NOTICE OF MEETING

Meeting:	**Cabinet**
Date and Time:	**Thursday, 6 February 2020 at 7pm**
Place:	**Council Chamber, Civic Offices, Fleet**
Telephone Enquiries to:	**01252 774141 (Mrs Gill Chapman)** **committeeservices@hart.gov.uk**
Members:	**Ambler, Bailey, Cockarill, Kinnell, Neighbour (Chairman), Oliver, Quarterman, Radley**

Joint Chief Executive

CIVIC OFFICES, HARLINGTON WAY
FLEET, HAMPSHIRE GU51 4AE

AGENDA

COPIES OF THIS AGENDA ARE AVAILABLE IN LARGE PRINT AND BRAILLE ON REQUEST

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

2 The Chairman will announce that this meeting may be recorded and that anyone remaining at the meeting has provided their consent to any such recording – please see our protocol on Attending and Reporting Meetings.

1 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of 2 January 2020 are attached to be confirmed and signed as a correct record. **Paper A**

2 APOLOGIES FOR ABSENCE

3 CHAIRMAN'S ANNOUNCEMENTS

4 DECLARATIONS OF INTEREST

To declare disclosable pecuniary or any other interests.

5 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

6 CLIMATE CHANGE WORKING GROUP

To note the minutes of the meetings of 17 December 2019 (**Paper B**) and 7 January 2020 **(Paper C)**.

7 CIVIC CAMPUS REGENERATION WORKING GROUP

To note the minutes of the meeting of 16 January 2020. **Paper D**

8 DOG FOULING PUBLIC SPACE PROTECTION ORDER

The purpose of this report is to recommend that Cabinet adopt a new order for a District-wide Dog Fouling Public Spaces Protection Order (PSPO). **Paper E**

RECOMMENDATION

1 That a new Dog Fouling Public Spaces Protection Order as set out in Appendix C be adopted in accordance with the Anti-Social Behaviour, Crime and Policing Act 2014 to include the following restrictions:

District-wide (any place to which the public or any section of the public has access, on payment or otherwise, as of right or by virtue of express or implied permission):

a) Persons in charge of a dog must have with them appropriate means to pick up dog faeces deposited by that dog; and
b) Persons in charge of a dog must remove the faeces and for it to be disposed of in an appropriate receptacle.

2 That the Dog Fouling PSPO comes into force on 1 June 2020.

9 CLIMATE CHANGE ACTION PLAN

To seek Cabinet approval for the Draft Climate Change: Carbon Reduction Action Plan. **Paper F**

RECOMMENDATION

1 That the draft Climate Change: Carbon Reduction Action Plan attached at Appendix 1 be approved

2 That a 2020/21 budget growth bid be approved to comprise:

a An initial £55k to fund the first stage of the delivery of the action plan.

b £45k to fund consultants to produce a fully costed plan to setup a building insulation grants scheme for residents on low income as proposed in action E3.

10 BUDGET 2020/2021

This report provides a summary of the revenue and capital budget proposals for 2020/2021. The report also includes the statutory statement of the Head of Corporate Services (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves. Overview and Scrutiny considered this report at its January meeting. **Paper G**

RECOMMENDATION to Council

1 That the level of Council Tax for 2020/21 be increased by £5 (2.9%) and set at £176.84

2 That the summary revenue budget for 2020/2021 as set out (in Paragraph 12 of the report) be approved.

3 That the revised capital programme for 2019/2020 and 2020/2021 as detailed in Appendix 2 be approved.

4 That no changes be made to the Council Tax Support Scheme for 2020/21.

11 CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY STATEMENT, AND ASSET MANAGEMENT PLAN

To present the Capital Strategy and the Treasury Management Strategy Statement for 2020/21, which incorporates the Annual Investment Strategy and Prudential and Treasury Indicators. To also present the Asset Management Plan. This report was considered at the January meeting of the Overview & Scrutiny Committee. **Paper H**

RECOMMENDATION to Council

That Cabinet recommend approval to Council of:

1 The Capital Strategy

2 The Treasury Management Strategy Statement noting the increase in the Capital Financing Requirement (Paragraph 2.2 in appendix 2), the Minimum Revenue Provision statement (Paragraph 2.3 in appendix 2) and the increase of limits to borrowing activity (Paragraph 3.3 of appendix 2)

