

## Questions for Hart Council Meeting 29 July 2021

To Portfolio Holder for Finance (or suitable deputy)

- 1) Why have the actuals for FY18/19 and FY19/20 changed between the publication of the [draft budget in February 2021](#) and the final budget published this month? Is there any impact on the published statutory accounts for those years?

Draft Published Feb 2021

Service Summary 2021_22				
Service Area	2018_19 Actuals	2019_20 Actuals	2020_21 Budget	2021_22 Budget
Summary By Service				
Corporate Services	5,469,133	7,693,925	5,208,407	3,893,592
Community Services	-4,356,913	612,948	1,030,169	2,459,232
Place	2,155,570	2,307,271	2,098,411	2,112,951
Technical and Environmental Maintenance	2,118,756	626,528	3,082,837	2,937,908
<b>Grand Total</b>	<b>5,386,545</b>	<b>11,240,672</b>	<b>11,419,824</b>	<b>11,403,683</b>

Final Published Jul 2021

Service Summary 2021_22				
Service Area	2018_19 Actuals	2019_20 Actuals	2020_21 Budget	2021_22 Budget
Summary By Service				
Corporate Services	5,102,290	7,330,086	5,208,407	3,251,951
Community Services	-4,356,913	612,948	1,030,169	2,268,244
Place	2,155,570	2,388,210	2,098,411	2,172,921
Technical and Environmental Maintenance	2,118,756	545,590	3,082,837	3,673,232
<b>Grand Total</b>	<b>5,019,702</b>	<b>10,876,833</b>	<b>11,419,824</b>	<b>11,366,349</b>

**Answer:**

Before I answer any of the detail I would just like to let everyone know that we will be publishing these questions and answers, because the questions relate to tables and data whilst I will provide verbal responses I think the response will be most understandable in written format.

In the first table you refer to i.e. the draft budget published February 2021, interest on investments for 2018/19 and 2019/20 was excluded from the summary by service and instead included as part of below the line adjustments. For transparency and accountability this was placed above the line for reporting in the latest version of the budget book to ensure that it forms part of the detailed monthly budget monitoring process.

This has no affect on the statutory accounts which reports income and expenditure in a different format according to the CIPFA SORP.

The tables below shows the detail of these line adjustments.

**DRAFT**

Service Area	Actuals 2018_19	Actuals 2019_20	Budget 2020_21	Budget 2021_22
Corporate Services	5,469,133	7,663,838	5,208,407	3,893,592
Interest on investments	- 366,844	- 333,752		
Community Services	- 4,356,913	612,948	1,030,169	2,459,232
Place	2,155,570	2,388,210	2,098,411	2,112,951
Technical and Environmental Maintenance	2,118,756	545,590	3,082,837	2,937,908
Accounting Treatment	- 5,019,702	- 11,719,915	- 11,419,824	- 11,368,683
	<b>0</b>	<b>- 843,082</b>	<b>-</b>	<b>35,000</b>

**FINAL**

Service Area	Actuals 2018_19	Actuals 2019_20	Budget 2020_21	Budget 2021_22
Corporate Services	5,469,133	7,663,838	5,208,407	3,251,951
Interest on investments	- 366,844	- 333,752		
Community Services	- 4,356,913	612,948	1,030,169	2,268,244
Place	2,155,570	2,388,210	2,098,411	2,172,921
Technical and Environmental Maintenance	2,118,756	545,590	3,082,837	3,673,232
Accounting Treatment	- 5,019,702	- 11,719,915	- 11,419,824	- 11,366,349
<b>Grand Total</b>	<b>- 0</b>	<b>- 843,082</b>	<b>- -</b>	<b>0</b>

- 2) There are big differences between the budgets agreed for the Service Areas in March and final budget published this month. What governance processes were used and who authorised such massive swings in the budget and are they in accordance with the constitutional budget procedures 3 and 5 as well as financial regulations FR10 and FR12 which limit changes unless approved by full council?

Service Area	Draft 21/22 Budget	Final 21/22 Budget	Delta
Corporate Services	3,893,592	3,251,951	(641,641)
Community Services	2,459,232	2,268,244	(190,988)
Place	2,112,951	2,172,921	59,970
Technical and Environmental Maintenance	2,937,908	3,673,232	735,324
<b>Total</b>	<b>11,403,683</b>	<b>11,366,348</b>	

**Answer:**

There is a net difference between the draft budget and final budget of £37K

This is due to changes in the assumptions in the value of recycling credits, grants and depreciation.

The draft budget, due to its timing made assumptions based on information known at that time. As final numbers became available, they were incorporated into the Final Budget.

In summary the following updates were made.

- Grants – estimated numbers were used at the time of the Draft Budget. As final details were received these were incorporated into the final budget and categorised into the correct Service Area.
- SANG allocation in Tech & Environmental – S106 reserves were released which fund the SANG cost centres. This allocation was not included in the Draft Budget.
- Depreciation: Final asset valuation reports were not available at the time of the draft budget these numbers were updated for the final budget.

