Cabinet approval	Feb 2024 Mar 2024 Apr 2024	Will be delivered after costed strategy

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
22	Delivery of agreed works at Edenbrook Country Park	Review and agree programme for delivery of works	March 2024	PID is being reviewed and tender document is being drawn up
23	SANGs Adoption	Progress adoptions at the following sites: <ul style="list-style-type: none"> • Moulsham Lane • Poulter's Meadow • Hawley Park Farm • Edenbrook extension (Grove Farm) 	March 2024 and ongoing	Moving forward with Legal in Hawley. Moulsham Lane is now going into 1 year maintenance. Grove farm and area 3 in Edenbrook are being transferred soon
24	Review of concession opportunities	Agree new strategy for delivery at Project Board	July 2023	There will only now be a low-key approach to this. Tenders will be submitted for small concessionary facilities.
		Concessions to be operational	March 2024	Developing licence agreements and producing the material in preparation for planning application
25	Closed Cemeteries	Minimum standard of maintenance that is Biodiversity and Carbon Friendly	July 2023	We have agreed a proposed standard <ul style="list-style-type: none"> • Long grass cut twice a year • Hedges cut once year. • Paths strimmed once a month • Headstones checked on rotation every 5 years However, two of 4 have volunteer activity now to keep them maintained.
		Legal process to hand areas over to Parishes considered with options	July 2023	Legal has considered this and we are not able to hand over the responsibility. Considered closed

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
26	Countryside Vision	Aspirations and priorities for the future of the countryside service to deliver the best service possible to our customers and to enhance and protect biodiversity	Nov 2023	Draft underway
27	Grounds & Street Care Audit	Mapping Grounds Maintenance areas to develop a schedule of rates with consideration biodiversity and carbon footprint considered	August 2023 March 24	Suggesting a reprioritising of this as its talking longer than expected. We currently have land ownership details that need clarification and need to add this as a target
		Investigate options in the delivery of contracted services for consideration	August 2024	Not started
		Investigate options of carbon friendly fuels and electrification of vehicles and equipment.	March 2024	Not Started
		Investigate a digital recording system for trees and site H&S	June 2023	Have located an app that is available for our phones and tablets
28	Countryside Policy review	Review all Polices relating to open spaces and ecology and identify any gaps. Proposals for filling gaps in policy will be prioritised and brought to Project Board for approval	March 2023 to 2025	On going

	Project / action	Expected Outcomes	Target Completion Date	Q1 Progress
29	Car Park Maintenance	Develop and implement car park planned maintenance programme	September 2023	With Havant Borough Council awaiting report from their engineer which will indicate the scope of works required.
30	Litter Enforcement	Investigate viability of bringing Litter Enforcement service inhouse and produce options paper for consideration Consider options for enhancing fly tipping prevention and enforcement	November 2023	Early discussions with EHDC underway
31	Review of CCTV	Following the transfer of the service to Runnymede, a review of camera provision across the district, including placement, quality and support of parish council CCTV	November 2023	Terms of reference currently being drawn up and review process in terms of feedback from service users i.e. Police being sought.

3. Performance indicators and targets

KPI	Description	Annual Target	Q1 Figures
1	Number of Households given advice to across the quarter	<i>INFO ONLY</i>	197
2	Number of households prevented or relived from becoming homeless	<i>50% of all formal presentations</i>	9
3	Number of families in B&B for more than 6 weeks	<i>zero</i>	0
4	Number housed in to the PRS (cumulative)	30	13
5	Number of gross affordable homes delivered (cumulative)	100	24
6	% Disabled Facilities Grant spent against budget	100%	35%
7	No. of DFGs and Prevention Grants completed	80	31
8	Community Trigger reviews to be carried out	1	1
9	Community Events attended to promote service accessibility, across Community	6	4
10	Number of "Green Flags Awards" held	4	5
11	% Countryside major sites with current Management Plan	90%	60% as at Q1

12	Number of Service requests for Grounds and Street Cleansing Services	1800	895 currently (725 requests are fly-tipping)
13	Provide system resilience levels of above 98% per calendar year for the CCTV control room system. The measurements will be hourly downtime as a % over 365 days	0	The CCTV control room has had zero system downtime – replacement cameras needed are due to be installed in next Quarter.
14	To provide monthly reports, to include the following: <ul style="list-style-type: none"> breakdown of incidents per camera camera faults identified 	115 17	
15	Report requests for footage, by whom and in what locations		1 Licensing – Fleet Road, Fleet

4. Quarter One: Key Challenges and Achievements

Challenges

- Community Partnerships team down one member of staff with workload increasing due to the UKSPF project.
- Securing suitable properties for the LAHF programme and having all of the systems in place to administer and allocate these homes.
- Volume of fly tipping requests is on the increase
- It is proving to be difficult to locate suitable grazing options for our Nature Reserves. Options appraisal will need to be completed for the coming year for implementation within the following financial year

Key achievements

- Ensuring engagement with the Armed Forces remains stable despite the very active Armed Forces Covenant Officer leaving in May
- Joint working with the Housing Team to secure rented accommodation for 8 Ukrainian guests.
- Delivery of the UKSPF Workshop and moving the project forward, without additional resources
- Annual report completed and shared, and promoted via social media
- Organised and ran the Low-Cost Home Ownership event with a huge turnout from the public.
- Increased digital inclusion with access to the Choice Based lettings scheme via Alexa, launched in May
- Green Flag - 5 Green Flags awarded this year, with 2 new sites being included for the first time
- Completion of the Countryside Restructure is now complete, and We are now “Environmental Promotion”
- Electric vehicles for Countryside and Parking now in Service
- New Environmental Projects Development Officer has joined the Environmental Promotions Team and a new Apprentice Trees and Woodlands Ranger starting on the 10th of July
- The first full year of Park Run has been completed in Edenbrook

Looking forward to Quarter Two 2023/24: Key Deliverables

- Start work on the potential ‘quick win’ projects that were identified from the data obtained through the UKSPF Workshop
- Working towards successful grant bids for the obesity project and physical activity.
- Continuing to progress the LAHF project and securing a further 4 homes
- Start work on reviewing the housing allocations policy

- Continuing with our digital inclusion and going live with a Mobile App for applying for housing and choice-based lettings
- Tenders will be released for Tree Strategy, Fleet Pond Environmental Enhancements and the Active Area at Edenbrook
- Construction of a new play area at Whitewater Meadows starting.

5. Risk Assessment – Key risk is identified below

A detailed service risk assessment has been completed and is reviewed on a quarterly basis . This helps inform the Hart District Council Corporate Risk Register which is reported to Overview & Scrutiny Committee on a quarterly basis.

Top 3 risks from Corporate Risk Register

Description	Residual rating	Impact	Source of Risk	Controls in place
Loss of MHCLG Homelessness Grant. HPG is secure till 2025 but unknown after that	9	Loss of income to deliver homelessness prevention services and fund emergency accommodation. Negative financial impact on budgets	Changes in government policy	Key staff are on establishment Some EMR to provide a buffer.
Changes to planning law resulting in loss of Sec106 sites and increased workload for staff	6	Loss of affordable homes delivery - longer housing waiting lists. No new burdens funding currently so additional work having to be accommodated within existing resources.		First Homes policy is starting to result in new applications proposing First Homes.
Failure to recover rent bond money	4	Financial liability	Changes to housing market / poverty of tenants who cannot pay. Cost of living crisis.	Rent Bond Officer in post to assist in debt management. Use of DHP to assist financial hardship Use of Household Support Grant to assist residents.

OVERVIEW & SCRUTINY

DATE OF MEETING: 18 JULY 2023

TITLE OF REPORT: 2022/23 REVENUE AND CAPITAL OUTTURN

Report of: Section 151 Officer

Cabinet Portfolio: Finance

Key Decision: No

Confidentiality: Non-Exempt

PURPOSE OF REPORT

1. This report presents the revenue outturn for the year ended 31st March 2023 comparing it with the approved budget and providing explanations of significant variances.
2. The report also contains the capital outturn for the year ended 31st March 2023 and requests for budget carry forwards.

RECOMMENDATION

The Overview and Scrutiny Committee consider the report and pass any comments and observations to the Cabinet.

REVENUE POSITION

3. The Council set its 2022/23 balanced budget in February 2022.
4. Throughout the year Cabinet have been informed of any changes through quarterly reporting of the budgetary position. These reports have also been scrutinised by Overview & Scrutiny Committee
5. As part of this process forecasts have been closely monitored and when last reported to Cabinet in March 2023, there was an anticipated underspend of £17k.
6. The main changes between Q3 position (£17k under spend) and final outturn (£1,322k under spend) are as follows:
 - Bad debt provision decreased by £162k based on an assessment of aged debt at the year end.
 - Recycling income £108k more than anticipated at Q3, mixed recycling tonnage rates are volatile.
 - Interest from investment was £242k higher than forecast as interest rates increased in Q4.
 - Leisure Centre income loss decreased by £285k as audit finding removed unrealised income from prior year (21/22) accounts. Note: net position between 2021-2023 is the same.
 - Parking income was £150k higher than forecast.
 - Housing Benefit account was £120k better than forecast post year end reconciliation, this represents a 1.1% variance on a £10.4m cost.
 - Non-essential spend on SANGS was paused pending reserve review resulting in an underspend of £163k v Q3 forecast.