3 The Asset Management Plan.

12 CABINET WORK PROGRAMME

The Cabinet Work Programme is attached for consideration and amendment.
Paper I

13 EXCLUSION OF THE PUBLIC

The following item contains exempt information

RECOMMENDATION

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

It is suggested that, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to, on the grounds that they involve the likely disclosure of exempt information, as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

14 FIVE COUNCILS CORPORATE SERVICES CONTRACTS

This report invites Cabinet to consider the current position with regard to the contract for corporate services entered into with the Five Councils' Partnership.
Paper J

This report is Confidential.

Date of Despatch: 28 January 2020

CABINET

Date and Time: Thursday, 2 January 2020 at 7pm

Place: Council Chamber, Civic Offices, Fleet

Present:

COUNCILLORS

Ambler, Bailey, Cockarill, Kinnell (from 7.02 pm), Neighbour, Oliver, Quarterman, Radley

In attendance: Crampton, Forster, Southern

Officers

Patricia Hughes	Joint Chief Executive
Andrew Vallance	Head of Corporate Services
John Elson	Head of Environmental and Technical Services
Adam Green	Ecology and Countryside Manager
Phillip Shepherd	Infrastructure Team Manager
Gill Chapman	Corporate Services

83 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting of 5 December 2019 were confirmed and signed as a correct record.

84 APOLOGIES FOR ABSENCE

None received.

85 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that the item on Local Insurance Mutual would be taken later (see Minute 90) bearing in mind the exempt appendices.

Councillor Kinnell entered the meeting during this item.

86 DECLARATIONS OF INTEREST

Councillor Neighbour declared a non-pecuniary interest in the Local Government Mutual item (Minute 90) as he was a member of the LGA Commercial Advisory Board and on the board of the LGA Commercial Services Ltd.

87 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

None.

88 CIVIC QUARTER REGENERATION GROUP

The minutes of the meeting of Tuesday, 10 December 2019 were noted.

89 EXCLUSION OF THE PUBLIC

The following item contained exempt information.

Members decided whether the public interest in maintaining an exemption outweighed the public interest in disclosing the information.

DECISION

In accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to, on the grounds that they involved the likely disclosure of exempt information, as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

90 INSURANCE: OFFER FROM THE LOCAL GOVERNMENT MUTUAL

Cabinet considered the purchase of insurance from the Local Government Mutual. This paper had been considered by Overview and Scrutiny Committee at their meeting on 17 December 2019.

After extensive debate on the commercial market, the mutualisation process, dividends, risk profiles and commercial sensitivity, the recommendation was agreed.

DECISION

That insurance from the Local Government Mutual be procured, subject to a satisfactory offer being received.

Whilst recognising the Monitoring Officers guidance that Councillor Neighbour's interest was non-pecuniary, Councillor Neighbour chose to abstain from the vote.

Appendices 1 and 2 were CONFIDENTIAL

91 PHOENIX GREEN FLOOD ALLEVIATION SCHEME

Cabinet approval was sought for Hart to make a contribution towards the cost of delivering the Phoenix Green flood alleviation scheme.

Members asked for clarity on the houses affected by the flooding and discussed the benefits of the flood alleviation scheme.

DECISION

That a contribution of £70k be made towards the cost of delivering the Phoenix Green flood alleviation scheme.

92 FLEET POND FEASIBILITY STUDY AND GREEN CORRIDOR UPDATE

Cabinet were asked to approve the release of funding to procure the feasibility study to achieve a 2030 "Vision" for Fleet Pond and provide an update on delivery of the Fleet Pond Green Corridor.

Members were concerned that fixed term contracts of over two years would bring employment protection into effect, and were assured that this was common practice. They also discussed the communications and marketing strategy, and the long term legacy of this project.

DECISION

1 That £50k be released from District Council related section 106 contributions to procure consultants to undertake a feasibility study to develop a 2030 Fleet Pond Vision and make recommendations on suitable mitigations for the Hartland Park Village and the Fleet Pond Green Corridor.

2 That it be recommended to Council that £0.7m for the green corridor project is taken from Council capital reserves and not borrowed from the Local Enterprise Partnership as previously agreed by Cabinet in August 2019.