Service Area	Draft 21/22 Budget	Final 21/22 Budget	Delta
Corporate Services	3,893,592	3,251,951 -	641,641
Community Services	2,459,232	2,268,244 -	190,988
Place	2,112,951	2,172,921	59,970
Technical and Environmental	2,937,908	3,673,232	735,324
Accounting Treatment	- 11,368,683	- 11,366,349	2,335
	<b>35,000</b>	<b>0</b>	<b>35,000</b>

- 3) In the recently published [final budget for FY21/22](#), the sum of the spending in the service areas for GL Codes 10000 – Basic Salary, 44069 – Homelessness and 90012 – Other Government Grants is not equal to the total for those GL Codes in the "Subjective" summary. In short, the budget apparently does not add up. It appears as though HANEED is missing from the service areas. What steps are being taken to make the budget internally consistent and what impact will correcting the errors have on the projected deficit?

Cost Centre	Draft 21/22 Budget	Final 21/22 Budget	Final 21/22 Sum of Detail	Delta Budget to sum of Detail
10000 - Basic Salary	4,591,233	4,513,475	4,385,458	(128,017)
44069 - Homelessness Costs	65,000	135,000	70,000	(65,000)
90012 - Other Government Grants	(485,000)	(1,379,219)	(1,338,274)	40,945
Total	4,171,233	3,269,256	3,117,184	

**Answer:** The HANEED cost centre detail page was missing from the scanned copy of the paper copy of the Draft budget book. The budgetary numbers were not missing from the overall numbers. This is a matter of presentation.

Additional checks will be incorporated into the process for future publications.

### 3a) Supplementary Question

**Have the ever-changing budgets and persistent errors impacted on the Waste Contract, where over one million pounds appears to have been lost down the back of the sofa?**

The budgets were updated from the Draft to Final version when information became available – as explained above. These updated numbers have not had any impact on the Waste Contract to which you refer.

- 4) The recently released final budget for FY21/22 shows that the budget for HASETT – New Settlement in FY20/21 was zero. It consisted of ~£68K for employee costs and car allowances, offset by a somewhat implausible identical receipt from GL Code 44047 – Consultants Projects. In common with the other service areas, no overheads were allocated. Yet, [the transparency report](#) shows spending of £63.7K on consultants in "New Settlement" for FY20/21. What governance processes were used to authorise such a large spend against an overall zero budget, apparently in contravention of FR10 in the constitution?

Date	Referen	Amount	Supplier Name	Cost Centre Description
01/04/2020	10004329	£9,216.30	Chelgate Limited	New Settlement
01/05/2020	10004486	£870.00	Chelgate Limited	New Settlement
01/06/2020	10004713	£507.50	Chelgate Limited	New Settlement
01/07/2020	10004960	£1,087.50	Chelgate Limited	New Settlement
17/07/2020	10005073	£5,365.00	Chelgate Limited	New Settlement
03/08/2020	10005176	£2,532.50	Chelgate Limited	New Settlement
03/08/2020	10005181	£1,067.50	Chelgate Limited	New Settlement
15/09/2020	10005605	£1,322.50	Chelgate Limited	New Settlement
02/11/2020	10006253	£1,610.00	Chelgate Limited	New Settlement
09/12/2020	10006449	£9,900.00	Mike Allgrove Planning Ltd	New Settlement
15/12/2020	10006560	£3,292.50	Chelgate Limited	New Settlement
31/12/2020	10006622	£290.00	Chelgate Limited	New Settlement
24/01/2021	10006812	£500.00	Taylor & Garner Ltd	New Settlement
04/02/2021	10006973	£13,840.00	DigitalDinos Limited	New Settlement
16/02/2021	10007121	£5,438.33	Premm Design Limited	New Settlement
01/03/2021	10007204	£1,450.00	Chelgate Limited	New Settlement
26/03/2021	10007451	£5,438.33	Premm Design Limited	New Settlement
	<b>Total</b>	<b>£63,727.96</b>		

#### Answer:

The New Settlement published budget for 20/21 did not reflect the release of reserves agreed by Cabinet in February 2020: [20 02 06 1. Cab COMBINED.pdf \(hart.gov.uk\)](#)

These reserves were drawn down at the end of the year on assumption of agreement made by full council on the 6 February 2020 and approved by Cabinet.

#### 4a) Supplementary Question

Hart recently advertised Garden Community contracts with an indicative value of £56,000, against a FY21/22 budget of £25,000. Isn't it time for some proper forensic accountants to get to the bottom of what's going wrong with budgeting and financial controls?

The Council operates internal controls across the organisation. These include budget monitoring, budget virements and spend approval. The Shapley Heath project is subject to these same budgetary controls as all other projects/activities.