7. The following table summarises the revenue outturn position by service area. Detailed information is shown in Appendix A

Table 1 Summary Revenue Outturn v Budget 2022/23

Summary £000	Approved Budget	Movement in Reserves	Revised Budget	22-23 Actuals	Outturn
Community Services	3,289	(483)	2,806	2,355	(451)
Corporate Services	6,305	313	6,618	6,412	(206)
Place Services	2,366	(115)	2,251	2,089	(162)
Net Cost of Service	11,960	(284)	11,676	10,856	(819)
Other	(11,960)	284	(11,676)	(12,178)	(502)
	0	(0)	(0)	(1,322)	(1,322)

CAPITAL POSITION

8. Total capital spending in 2022/23 was £2.4m against a Budget of £5.1m, an underspend of £2.7m.
9. The following table summarises the outturn position by service area. Detailed information is shown in Appendix B

Table 2 Capital Outturn v Budget 2022/23

Summary £000	Approved Budget	Expenditure	Variance
Community Services	4,415	2,278	(2,136)
Corporate Services	511	123	(388)
Place Services	150	0	(150)
	5,076	2,401	(2,675)

10. Capital expenditure in 2022/23 has been funded as follows:

Table 3 Capital expenditure funding source 2022/23

Financed by:	£000
Developers' Contributions	605
Disabled Facilities Grant	733
Earmarked Reserves/Revenue	1,063
	2,401

EQUALITIES

11. There are no direct impacts to equality from the recommendations of this report.

CLIMATE CHANGE IMPLICATIONS

12. There are no direct carbon/environmental impacts arising from the recommendations of this report.

ACTION

13. Committee to review the Revenue and Capital Outturn and make comments to Cabinet.

Contact Details: joanne.rayne@hart.gov.uk

Appendices

- A. Revenue Outturn by subjective code
- B. Capital Outturn by Project
- C. Capital Carry Forward Requests

1. Summary Revenue Outturn £000

Appendix 1

Summary	Note #	Approved Budget	Movement in Reserves	Revised Budget	22-23 Actuals	Outturn
Employee Costs	3	6,545	(30)	6,516	6,657	142
Premises	4	584	0	584	614	30
Supplies and Services	5	8,878	(190)	8,688	9,500	812
Transport		135	0	135	99	(36)
Third Party Payments	6	2,204	0	2,204	2,091	(113)
Transfer Payments	7	10,302	0	10,302	10,193	(109)
Bad Debt Provision		28	0	28	(134)	(162)
Other Grants and Contributions	9	(596)	(709)	(1,305)	(2,034)	(728)
Income	8	(16,120)	644	(15,475)	(16,131)	(655)
Net Cost of Service		11,960	(284)	11,676	10,856	(819)
Commercial Income		(1,073)	0	(1,073)	(1,090)	(17)
Collection Fund		(9,213)	0	(9,213)	(9,347)	(135)
Net Debt/Interest		12	0	12	(339)	(351)
Other		(1,686)	284	(1,402)	(1,402)	0
Outturn		(0)	(284)	(0)	(1,322)	(1,322)

The significant variances are explained in breakout tables below.

2. Movement in Reserves

Movement in Reserves	£000	Reason
Cyber Security Grant	(25)	Grant received in 2022/23 to be used in 2023/24
Roundabout Sponsorship	(31)	Sponsorship received in 2022/23 to be used in future years
Biodiversity	(45)	S106 receipts received in 2022/23
Affordable Housing	(91)	S106 receipts received in 2022/23
New Burdens	(119)	Grant received in 2022/23 to be used in 2023/24
Covid19 Residual Grant	(118)	Residual Covid Grant
Homes for Ukraine	(215)	Grant received in 2022/23 to be used in 2023/24
Housing Need Grant	(390)	Grant received in 2022/23 to be used in 2023/24
Climate Change	(229)	Capital projects
Support for Leisure Centre	804	Cabinet decision - October 2021
Housing Need	175	Tier 1 saving
	(284)	

3. Employee Costs

Employee Costs	Original Budget	Movement in Reserves	Revised Budget	22-23 Actuals	Outturn
Pay Costs	5,981	(30)	5,952	5,771	(181)
Agency	428	0	428	522	94
Severance	0	0	0	239	239
Other	136	0	136	125	(11)
Outturn	6,545	(30)	6,516	6,657	142

Agency costs supplement staff vacancies and support projects. The overall overspend is attributable to one-off severance payments approved during the year.

4. Premises £000

Premises	Approved Budget	Movement in Reserves	Revised Budget	22-23 Actuals	Outturn
Electricity	60	0	60	104	44
Gas	16	0	16	42	26
Grounds Maintenance	66	0	66	51	(15)
Business Rates	321	0	321	305	(17)
Other	121	0	121	113	(8)
Outturn	584	0	584	614	30

- Gas and Electricity costs for the Civic Building subject to national utility price increases - electricity expense will benefit from newly installed solar panels on Civic Centre in 2023/24.

5. Supplies & Services £000

Supplies & Services	Approved Budget	Movement in Reserves	Revised Budget	22-23 Actuals	Outturn
Fees and hired services	4,522	15	4,537	5,038	501
Sub-contracted work	1,170	(229)	941	1,261	320
Other	3,186	24	3,210	3,200	(10)
Outturn	8,878	(190)	8,688	9,500	812

- Fees and hired services overspend is mainly off-set by increase of rent income of £302k and food voucher/energy support grant income to pay for the costs incurred under the government's support schemes - see note 8.
- Sub-contracted work is offset by Countryside Stewardship grant of £141k - see note 9.

- Supplies and Services are subject to inflationary pressure. Contracts are subject to indexes which were higher than budget assumptions.

6. Third Party Payments £000

Third Party Payments	Approved Budget	Movement in Reserves	Revised Budget	22-23 Actuals	Outturn
5C Contract	1,904	0	1,904	1,791	(113)
Other	299	0	299	300	0
Outturn	2,204	0	2,204	2,091	(113)

- The 5C contract is a cost sharing agreement. Services provided by Capita were changed for some of the 5 councils which is reflected in a decrease in costs for Hart.
- Recommendation:** the one-off underspend from the 5C Contract is moved to an earmarked reserve in anticipation of costs post contract end. Reference: Reserves Review.

7. Transfer Payments £000

Transfer Payments	Approved Budget	Movement in Reserves	Revised Budget	22-23 Actuals	Outturn
Housing Benefits	10,416	0	10,416	10,296	(120)
Other	(114)	0	(114)	(103)	11
Outturn	10,302	0	10,302	10,193	(109)

Housing benefit is paid by Hart but funded by the DWP, this is gradually being replaced by Universal Credit. It is difficult to accurately forecast the costs and overpayments.

8. Income £000

Income	Approved Budget	Movement in Reserves	Revised Budget	22-23 Actuals	Outturn
Green waste subscriptions	(720)	0	(720)	(830)	(110)
Recycling credits	(132)	0	(132)	(540)	(408)
Car Parks	(715)	0	(715)	(844)	(129)
Planning - application fees	(900)	0	(900)	(617)	283
Building Control	(424)	0	(424)	(331)	93
Rent Income	(176)	0	(176)	(477)	(302)
Other	(13,054)	644	(12,410)	(12,491)	(82)
Outturn	(16,120)	644	(15,475)	(16,131)	(655)

- The Green waste budget was decreased from 2021/22 as subscriber numbers declined. These numbers have improved although not yet at pre-pandemic levels.
- Planning income is difficult to forecast as it can be skewed by large development applications, the budget in 23/24 has been adjusted to reflect the trend of reduced income reported throughout the year.
- Mixed recycling income per tonne is volatile, the unit price doubled during the year and generated a significant one-off income. This can't be guaranteed in future years but the value will be monitored during the year.
- Rent Income is offset by an increase in cost of Supplies and Services as grants are awarded, for example to CAB to pay rent for accommodation.
- **Recommendation:** the one-off surplus income from car parks, recycling and green waste is moved to an earmarked reserve for future defined purposes. Reference: Reserves Review

9. Grants & Contributions £000

Grants & Contributions	Approved Budget	Movement in Reserves	Revised Budget	22-23 Actuals	Outturn
Support for Homeless	(261)	(204)	(465)	(382)	83
Homes for Ukraine	0	(215)	(215)	(429)	(214)
Biodiversity	0	0	0	(54)	(54)
Countryside Stewardship	0	0	0	(141)	(141)
Energy Bill Support	0	0	0	(118)	(118)
Food Vouchers	0	0	0	(208)	(208)
New Burdens	(185)	(115)	(300)	(383)	(83)
Other	(150)	(175)	(325)	(318)	7
Outturn	(596)	(709)	(1,305)	(2,034)	(728)

- Homes for Ukraine funding received during the year is off-set by staff and other costs in 22/23 and future years – all residual income transferred to reserves for future use.
- Countryside Stewardship grant was used to for a third-party sub-contract.
- All unbudgeted income without corresponding spend has been moved to reserves for future use.