3 That £80k be released from ring fenced Hartland Park section 106 contributions (Fleet Pond mitigation) to procure the detailed design and supervision of the Fleet Pond Green Corridor project.

4 That £200k be released from ring fenced Hartland Park section 106 contributions (Fleet Pond mitigation) to employ, (on a fixed term basis):

- An communications and engagement officer (5 year term)
- An apprentice countryside ranger (2 year term)
- An intern (3 year term)

93 GARDEN COMMUNITY GOVERNANCE

To provide an update on the Governance arrangements for the Garden Community further to consideration by Cabinet in November. This report was considered by Overview and Scrutiny Committee at their meeting on 17 December 2019, who had recommended no changes.

Members considered the changes around partnership of forums and board and the representatives and responsibilities, and video streaming of the meeting. After discussion the recommendation was agreed.

DECISION

That the recommended Governance approach be approved.

94 CABINET WORK PROGRAMME

The Cabinet Work Programme was considered and amended as follows:

Five Councils - report to come to February meeting

The meeting closed at 7.52 pm

TECHNICAL AND ENVIRONMENTAL CLIMATE CHANGE WORKING GROUP MEETING NOTES

Date and Time: Tuesday17 December 2019 – 3pm

Place: HDC, Fleet

Present:
Cllr Alan Oliver - AO
Cllr Steve Forster - SF
Cllr David Neighbour - DN
Cllr Gill Butler - GB
Cllr Anne Crampton - AC
Peter Summersell - PS
Katie Bailey - KB

Item		Action
1.0	**APOLOGIES FOR ABSENCE –** Cllr James Radley, Cllr Alex Drage, John Elson	
2.0	**Minutes of last meeting/matters arising**	
2.1	A Sustainable Business network event is being held on 28 February in Basingstoke. Presenters still to be determined. Further details to be circulated when known.	PS
2.2	Officers circulated a list of stakeholders for comment. Some additional groups were suggested including Friends of the Earth, a wider group of Community bodies such as the Fleet Pond Society, and local business contacts. List to be updated to inform a stakeholder launch event for the Action Plan once adopted.	PS/KB
2.3	PS will chase HCC re renewable tariffs.	PS
2.4	PS to pursue contacts at Reading and Surrey Universities. It was agreed contact would also be made with FCOT.	PS/JE
3.0	**Feedback from the Town and Parish Session**	
3.1	It was agreed that the session held the previous evening with Town and Parish Councils had been very positive. 9 councils had attended and a further two had had to cancel at short notice. Workshop sessions had provided some useful feedback on actions that the District Council and Town and Parish Councils could take. All Town and Parish Councils had been invited to provide written responses to the Draft Action Plan by 30 December.	KB/PS

	All present agreed that they were not doing anything formal at present but were keen to be involved further. It was agreed that further meetings would be held approximately every three months on Tuesdays at 6pm. Town and Parish Councils would also be invited to a wider stakeholder event. It was agreed to send the presentation to all Town and Parish Councils along with some links to further information. One of the issues raised related to the District Councils ability to influence partners and it was agreed to make sure that this was included in the Action Plan.	
4.0	**Feedback on the Draft Action Plan**	
4.1	It was acknowledged that the main area of outstanding work was to clearly identify the resourcing needed to deliver the early phases of the Action Plan. This will be progressed by officers for the next meeting. There was also recognition that some investment would not necessarily see an immediate return. The business case for EV charging points was discussed and the value of applying for OLEV grants. PS noted that he had been approached to submit an OLEV application but that his availability was limiting progress. The possibility of solar farms as a commercial enterprise was discussed and it was noted that although the District Council did not own significant areas of land there might be the opportunity to rent if the Council wished to do so. The group heard that there was local support for a natural woodland cemetery. However it was agreed that whilst useful to note for countryside and other projects it was not necessarily for inclusion in the Action Plan.	KB/JE/PS
5.0	**AOB**	
5.1	It was agreed to hold a community event to launch the Action Plan in early March.	
6.0	**Date of next meeting**	
6.1	A future meeting date has been set for 7th January at 3pm.	Invites sent