Details of these controls can be found within the published Hart Constitution - Financial Regulations and Contract Standing Orders. [Hart Consitution](#)

- 5) In addition, the [Shapley Heath Opportunity Board papers](#) from show that four Baseline Studies had reached the status of "Finalised" by 8 March, before the end of the Financial Year. These must have cost money, but do not show on the Transparency Report nor on the Contracts Register. How much was spent on Baseline Studies and Strategy Reports in FY20/21?

**Appendix 1**  
Update on the Evidence Base for the Shapley Heath Prospectus

Type of Evidence	Evidence	Drafted Brief	Consultant Procured	Survey/Report Underway	Survey/Report Finalised	Report to SHGOB
Baseline Surveys	Topographical Survey and Ground Survey	x				
	Transport	x				
	Landscape	x	x	x		
	Agricultural Land Classification	x	x	x		
	Heritage	x	x	x		
	Flooding	x	x	x	x	
	Drainage	x	x	x	x	
	Water Cycle/Management					
	Utilities	x	x			
	Air Quality	x	x	x	x	
	Noise	x	x	ON HOLD		
	Contamination	x	x	x		
	Ecology/Biodiversity	x	x	x		
	Woodland, Trees and Hedgerows	x	x	x	x	
Strategy Reports	Homes	x				
	Economy and employment					
	Retail					
	Education					
	Green Infrastructure (including Community Facilities/Sports/Leisure/Play Space)	x				
	Health Needs	x				
	Health Impact					
	Active Lifestyles					
	Climate Change Mitigation					
	Renewable Energy					
	Innovation/Future Proofing - Transport					
	Innovation/Future Proofing – Technology and Lifestyle					
	Urban Design					
	Place Stories and Branding	x	x	x		

**Answer:** The Shapley Heath Opportunity Board Papers clearly state that the Baseline Studies were funded by the Promoters.

No money was spent by the Council on Baseline Studies or Strategic Reports in 2020/21

- 6) The [agenda pack for July Cabinet](#) shows that £283K was transferred from reserves to fund Shapley Heath. How is it possible to spend £283K against a zero budget whilst running a deficit and what governance processes authorised this spend?

<b>Transfer from Reserves</b>		
Housing Initiatives	26	Funding 2020/2021 work at Providence House
Fleet Pond Overflow Repair	35	Provision released as no longer required
Corporate Reserve	283	Funding 2020/2021 work on the New Settlement at Shapley Heath
Homelessness Grant	46	Funding 2020/2021 work on Social Inclusion and Partnership – Homelessness
Homelessness Trailblazer Grant	101	Funding 2020/2021 work on Social Inclusion and Partnership – Homelessness
Flexible Homelessness Grant	20	Funding 2020/2021 work on Social Inclusion and Partnership – Homelessness
Domestic Abuse	65	Funding Domestic Abuse Initiatives during 2020/2021
Dilly Lane Notice Boards	1	Dilly Lane Noticeboard works during 2020/2021
S106 Open Spaces	53	1/20th draw down for open spaces works in 2020/2021.

**Answer:**

Expenditure for Shapley Heath spend was presented to Cabinet on the following dates:

Feb 2020: [20 02 06 1. Cab COMBINED.pdf \(hart.gov.uk\)](#)

Q2 2020/21: [Dec Combined.pdf \(hart.gov.uk\)](#)

Q3 2020/21 [Agenda for Cabinet on Thursday, 4th March, 2021, 7.00 pm | Hart District Council \(moderngov.co.uk\)](#)

Shapley Heath is funded by Government Grants. Grants have been received over several years. With Cabinet's consent, grant funding can be transferred to and from an ear-marked reserve between financial years. Members provided the approval for a £283K transfer from reserves at Cabinet on the 3<sup>rd</sup> July to fund 20/21 expenditure. This paper was subject to scrutiny by the Overview and Scrutiny Committee.

**6a) Supplementary Question**

**How much of the £500,000 set aside in reserves for Shapley Heath remains unspent?**

The answer at the 31<sup>st</sup> March 2021 is that we held £367,051, no further reserve transfers have occurred since then.

**7) How much was spent in total on Shapley Heath Garden Community in FY20/21 and can you provide a detailed breakdown of that spend (and receipts) please?**

I think your requests for receipts have been misinterpreted as wanting to see invoices. Which is why you were told to go down the Freedom of Information (FOI) route. However, I am happy to answer the question here briefly and can give a more detailed written answer later.

The headline figures are:

Staff costs - £114,261

Supplies and Services - £72,102

Total controllable costs before recharges - £186,363

Income received for 2021 year from MHCLG - £130,000

**7a) Supplementary Question:**

**From memory, the budget for employment costs was £68,000 and I think Cllr Radley said it was almost double that. How can we spend more than double the budget?**

The budget was set in advance of the year and only included gross salary costs for 20/21 excluding on costs. When on costs were added this increased the requirement for spend.