CAPITAL OUTTURN 2022-23

APPENDIX B

Capital Outturn 2022/23

Appendix 2

Community Services	Approved Budget	Actuals	Variance	
Disabled Facilities Grants	867	726	(141)	Service is demand led and unspent grant transferred to reserve
Fleet Pond Visitor Enhancement	106	55	(51)	Project closed in current position
Bramshot Farm Concessions	40	0	(40)	Scheme delayed to 23/24
Bramshot Farm Parking	150	13	(137)	Scheme suspended pending review of SANG funding
Private Sector Renewal	0	7	7	Grants paid & funded from reserves
S106 Leisure Parish	725	725	0	s106 grants received and paid to parishes
Hazeley Heath Projects	57	0	(57)	Revenue project
HW Cent Common Access Improve	80	0	(80)	Revenue project
Edenbrook Play Tree	30	0	(30)	Scheme suspended pending review of SANG funding
Edenbrook History Walk	20	0	(20)	Scheme suspended pending review of SANG funding
Service Vehicles	114	98	(16)	New EV parking vehicle to be delivered early 23/24
Edenbrook - Skate/Bike Park	170	5	(165)	Scheme suspended pending review of SANG funding
Edenbrook - Teen Health	65	0	(65)	Scheme suspended pending review of SANG funding
Edenbrook - Visitor Improve	159	46	(112)	Scheme suspended pending review of SANG funding
Fleet Pond Fencing	33	0	(33)	Transferred to Projects HAJ
Grants for Affordable Housing	400	0	(400)	Mortgage Asst Scheme cancelled.
Energy Efficiency Measures – Housing	250	0	(250)	Scheme delayed to 23/24
Grants for Affordable Housing	300	0	(300)	Scheme delayed to 23/24
Fleet Pond Green Grid Eng	373	605	232	To be funded from s106 Hartland Park.
Fleet Pond Green Corr Ecology	50	0	(50)	Revenue project
Allotments at Edenbrook	32	(2)	(34)	Project complete
Cove Road Crossing	255	0	(255)	Scheme being redesigned, work will commence in 23/24.
Small SANGS Capital Works	5	0	(5)	Funding not required in 22/23
Countryside Stewardship	134	0	(134)	To be funded by DEFRA, Expenditure treated as income accrual.
	4,415	2,278	(2,136)	

CAPITAL OUTTURN 2022-23

APPENDIX B

Capital Outturn 2022/23 CONTINUED

Corporate Services	Approved Budget	Actuals	Variance	
IT Upgrade	90	0	(90)	Revenue project – will be fully spent early in 23/24
Cyber security	125	0	(125)	Revenue project – will be fully spent early in 23/24
Website Development	150	0	(150)	Revenue project – will be fully spent early in 23/24
Accessibility Project	24	0	(24)	Project started in 23/24
Edenbrook Apartments	0	1	1	
Climate Change	122	122	(0)	Solar Panels, EV charging.
	511	123	(388)	
Place Services				
Phoenix Green, Hartley Wintney	70	0	(70)	Project delayed to 23/24
Mill Corner, North Warnborough	27	0	(27)	Project delayed to 23/24
Kingsway Flood Alleviation Sch	54	0	(54)	Project delayed to 23/24
	150	0	(150)	
Total	5,076	2,401	(2,675)	

23/24 Capital budget carry forward requests

	23/24 Carry Forward
Community Services	
Fleet Pond Visitor Enhancement	51
Bramshot Farm Concessions	40
Bramshot Farm Parking	137
Hazeley Heath Projects	11
HW Cent Common Access Improve	76
Service Vehicles	16
Edenbrook CP - Skate/Bike Park	165
Edenbrook CP - Teen Health	65
Edenbrook CP - Visitor Improve	40
Energy Efficiency Measures – Housing	250
Grants for Affordable Housing	300
Fleet Pond Green Corr Ecology	30
Cove Road Crossing	255
Countryside Stewardship	50
	1,486
Corporate Services – balance to cfw after committed revenue expenditure	
IT Upgrade	18
Cyber security	48
Website Development	7
Accessibility Project	24
	97
Place Services	
Phoenix Green, Hartley Wintney	70
Mill Corner, North Warnborough	27
Kingsway Flood Alleviation Sch	54
	150
Total	1,733

TREASURY MANAGEMENT OUTTURN 2022/23

OVERVIEW & SCRUTINY

DATE OF MEETING: 18th JULY 2023

TITLE OF REPORT: TREASURY MANAGEMENT OUTTURN 2022/23

Report of: Executive Director of Corporate Services & Section
151 Officer

Cabinet Member: Councillor James Radley, The Deputy Leader and
Portfolio Holder for Finance and Corporate Services

1 PURPOSE OF REPORT

1.1 To report the Council's Treasury Management activities during the year ended 31 March 2023 for scrutiny and comments in advance of consideration by Cabinet.

2 OFFICER RECOMMENDATION

2.1 To consider the report and forward comments to Cabinet.

3 BACKGROUND

3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce a separate annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This is also a requirement of Hart's Treasury Strategy approved by Council. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

3.2 During 2022/23 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (24.02.2022)
- a mid-year (minimum) treasury update report (26.01.23)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

3.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

3.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports by the Scrutiny Committee before they were reported to the full Council. Appendix A details economic commentary from Hart's treasury advisors Link.

4 THE COUNCIL’S CAPITAL EXPENDITURE AND FINANCING

4.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council’s borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2021-22	2022-23	2022-23
	Actual	Budget	Actual
	£'000	£'000	£'000
Capital Expenditure	21,688	5,076	2,400
Financed in year	(3,127)	(5,076)	(2,400)
Unfinanced capital expenditure	18,561	0	0

5 THE COUNCIL’S OVERALL BORROWING NEED

5.1 The Council’s underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council’s notional indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend each year. It represents the cumulative unfinanced capital expenditure (see above table), and prior years’ net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

5.2 Part of the Council’s treasury activity is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council’s cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLb], or the money markets, or utilising temporary cash resources within the Council (internal borrowing).

5.3 Reducing the CFR – the Council’s underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements

TREASURY MANAGEMENT OUTTURN 2022/23

which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

- 5.4 The total CFR can also be reduced by:
 - the application of additional capital financing resources, (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 5.5 The Council’s 2022/23 MRP Policy, (as required by DLUHC Guidance), was approved as part of the Treasury Management Strategy Report for 2022/23 on 24.02.2022.
- 5.6 The Council’s CFR for the year is shown below and represents a key prudential indicator.

CFR	2021-22	2022-23
	Actual	Actual
	£'000	£'000
Opening Balance	22,889	41,450
Unfinanced capital expenditure	18,561	(588)
Closing Balance	41,450	40,862

- 5.7 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.
- 5.8 Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2022/23) plus the estimates of any additional capital financing requirement for the current (2023/24) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council’s gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	2021-22 Actual £'000	2022-23 Budget £'000	2022-23 Actual £'000
CFR	41,450	40,509	40,862
Gross Borrowing Position	18,088	25,173	15,769
(Under) / over funding of CFR	(23,362)	(15,336)	(25,093)

5.9 The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

5.10 The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

5.11 Actual financing costs as a proportion of 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.

	2022-23 £'000
Authorised limit	30,000
Maximum gross borrowing position during the year	15,769
Operational boundary	25,000
Average gross borrowing position	16,928
Financing costs as a proportion of net revenue stream	0.39%

6 TREASURY POSITION AS AT 31st MARCH 2023

6.1 The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2022/23 the Council's treasury position was as follows:

Treasury	31/03/2022 Principal £'000	Rate/ Return	Average Life Years	31/03/2023 Principal £'000	Rate/ Return	Average Life Years
Fixed rate funding:						
PWLB 1	8,337	2.19%	20 years	7,992	2.19%	19 years
PWLB 2	6,800	1.91%	50 years	6,800	1.91%	49 years
Hampshire County Council	2,950	0.00%	2 years	977	0.00%	1 year
Variable rate funding:						
PWLB	0			0		
Market	0			0		
Total debt	18,087			15,769		
CFR	41,450			40,862		
Over / (under) borrowing	(23,363)			(25,093)		
Total investments	29,647			25,873		
Net debt	(53,009)			(50,966)		

TREASURY MANAGEMENT OUTTURN 2022/23

6.2 The maturity structure of the debt portfolio was as follows:

	2021-22	2022-23
	£'000	£'000
Less than one year	2,439	1,434
Between one and two years	1,314	345
Between two and five years	1,085	1,123
Between five and ten years	1,998	2,042
Between ten and fifteen years	2,228	2,277
Between fifteen and twenty years	2,224	1,748
More than twenty years	6,800	6,800

6.3 Investment portfolio:

Treasury investments	31/03/2022	31/03/2022	31/03/2023	31/03/2023
	Actual £'000	Actual %	Actual £'000	Actual %
Banks	15,747	53%	21,873	85%
Money market funds	13,900	47%	4,000	15%
Total	29,647	100%	25,873	100%

6.4 The maturity structure of the investment portfolio was as follows:

Investment portfolio	31/03/2022	31/03/2023
	Actual £'000	Actual £'000
Up to 1 year	29,647	25,873
Longer than 1 year	0	0
Total	29,647	25,873

7 BORROWING OUTTURN

7.1 Treasury Borrowing – breakdown of borrowing at 31st March 2023:

Lender	Principal £'000	Type	Interest Rate	Maturity	Average for 2022/23
PWLB 1	7,992	Fixed Rate	2.19%	25 years	8,165
PWLB 2	6,800	Fixed Rate	1.91%	50 years	6,800
Hampshire County Council	977	Fixed Rate	0.00%	7 years	1,963

7.2 Due to investment concerns, both counterparty risk and comparatively low investment returns, no borrowing was undertaken during the year.

7.3 The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

7.4 No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

8 INVESTMENT OUTTURN

8.1 Investment Policy – the Council’s investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 24th February 2022. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

8.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

8.3 Resources – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised as follows:

TREASURY MANAGEMENT OUTTURN 2022/23

Balance Sheet Resources	2021/22	2022/23
	£'000	£'000
Earmarked Reserves	(26,092)	(23,435)
Provisions	(687)	(548)
Usable Capital Receipts	(386)	(482)
Total	(27,165)	(24,465)

8.4 Investments held by the Council

- The Council maintained an average balance of £36.1m of internally managed funds.
- The internally managed funds earned an average rate of return of 2.02%.
- The comparable performance indicator is the average 90 day SONIA rate, which was 1.84%.
-

This compares with a budget assumption of £35m average investment balances earning an average rate of 0.66%.