PAPER C

TECHNICAL AND ENVIRONMENTAL CLIMATE CHANGE WORKING GROUP MEETING NOTES

Date and Time: Tuesday 7 January 2020 – 3pm

Place: HDC, Fleet

Present:
Cllr Alan Oliver - AO
Cllr David Neighbour - DN
Cllr Gill Butler - GB
Cllr Alex Drage - AD
Peter Summersell - PS
Katie Bailey - KB
Mark Jaggard - MJ

Item		**Action**
1.0	**APOLOGIES FOR ABSENCE –** Cllr James Radley, Cllr Anne Crampton, Cllr Steve Forster	
2.0	**Minutes of last meeting/matters arising**	
2.1	Invites to the Sustainable Business network event on 28 February in Basingstoke to be circulated. Venue not yet finalised.	PS
2.2	Despite further attempts at contacting HCC, no further information has been received re renewable tariffs. AO suggested contacting Fleet Town Council who are considering renewal of their Laser contract at the next meeting.	PS
2.3	Action carried forward due to Christmas closure of Universities - PS to pursue contacts at Reading and Surrey Universities. It was agreed contact would also be made with FCOT.	PS/JE
2.4	The Group discussed the Parish and Town workshop and agreed that it had been well received.	
2.5	It was noted that the Action Plan launch event would need to be before purdah.	
3.0 **4.0**	**Action Plan Resources** **Feedback on the Final Draft Action Plan**	
3.1	Items 3 and 4 were considered together. **Resources:**	PS/JE

	It was noted that the draft Overview & Scrutiny Report identified the creation of a new Sustainability officer post and an allocation for consultants from the 2020/21 budget setting process. The Action Plan had been circulated to all officers identified in the Action Plan for comments on resourcing. It was noted that there were some gaps in resources with KB leaving and no readily identified resource available to fill this. The Group recognised that the new Sustainability Officer would need clear Member and Senior Management support to ensure delivery. **Action Plan:** The role of Planning was discussed and MJ to review planning policy Actions wording. MJ also identified the opportunity for future policies to be leading and cutting edge in relation to the climate change agenda. The issue of digital working was raised, including the need to reduce paper. It was noted that these changes were being brought forward as part of the Digital Strategy. Potential commercial opportunities around energy storage were discussed. The Commercialisation Manager needs to be identified as having a role in the Action Plan against relevant commercialisation actions. PS identified that some desk top feasibility work had been undertaken on energy storage opportunities but that some industry expertise was needed to complete this.	
4.0	**Feedback on the draft Overview & Scrutiny Report**	
4.1	The Group noted the resources issue identified in the Report. Any comments on the Report to be sent to KB by midday 8/1/20.	All
5.0	**Next Meetings**	
5.1	It was agreed that the Group would continue to meet with the next meeting being after Cabinet to discuss the stakeholder launch event (see Item 7).	JE/PS
6.0	**AOB**	
6.1	A provisional date for the stakeholder launch event was agreed as week ending Friday 20th March at 5.30pm subject to Council Chamber availability. Possible speakers were identified. AD advised the Group that the Lowde Festival are keen to 'go green' this year. This led to a wider discussion on the impacts of other large scale events. It was agreed that a good practice guide for events could be	KB/PS

	prepared giving advice on how to limit carbon emissions and impacts on climate change. This is to be added to the Action Plan.	
7.0	**Date of next meeting**	
7.1	A future meeting date was set for 7th February at 3.30pm to discuss the launch event.	KB

PAPER D

Civic Campus Regeneration Working Group
Agenda
16 January 2020
10:00 – Committee Room 1

Attendees: Cllr Anne Crampton
Cllr David Neighbour
Cllr Richard Quarterman
Cllr Wendy Makepeace-Browne
Glyn Lloyd
Daryl Phillips
Andrew Vallance

Apologies: James Radley, Chris Dorn

1 Actions Arising

1.1 Gurkha Square Asset of Community Value (AVC) - Application granted on 30/12/19 – AVCs relate to land that have a main use or purpose of furthering the social wellbeing or social interests of the local community, and could do so into the future. The provisions allow the community to bid to buy the land if it were to be offered for sale. It is not however a right to buy and there is no compulsion upon an owner to sell to a community group. The ACV right to bid process do not apply to lease.