9 EQUALITIES

9.1 There are no impacts to equality from the recommendations of this paper

10 CLIMATE CHANGE IMPLICATIONS

10.1 There are no direct carbon/environmental impacts arising from the recommendations of this paper.

11 CONCLUSION

11.1 This report provides Members with information on the level of investment and interest earned during the last financial year and demonstrates the council’s compliance with the Treasury Management Strategy.

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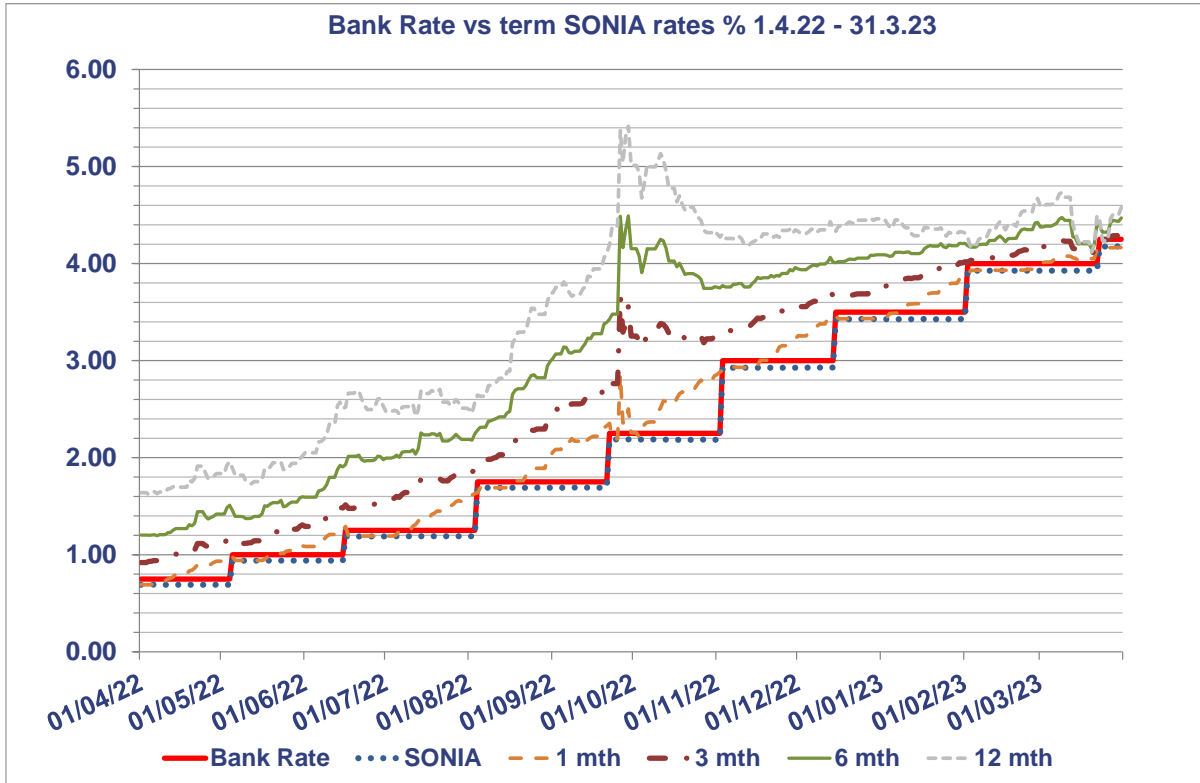
BACKGROUND PAPERS:

Treasury Management Strategy Statement (24th February 2022)

APPENDIX A – BACKGROUND ECONOMIC INFORMATION FROM TREASURY ADVISORS LINK

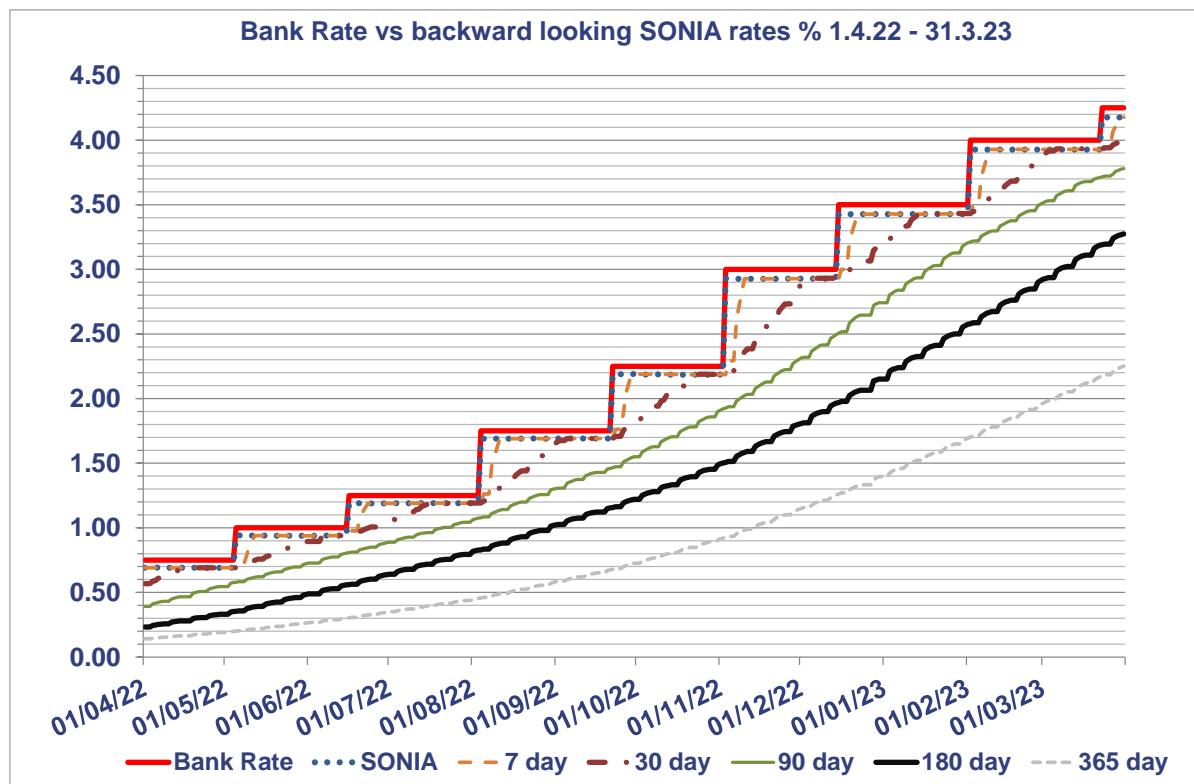
THE STRATEGY FOR 2022/2023

i. Investment strategy and control of interest rate risk



FINANCIAL YEAR TO QUARTER ENDED 31/3/2023						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	4.25	4.18	4.17	4.30	4.49	5.41
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	29/09/2022	29/09/2022
Low	0.75	0.69	0.69	0.92	1.20	1.62
Low Date	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
Average	2.30	2.24	2.41	2.72	3.11	3.53
Spread	3.50	3.49	3.48	3.38	3.29	3.79

ii. Investment Benchmarking Data – Sterling Overnight Index Averages (Backward-looking) 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/03/2023							
	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	4.25	4.18	4.18	4.00	3.78	3.27	2.25
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023
Low	0.75	0.69	0.69	0.57	0.39	0.23	0.14
Low Date	01/04/2022	28/04/2022	29/04/2022	01/04/2022	01/04/2022	01/04/2022	01/04/2022
Average	2.30	2.24	2.20	2.09	1.81	1.42	0.90
Spread	3.50	3.49	3.49	3.43	3.39	3.04	2.11

- iii. Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for.
- iv. Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24
- v. The sea-change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.
- vi. With bond markets selling off, equity valuations struggling to make progress and, latterly, property funds enduring a wretched Q4 2022, the more traditional

investment options, such as specified investments (simple to understand, and less than a year in duration) became more actively used.

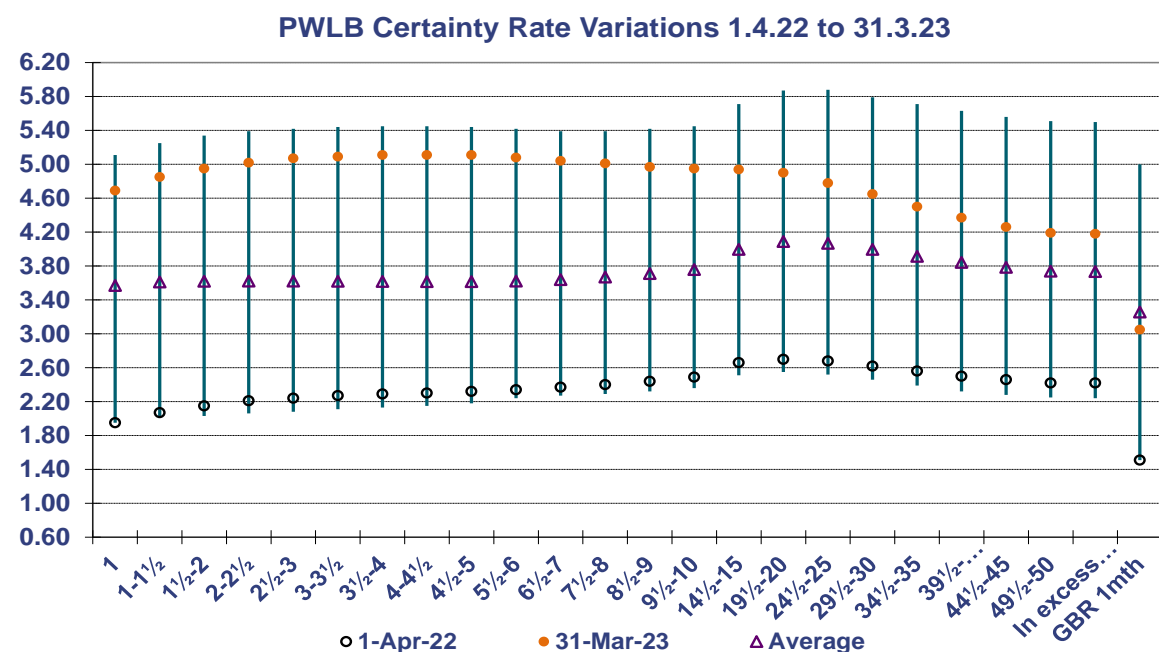
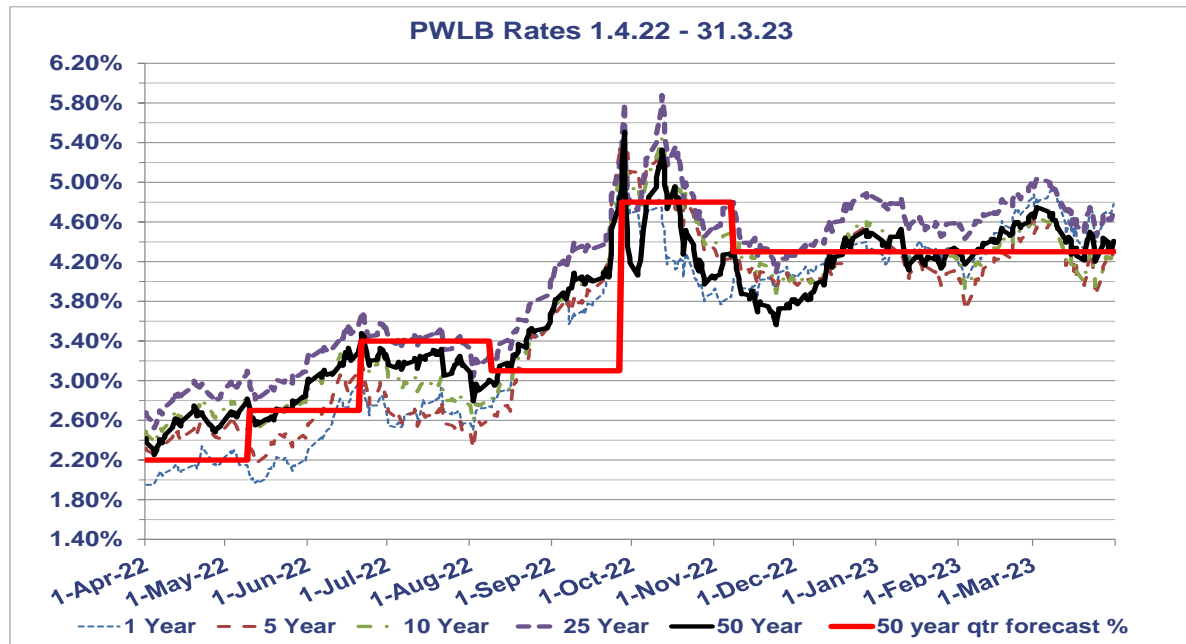
- vii. Meantime, through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.

BORROWING STRATEGY AND CONTROL OF INTEREST RATE RISK

- i. During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were initially low and minimising counterparty risk on placing investments also needed to be considered.
- ii. A cost of carry generally remained in place during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. As the cost of carry dissipated, the Council sought to avoid taking on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<3 years) as appropriate.
- iii. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when this Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- iv. Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Treasury Management Team therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:
 - * if it had been felt that there was a significant risk of a sharp FALL in long and short-term rates, (e.g., due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
 - * if it had been felt that there was a significant risk of a much sharper RISE in long and short-term rates than initially expected, perhaps arising from an acceleration in the start date and 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 would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.
- v. Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

Link Group Interest Rate View 27.03.23												
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.50	4.50	4.25	4.00	3.50	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.50	4.50	4.30	4.00	3.50	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.50	4.40	4.20	3.90	3.40	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.40	4.20	3.80	3.30	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.10	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.20	3.10
10 yr PWLB	4.20	4.20	4.00	3.90	3.80	3.70	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.50	4.40	4.20	4.10	4.00	3.80	3.70	3.60	3.50	3.50	3.40
50 yr PWLB	4.30	4.20	4.10	3.90	3.80	3.70	3.50	3.50	3.30	3.20	3.20	3.10

vi. PWLB Rates 01/04/22 – 31/03/23



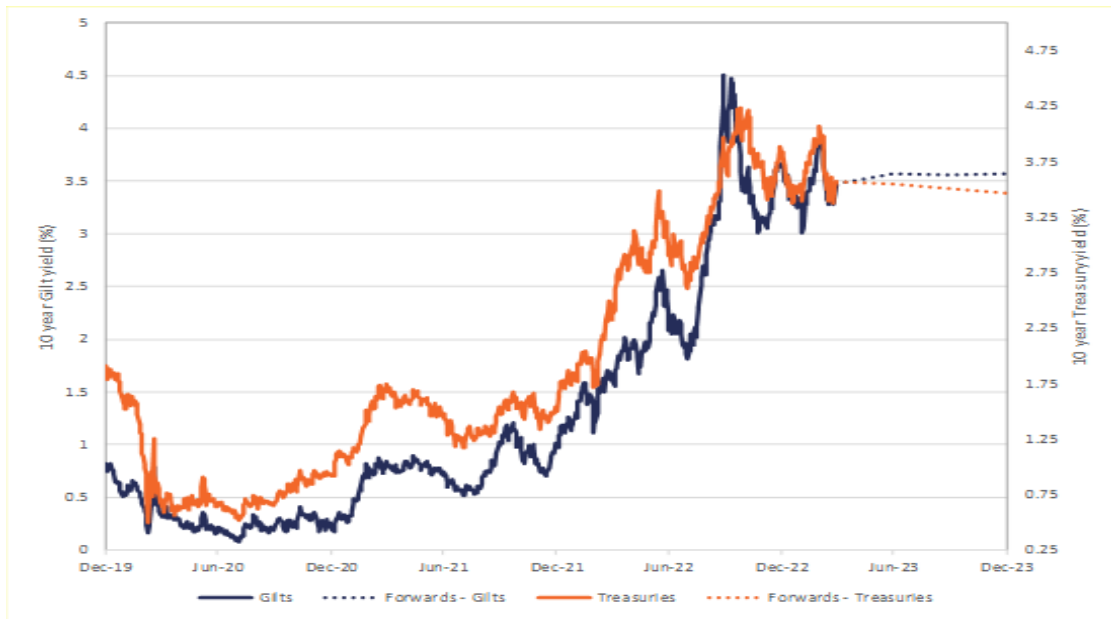
vii. HIGH/LOW/AVERAGE PWLB RATES FOR 2022/23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

viii. PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

ix. However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

x. **Graph of UK gilt yields v. US treasury yields**



- xi. There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England's 2% target.
- xii. As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.
- xiii. The Bank of England is also embarking on a process of Quantitative Tightening, but the scale and pace of this has already been affected by the Truss/Kwarteng "fiscal experiment" in the autumn of 2022 and more recently by the financial market unease with some US (e.g., Silicon Valley Bank) and European banks (e.g., Credit Suisse). The gradual reduction of the Bank's original £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

C THE ECONOMY AND INTEREST RATES**UK. Economy.**

- i. Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.
- ii. Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	4.25%	3%	4.75%-5%
GDP	0.1%q/q Q4 (4.1%y/y)	+0.1%q/q Q4 (1.9%y/y)	2.6% Q4 Annualised
Inflation	10.4%/y/y (Feb)	6.9%/y/y (Mar)	6.0%/y/y (Feb)
Unemployment Rate	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)

- iii. Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.
- iv. Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.
- v. The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

- vi. Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.
- vii. In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated in line with developed economies generally.
- viii. As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.
- ix. Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.
- x. The £ has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.23. Notwithstanding the £’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.
- xi. As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That’s despite UK banks having been less exposed and equity prices in the UK’s financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.
- xii. **USA.** The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates.

Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%.

- xiii. In addition, the Fed is expected to continue to run down its balance sheet once the on-going concerns about some elements of niche banking provision are in the rear-view mirror.
- xiv. As for inflation, it is currently at c6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.
- xv. **EU.** Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

JOINT CRIME AND DISORDER OVERVIEW AND SCRUTINY COMMITTEE (BASINGSTOKE/HART/RUSHMOOR)

Meeting held on Tuesday, 13th June, 2023 at the Council Offices, Rushmoor Borough Council, Farnborough Road, Farnborough. GU14 7JU at 7.00 pm.

1. **ATTENDEES**

Elected Members:

NAME	AUTHORITY
Cllr Alan Oliver	Hart District Council
Cllr Diane Bedford	Rushmoor Borough Council
Cllr Gill Butler	Hart District Council
Cllr Keith Dibble	Rushmoor Borough Council
Cllr Mark Butcher	Hart District Council
Cllr Maurice Sheehan	Rushmoor Borough Council
Cllr Michael Howard-Sorrell	Basingstoke and Deane Borough Council
Cllr Mike Smith	Rushmoor Borough Council
Cllr Peter Wildsmith	Hart District Council
Cllr Tony Jones	Basingstoke and Deane Borough Council

Also Present:

NAME	DESIGNATION
Adele Taylor	Committee Administrator (RBC)
Daniel White	Safer Communities Manager (BDBC)
David Lipscombe	Community Safety Manager (RBC)
Debbie Mason	Community Safety Team Leader (BDBC)
James Duggin	Executive Head of Operations (RBC)
James Knight	Service Manager – Place Protection (RBC)
Rachael Wilkinson	Community Safety Manager (HDC)
Ryan Thurman	Hampshire Fire and Rescue Service
Nicholas Burley	Aldershot Garrison Commander
Gillian Cox	District Commander – Hart and Rushmoor, Hampshire Police
Scott Johnson	District Commander – Basingstoke, Hampshire Police
Sue Watt	Youth Offender Team (YOT)
Laurence Goodall	Violence Reduction Unit

2. **APPOINTMENT OF CHAIRMAN**

Councillor Keith Dibble, Rushmoor Borough Council, was appointed Chairman for the meeting.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Cllr Laura Edwards (BDBC), Jessica Berry (Basingstoke Integrated Care), Probation Services, Kirsty Jenkins (HDC) and Liz Fisher (Frimley Integrated Care).

4. DECLARATIONS OF INTEREST

There were no declarations of interest for the meeting.

5. URGENT MATTERS

There were no urgent matters raised at the meeting.

6. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 29th June 2022, hosted by Basingstoke and Deane Borough Council, were agreed as a correct record.

7. PERFORMANCE REVIEW OF SAFER NORTH HAMPSHIRE STRATEGIC COMMUNITY SAFETY PARTNERSHIP 2022-23

The reports circulated to the Committee, presented an overview of the performance of the Strategic Safer North Hampshire Community Safety Partnership for 2022/23. The Committee, were asked to review performance and summarise the findings and recommendations at their own Overview and Scrutiny Committees.

Councillor Maurice Sheehan (RBC), Chairman of the Community Safety Partnership (CSP), introduced the Chairman's Report. The Report provided details on the overview and trends during the year. It was advised that, due to the pandemic, data had been compared to both the previous year and 2019/20, pre pandemic data. Data showed that there had been a 7% increase in recorded crimes during 2022/23, a 4% rise on pre pandemic figures. A number of crimes had however, shown a decrease, these included residential burglary, hate crime, domestic crime and anti-social behaviour.

The Report also set out the CSP's achievements throughout the year, and identified a number of areas for improvement moving forward, including the enhancement of Elected Member knowledge and understanding of the CSP and better accountability through attendance, actions and tasking. The positive appetite for partnership working was also noted, however it was important to understand that the pressure on resources were significant and a better understanding of the impacts of this was required.

During discussions, in particular in relation to crime data, it was noted that some residents were less likely to report crimes due to inefficiencies with reporting methods such as long wait times on 101 and delayed response times with online reporting methods. The Committee were assured that the police were looking into this issue.

With regards to police numbers, it was reported that the police were in the process of recruiting and training 650 new officers in the Hampshire area. However, it was felt that it would take around 12 months to see the impact of this intake of serving police officers on the streets.

The Committee reviewed the Joint Action Plan, in which the four key priorities were set out, as below:

- **Improving Feelings of Safety and Health Outcomes in the CSP area**

Areas of discussion included:

- Multi Agency Risk Management Meetings (MARM) – at which the person at the centre of the matter was invited to participate in the meeting with partners
- Police presence - the perception of police visibility making the community feel safe
- Engagement with communities - in particular hard to reach communities
- Street Safe – initiative which allows people who feel vulnerable in particular places to report this to partners for potential action
- Borough wide engagement events – Community Safety Teams attended events hosted by their Councils and other community groups, based in their areas, to share community safety messages

- **Serious Violence**

The Committee discussed the priority and were apprised of the following:

- Violence Reduction Unit (VRU), these units formed part of the Home Office's targeted approach to serious violence. A VRU was a multi-agency delivery body established in areas most affected by serious violence. Each VRU brought together essential partners to reduce local violent crime and address the underlying causes. The local VRU attended CSP meetings and vice versa.
- Data showed a reduction in most serious crime of 9% and in knife crime of 11% in the Hampshire area.
- Stay Safe – a secondary school aged initiative to raise awareness around Child Criminal Exploitation (CCE), Knife Crime, Domestic Abuse and the impacts of Antisocial Behaviour (ASB).

- **Domestic Abuse**

The Committee discussed the priority and noted the following:

- The importance of sharing best practice, training and awareness raising across Domestic Abuse Forums
- Hampshire Fire and Rescue Service (HFRS) Safe and Well Visits - referral based initiative which covered fire safety, crime, health and safeguarding issues
- Military Community – it was noted that cases of domestic abuse, within the military community, were broadly aligned with those in the civilian community. However, cultural differences were evident especially in cultures where these issues were more accepted. It was advised that in most cases, the soldier, as the critical asset, would be prioritised over their partner, but that this was being addressed to have a more victim centric focus, regardless of gender.

- **Antisocial Behaviour**

The Committee discussed the priority and the following key points were noted:

- How was Antisocial Behaviour (ASB) defined and how was this communicated? – the perception of what constituted ASB varied greatly and the CSP aimed to reiterate the message widely and tackle issues accordingly
- Tolerance levels – It was noted that tolerance levels in general had dropped considerably since the pandemic. Community engagement and learning had been key to addressing this issue
- Car meets – It was noted that this had been a big issue across Hampshire and through working with the police, activity in this area had reduced locally. The Committee noted that the HFRS previously offered a “Safe Drive Stay Alive” theatre production, with a hard hitting message of how irresponsible/dangerous driving could impact on individuals, families and friends.
- Young People – It was advised that best practice was to engage early with young people showing signs of ASB to educate and raise awareness. School engagement helped, and it was noted that the Bareface Theatre offered interactive workshops that addressed issues such as healthy relationships, exploitation and Violence Against Women and Girls (VAWG). It was important for young people to understand ASB and its impact on people and to also understand that they should be able to go out and not be victims of ASB themselves.

The Committee **ENDORSED** the work of the Safer North Hampshire Community Safety Partnership for 2022/23 in relation to the discharge of its statutory functions.

The meeting closed at 8.51 pm.

OVERVIEW & SCRUTINY COMMITTEE

18 JULY 2023

INITIAL REVIEW OF FINANCIAL RESERVES

Report of: Director of Corporate Services

Key Decision: Yes

Confidentiality: Non-Exempt

PURPOSE OF REPORT

1. This report presents the outcome of the S151 Officer's initial review of the Council's financial reserves, as requested by Full Council in February 2023. The report is intended to inform members of the balances and purpose of reserves held and present proposals to better align them with priority service needs and emerging risks. A further review will be undertaken later in the year alongside the budget process and update of the Medium-Term Financial Strategy (MTFS).

RECOMMENDATION

2. The O&S Committee is requested to consider the review the report and the proposed actions and pass any observations and comments to Cabinet.

BACKGROUND

3. In the budget report approved in February 2023, Council requested that a detailed review of reserves is carried out once the outturn for 2022/23 is complete, noting the following specific considerations:
 - review the purpose, approved use and amount held for each reserve to ensure that the earmarking of resources is still justified and that the balances are prudent and provide sufficient flexibility to the Council.
 - given the continued uncertain inflation forecasts and economic volatility, including post-Covid recovery of some key income streams, it is important that the Council makes sufficient allowance to cushion the impact on services and the annual budget.
 - It was reported in the 2022/23 budget report that the General Fund working balance needs reviewing. This has not yet been done.
 - review of the residual risk and prudent level necessary for the Business rates smoothing reserve taking account of the need to mitigate the impact of reductions in rateable value across the borough, increases in appeals and reductions in retained business rate core funding.
 - report on the findings of the initial review of earmarked SANG reserves. These reserves must provide sufficient resource to maintain and manage the SANG sites in perpetuity (80 years), therefore forecasting income and expenditure and capital investment as accurately as possible is essential.
 - The need to continue to provide upfront investment to 'invest to save' projects to generate long-term revenue budget savings, subject to business case and payback.

- the need to make sufficient resources available to deliver the capital programme and other important community and corporate projects.
4. Holding reserves is a normal part of prudent financial management for a local authority and this is set within a legal framework with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). A summary of this is included at Appendix 1 for information and context.
 5. Spending from earmarked reserves will still be subject to a proper case being made and will require Cabinet approval, or Council approval if part of the annual capital programme.

REVIEW OF THE COUNCIL'S RESERVES

6. Hart's reserves are summarised in the table below, the figures being taken from the pre-audit 2022/23 published accounts.

Usable Reserves	31 March 2022 £000	31 March 2023 £000
General fund working balance	6,968	8,290
Earmarked reserves	10,510	6,512
SANG reserves	15,580	16,920
Capital reserves	13,214	15,218
Total	46,272	46,940

This table forms the scope of this review, and each item is addressed below.

General Fund Working Balance

7. In the February 2022 budget report to Council, the S151 Officer identified that the amount held in the general fund working balance was significantly above what she considered to be a prudent minimum level and I agree with this view. As set out in Appendix 1, there is no set regulatory requirement or guidance on what a prudent minimum level is, it is a judgement made by the S151 officer taking a range of factors into account including risk, the net annual budget and the level of other reserves held. I consider at this stage that a general working balance of 50% of the total net services budget (£12.1m) would provide a prudent working balance, which equates to £6m (rounded). The current balance held is £8.3m which includes £1.3m transferred from the 2022/23 outturn underspend.
8. As detailed in the outturn report, the main underspend items relate to one-off income and cost underspends in specific areas. Where these have arisen in areas that are expected to have significant costs in the medium term, the **proposed action** is to create an earmarked reserve for this purpose to cushion the impact on the Council's budget. The specific items are as follows:
 - Waste additional income 22/23 – earmark £500k for the cost of assessing the impact of the Environment Act, HCC's disposal changes and for preparing for

the end of the current contract in 2026 including options appraisals and tendering costs.

- Car park income above budget 22/23 – earmark £120k in new reserve for car park maintenance.
 - IT cost underspend 22/23 (non-Capita budgets) – earmark £110k for any one-off costs associated with the end of the IT contract.
 - Capita Contract (all services) underspend against budget 22/23 – earmark £110k for preparing for the end of the current contract in 2025 including options appraisals, system procurement and tendering costs.
 - Net interest on treasury above budget in 22/23 - transfer £350k into future budget pressures earmarked reserve.
9. If the above earmarking of 22/23 underspends is approved by Cabinet, this leaves headroom of some £1m in the general fund working balance (£8.3m-£1.3-£6m). The **proposed action** is to hold this in place until the emerging MTFS position is known in the Autumn when we should have more certainty about government funding, the cost of delivering the Climate Change Action Plan, the potential cost of the Local Plan review and other capital needs. At that stage, further recommendations will be made to Cabinet.

Review of Earmarked Reserves – Review approach and desired outcomes

10. The review has considered the points listed in the background section above and taken account of the following specific factors covering the medium term:
- Emerging risks and financial pressures impacting on the MTFS.
 - Capital and service projects, including major contract changes and renewals.
 - Service demands pressures including new legislation.
 - Uncertainty over government funding and other income budgets
 - Continued volatility in economic conditions including inflation and interest rates.
 - The need to consolidate and repurpose small, general reserve amounts.
11. In terms of earmarked reserves the specific medium term service demands, corporate plan priority areas, risks and financial pressures reflected in the proposals are as follows:
- Review of outsourced and shared services, the timing and impact of major contract end dates including waste, Capita contract and other shared services.
 - The revised Climate Change action plan, still to be fully costed but will require significant financial resource to deliver the Council's objectives.
 - Additional financial and staff resource for the delivery of significant projects including the UK Shared Prosperity Fund etc.
 - Sufficient provision for the Local Plan review to alleviate the budget pressure in any particular financial year.
 - Continued investment in the IT provision and digital projects to improve service delivery and accessibility.
 - Strengthened plan for the maintenance of the Council's service assets and equipment, including CCTV, car parks and car park machines.

- Adequate provision for the management of the Council's current and future property holding, including landlord obligations on leased buildings, void rent loss on investment buildings (good practice) and securing new property opportunities.
 - Up-front costs of efficiency and invest-to-save projects to benefit the revenue budget in the medium to long term.
 - Continuing to support the Hart district with community recovery, hardship assistance and an effective approach to homelessness.
 - Smoothing budget impact of financial pressures and economic volatility
 - Help cushion the impact of expected future reductions in funding including the New Homes Bonus, retained business rates and general grants.
12. Appendix 2 sets out the detailed breakdown of current earmarked reserves and highlights the **proposed actions** arising from this review.

SANG Reserves

13. Hart has SANG reserves which hold the accumulated funds paid by developers for the provision and ongoing maintenance of SANG sites. The balance held at 31 March 2023 was £16,920k. Cabinet considered an update on SANG at its meeting on 1 December 2022.
14. Hart has a mix of owned and non-owned SANG and there are other sites in the pipeline. There is currently a standard developer tariff in place that applies across the main SANG sites. In terms of the financial arrangements, it is important that SANG reserves plus forecast future receipts are sufficient to maintain the SANG sites in perpetuity (80 years from each SANG becoming operational) and that there is no subsidy from the Council's general budgets. The financial arrangements are complex, and a range of long-term assumptions have to be made including maintenance and replacement costs, inflation, interest rates and cashflow timings. Initial forecasts undertaken as part of this reserves review give confidence that there is sufficient resource in the medium term to meet the required maintenance costs. However, there are a number of **proposed actions** to bring further clarity to the position and improve the accounting and transparency of SANG finances:
- Improve financial analysis for each individual SANG site.
 - Review the effectiveness and level of the standard tariff.
 - Identify long term spending plans and lifecycle cost and create a sinking fund to smooth the impact of large expenditure items and increase the accuracy of cashflow forecasts.
 - Improve clarity about the distinction between maintenance (SANG funded) and enhancement.
 - Identify where external funding, including leisure S106, would be appropriate for site enhancements.
 - Set criteria for evaluating new SANG opportunities, including financial, to inform a case-by-case assessment to inform Cabinet decision making.

- 15 A further report for Cabinet will be prepared once this work has been completed including whether any further measures are necessary to ensure the long-term financial sustainability of Hart's SANGs.

Capital Reserves

Capital Reserves	31 March 2023 £000
Disabled Facilities Grants (DFG)	351
Capital receipts other	99
Leisure S106	2,973
Housing S106 and capital receipts, including Right to Buy	11,628
EA Flood grants	105
Other small specific balances	62
Total	15,218

16. The following are **proposed actions** for the capital reserves:
- The DFG balance has restricted use and will be gradually drawn down to fund grants when demand rises above the annual allowance.
 - The capital receipts other amount will be used to fund equipment replacements through the capital programme.
 - Leisure and Housing S106 funds - Officers will work on developing a programme of projects over the medium term to utilise these resources in line with corporate priorities, for example investment in the Heathlands sheltered scheme and the potential acquisition of more key worker housing. The review has identified that there is a repayment condition applying to three amounts of housing S106 but this a relatively small proportion of the overall funding and the earliest date is 2029 so this has been assessed as being a manageable risk.
 - EA flood grants are site specific, and reports will be coming to Cabinet later in 2023.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

17. The alternative of doing nothing, and not reviewing reserves, was considered and rejected because with limited resources and competing priorities, improving alignment of reserves to risk and need is a vital part of sound financial management. This is set in the context of a projected MTFS budget shortfall, continued economic uncertainty and further pressure on income and government funding.

CORPORATE GOVERNANCE CONSIDERATIONS

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

18. The holding of reserves supports all the Corporate Plan objectives and the Hart Vision by ensuring that sufficient resource is available to deliver services and withstand financial shocks to the budget. This report is at the heart of the

cross-cutting objective in the Corporate Plan of having a financially sustainable Council.

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?
n/a

Financial and Resource Implications

19. This report sets out a key area of the Council's finances and makes proposals to bring clarity to why reserves are kept and greater justification for the amount held in them. This report supports the Medium-Term Financial Plan and future capital and revenue budget setting. Reserves by their nature are finite and the Council must continue to balance its ongoing budget through new and increased income, cost savings where possible, efficiency gains and invest to save projects - underpinned by robust cost control.

Risk Management

20. As explained in Appendix 1, reserves are often held by local authorities to address risk. The corporate risk register should help inform the approach to reserves, particularly the reasons for holding them and the balance held. This is judgement at a point in time and should be periodically reviewed.

EQUALITIES

21. The proposed changes set out in this paper are not considered to impact on equalities directly, however, directing financial resources to service priorities will indirectly support the delivery of equality policies.

CLIMATE CHANGE IMPLICATIONS

22. The proposals included in this report support the delivery of the Council's climate change action plan and recognise the importance of providing sufficient resource to deliver this key Corporate Plan objective.

Contact Details: Graeme Clark

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Appendices

Appendix 1 – Reserves legislative/regulatory framework.

Appendix 2 – Schedule of earmarked reserves and proposed actions

Background Papers:

There are no unpublished background papers

Description	Balance at 31/3/2023	Further commitment from 22/23	Transfer in/out 23/24	Estimated available balance	Proposed Actions (In bold) - in line with review outcomes
	£000	£000	£000	£000	
Workplace Wellbeing	8			8	Maintain as HR wellbeing fund
Transparency Grant	14			14	Transfer to 'Efficiency and Budget Pressures' earmarked reserve
Sport England Grant	2			2	Keep as is for intended purpose
Housing Initiatives	8		8	-	Used to fund housing projects officer
PRSF Access Fund	65			65	Keep as is for intended purpose
Local Welfare Funding unused	6		6	-	Used to fund housing projects officer
Lettings Agents Transparency Grants	2			2	Keep as is for intended purpose
Covid Hardship Fund Reserve	319			319	Transfer to new 'Hardship reserve'
MCHLG - New Burdens S31 Grant - Homelessness	12		12	-	Used to fund housing projects officer
MCHLG - Overhauling Data S31 Grant - Homelessness	20		20	-	Used to fund housing projects officer
Help for Single Homeless Fund	9		9	-	Used to fund housing projects officer
Scanning Business Support Asst.	18		18	-	Used to fund data officer
Local Plan	98		65	33	£65k committed to settlement capacity study - needs assessment of costs in medium term
Swan Inn Commercialisation	25		25	-	-
Self Build & Custom House Build Register	36			36	Keep as is for intended purpose
New Burdens - Custom Build Grant	15			15	Transfer to Local Plan reserve
Neighbourhood Planning Grant	59			59	Keep as is and ensure fund used for all cost incurred
NNDR Deficit Smoothing Account	2,928			2,928	GC Review final Covid business rates support transfer in 23/24 then broaden purpose to 'General govt. funding risk reserve'
Website Development	42		42	-	-
2022/2023 Pressures smoothing	144			144	Transfer to 'Efficiency and Budget Pressures' earmarked reserve
Management fee on S106	41			41	To be used for S106 admin costs
VAT Repayment income for sporting services	-			-	-
Capita Contract and Client Team	87			87	Transfer to Capita contract fund
Commercialisation at Hart	344			344	Repurpose to property income void, landlord costs and opportunity fund
New burdens	115			115	Transfer to 'Efficiency and Budget Pressures' earmarked reserve
Discretionary Housing payments	19			19	Transfer to new 'Hardship reserve'
Homelessness Trailblazer Grant	50		50	-	Used to fund housing projects officer
Flexible Homelessness Support Grant April 2018	-			-	-
Flexible Homelessness Support Grant April 2019	95		95	-	Part of Tier 1 budget contribution approved by Council Feb 22
Flexible Homelessness Support Grant April 2020	190		190	-	Part of Tier 1 budget contribution approved by Council Feb 22
Community Housing Fund	3		3	-	Used to fund housing projects officer
New Burdens Terrorism Prevention Duty	10			10	Keep as is for intended purpose
Roundabout Sponsorship	157			157	Commercial income from advertising on our land - develop policy with agreed criteria for spend
3 Floor Maintenance	50		50	-	-
Council Chamber Audio, AV and Streaming	15		15	-	-
Dog Warden Van Underspend to fund new vehicle	7	7		-	-
Hartley Wintney Commons Rural Payments Agency	4			4	Keep as is for intended purpose
Elvetham Heath Rural Payments Agency	3			3	Keep as is for intended purpose
Odiham Common Rural Payments Agency	14			14	Keep as is for intended purpose
Fleet Pond Rural Payments Agency	7			7	Keep as is for intended purpose
Digital Transformation reserve	377	160	42	175	Keep as IT/Digital reserve and develop programme of work from digital strategy
LA Discretionary Grant Fund	130		32	98	Transfer to new 'Hardship reserve'
HCC Emergency Assistance Grant	76			76	Transfer to new 'Post-covid community recovery fund'
MHCLG Covid 19 Changes reserve	120			120	Transfer to new 'Post-covid community recovery fund'
New Burdens Grant	58			58	Transfer to new 'Post-covid community recovery fund'
Self Isolation Grant	80			80	Transfer to new 'Post-covid community recovery fund'
IT Cyber Security Grant	150		150	-	-
Solar Panels	17		17	-	-
Building Control Index	19		19	-	Will be spent on business support one-off costs in 23/24
Ukraine	214		214	-	To be spent as per agreed programme
Climate change fund - balance of revenue budget	229	229	200	200	To be allocated to projects by Cabinet Aug 23
Total	6,512			5,234	

CABINET

KEY DECISIONS / WORK PROGRAMME AND EXECUTIVE DECISIONS MADE

July 2023

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	Original Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
The Swan, North Warnborough	Update members on the potential sale of The Swan, North Warnborough	6 Jul 2023		No		CS	Yes
Climate Change Action Plan	Cabinet to receive the proposed Action Plan to facilitate Hart's Carbon Pathway for endorsement	6 Jul 2023		Yes		CS	
Q4 Performance Plan Review	Q4 performance plan review report, following information reviewed at O&S	6 Jul 2023		No		ALL	
Park Run	To review the Park Run agreement and make any decisions required as to the future of the event	6 Jul 2023		No		COM	
Revenue, Capital and Treasury Outturn 2022/23	To report the final position against budget and agree carry forward requests	3 Aug 2023		No		FI	
Review of Reserves including SANGS Funding	To review the Council's Reserves, including funding allocated to SANGS	3 Aug 2023		No		FI	
Corporate Risk Register (Half Yearly Review)		7 Sep 2023		No		CS	

Report Title	Outline/Reason for Report/Comments	Due Date	Original Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
		4 Apr 2024					
Flood Schemes	A full review of the current schemes, new project plans, project management, resources and timeframes	7 Sep 2023		No		PL	
Winchfield Neighbourhood Plan 2022-2037	To seek Cabinet approval for the Winchfield Neighbourhood Plan 2022-2037 to proceed to referendum	5 Oct 2023		No		PP	
Page 78 MTFS Emerging Pressures and Budget Strategy	To note emerging pressures on the Council's finances and agree a budget strategy for the coming year and consider changes to the Medium Term Financial Strategy	2 Nov 2023		No		FI	
Q2 Forecast 2023/24 Revenue, Capital and Treasury Outturn	To report the forecasted position against budget	2 Nov 2023		No		CS	
Supplementary Planning Document - Parking Standards	As part of turning the current Technical Advice note into an SPD, Overview and Scrutiny to adopt as part of the consultation process	2 Nov 2023		No		PP	
Supplementary Planning Document - Viability	To adopt as part of the consultation process	2 Nov 2023		No		PP	
Adoption of LCWIP	To agree the adoption of the updated Local Cycling and Walking	7 Dec 2023		No		PP	

Report Title	Outline/Reason for Report/Comments	Due Date	Original Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
	Infrastructure Plan, following the end of the consultation period						
Review of CCTV Service	To review the CCTV service following the move to Runnymede, including any requirement for additional funding for replacement cameras/additional maintenance as required	4 Jan 2024		No		COM	
Draft Budget 2024/25		1 Feb 2024		No		FI	
2023 Forecast 2023/24 and Revenue Outturn		1 Feb 2024		No		FI	
Capital Strategy		1 Feb 2024		No		FI	
Draft Service Plans 2024/25		7 Mar 2024		No		ALL	

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

Report Title	Outline/Reason for Report/Comments	Due Date	Original Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
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DN Leader and Strategic Partnerships
TCo Regulatory

TCI Digital and Communications
AO Community Safety and Development Management

RQ Climate Change and Corporate
JR Finance

SB Community (Cy)
GC Planning Policy and Place

Note 3

Service:

CX	Chief Executive	CS	Corporate Services	PL	Place Services
CSF	Community Safety	PP	Planning Policy		
FIN	Finance	COM	Community Services		
GLS	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

July 2023	OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME					
Issue and Description of Topic	Current Position Objective	Original Due Date	Revised Date	Resources Required	Contact	*This item may contain Exempt Information
O&S Training Session	Refresher training on the processes of O&S	Jun 23	Jul 23 Not part of meeting			
Revenue and Capital Outturn	To note the final position against the revenue and capital budgets for the previous year, agree any actions necessary affecting reserves and note any carry forward requests.	July 23				
Treasury Management Outturn	To note the activity under the treasury management strategy for the previous year, including adherence to prudential indicators and investment limits, and consider any changes to the strategy or criteria as necessary	Jul 23				

Review of Reserves including SANGS Funding	To review the Council's Reserves, including funding allocated to SANGS	Jul 23				
CCTV	To invite Portfolio Holder responsible for CCTV to give an update	Jul 23				
Quarterly Complaints Analysis	To analyse and review the number and type of complaints received by the Council for the previous quarter.	Jul 23		Report	Corporate	
Service Panel Feedback-Community	To receive feedback from the Community Service Panel from Members	Jul 23				
Service Panels Feedback – Corporate and Place	To receive feedback from the Corporate and Place Service Panels from Members	Jul23	Aug 23			
Forecast 2023/24, Capital and Treasury Outturn based on Q1	To note the forecast outturn for the year against revenue and capital budgets using the latest actual position and assumptions based on best information, and consider any corrective action required.	Aug 23				
Flood Schemes	To review the current schemes, new project plans, project management, resources and timeframes	Aug 23				

Corporate Risk Register (Half yearly)		Aug 23				
Butterwood Homes	Feedback from the Scrutiny meeting	Sept 23				
Review progress on the Shapley Heath actions	To review the process against as reported to Audit Committee in March 23	Sept 23				
Conservation Area	Feedback from the Executive Director Place as to the progress on implementing the Conservation Area plans	Sept 23				
Core Grants	Update from Core grant team to highlight current issues, trends and successes – Fleet Phoenix	Sept 23			KJ	
LCWIP	To review the LCWIP before being agreed by Cabinet	Sept 23				
MTFS emerging pressures and budget strategy	To note emerging pressures on the Council's finances, agree a budget strategy for the forthcoming year and consider any changes to the Medium - Term Financial Strategy	Oct 23				
Treasury mid-year	To note the activity under the treasury management strategy for the first 6 months of the year, including adherence	Oct 23				

	to prudential indicators and investment limits, and consider any changes to the strategy or criteria as necessary					
UKSPF Budget allocation	To consider the report on resources for delivering this programme and 2024/2025 allocation.	Oct 23				
Quarterly Complaints Analysis	To analyse and review the number and type of complaints received by the Council for the previous quarter.	Oct 23		Report	Corporate	
Service Panel Review	To receive feedback from the Service Panels	Oct 23				
Core Grants	Update from Core grant team to highlight current issues, trends and successes – Citizens Advice Bureau	Nov 23				
Off Street Parking	To review the trial of the new keypads and other matters to be agreed	Nov 23				
Review of CCTV Provision	To review the first six months of operation of the CCTV provision from Runnymede	Dec 23			KJ	
Quarterly Complaints Analysis	To analyse and review the number and type of complaints received by the Council for the previous quarter.	Jan 24		Report	Corporate	
Service Panel Review	To receive feedback from the Service Panels	Jan 24				

Butterwood Homes	Feedback from Scrutiny meeting	Feb 24				
Core Grants	Update from Core grant team to highlight current issues, trends and successes – Hart Voluntary Action	Feb 24			KJ	
Core Grants	Update from Core grant team to highlight current issues, trends and successes – Hampshire Inclusion	Mar 24			KJ	
Outside Bodies	To review the work of the members on the Outside Bodies committees	Apr 24				
Quarterly Complaints Analysis	To analyse and review the number and type of complaints received by the Council for the previous quarter.	Apr 24				
Service Panel Review	To receive feedback from the Service Panels	Apr 24				
Civic Regeneration Update	To review	TBC				
Supplementary Planning Document x2	To comment on final draft document, prior to consideration by Cabinet	TBC				