1.2 Harlington - Members would like to reach a mutual agreement with FTC regarding their occupation as soon as possible.

Members discussed the issues stopping the lease being agreed; primarily the issues around the current state of building and the question around whether it is fit for its purpose.

RQ proposed that as this group has an interest in the leasehold occupation of the Harlington by FTC, and therefore Members agreed that this matter be added to future agenda items.

Action: Arrange meeting with FTC regarding future of lease. RQ and GL to attend the meeting and report next meeting of the group in February.

1.3 GL gave an update on the commissioning of a proposed Civic Quarter comprehensive site development Viability Study.

Issues: RQ - Many different options need to be considered. The group discussed the options of High Street Frontage versus moving away from the High Street. The group needs to consider the main criteria required: any development must be commercially viable.

2 Fleet Neighbourhood Plan

Using the Fleet Neighbourhood Plan, GL to draft a requirements brief document advising what HDC want to achieve in order to give the surveyors and architects an opportunity to submit fee proposals for drawing up Architect vision alongside financial viability assessment. RQ requested the draft brief document to discuss at the next meeting. Agreed that any plan must be commercially and financially viable.

3 Approach

3.1 Engage external advice first to ascertain viability on current ownership - as above action

3.2 Secure land options, decide on campus requirements then engage external advice - The Chairman advised the group to keep options open for now.

3.3 Engage with stakeholders now to agree requirement brief prior to issuing viability study tender - With regard to Stakeholders, the members determined that HDC Officers are to engage with relevant officers at HCC to have a conversation about library building. At next meeting on 13 Feb, GL to update on engagement with HCC.

4 Ground Floor, Civic Offices

Vacant office next to Hart Business space known as the 'Apex'. It it will be challenging to let in its current condition. Refurbishment would potentially bring an income rent of circa £25,000 PA but initial estimates for refurbishment are between £30,000 - £50,000.

Actions: GL to procure indicative quotes and work with RQ to build a business case for Commercialisation purposes.

Group discussed implications of undertaking the project. GL to bring relevant points to the next meeting.

5 Next meeting

Scheduled for 13th February 2020 at 10am

Meeting ended at 11.32am

CABINET

DATE OF MEETING: **6 FEBRUARY 2020**

TITLE OF REPORT: **DOG FOULING PUBLIC SPACE PROTECTION ORDER**

Report of: **Head of Place**

Cabinet Member: **Councillor Sara Kinnell, Regulatory Services**

1 PURPOSE OF REPORT

1.1 The purpose of this report is to recommend that Cabinet adopt a new order for a District-wide Dog Fouling Public Spaces Protection Order (PSPO).

1.2 This report deals solely with the proposed Dog Fouling PSPO. The issues regarding further dog control measures may be subject to a separate report in the future.

1.3 This report was considered at the Overview and Scrutiny Committee on 21st January 2020, who endorsed the recommendation set out in Section 2 below, subject to the inclusion of the Hounds for Heros in the list of prescribed charities. This amendment has been made to the draft Order attached as Appendix C.

2 OFFICER RECOMMENDATION TO CABINET

2.1 That a new Dog Fouling Public Spaces Protection Order as set out in Appendix C be adopted in accordance with the Anti-Social Behaviour, Crime and Policing Act 2014 to include the following restrictions:

District-wide (any place to which the public or any section of the public has access, on payment or otherwise, as of right or by virtue of express or implied permission):

a) Persons in charge of a dog must have with them appropriate means to pick up dog faeces deposited by that dog; and
b) Persons in charge of a dog must remove the faeces and for it to be disposed of in an appropriate receptacle.

2.2 That the Dog Fouling PSPO comes into force on 1 June 2020.

3 BACKGROUND

3.1 A Public Spaces Protection Order (PSPO) is not the same as a byelaw. PSPOs are intended to deal with a particular nuisance or problem in a particular area that is detrimental to the local community's qualify of life. To justify a PSPO there has firstly to be evidence of a nuisance, and secondly that the effect (or the likely effect) of the activities is of a persistent nature making the behaviour unreasonable and rendering the notice justified.

3.2 It does this by imposing conditions on the use of that area, which apply to everyone.

3.3 Orders are designed to ensure the law-abiding majority can use and enjoy public spaces, safe from antisocial behaviour.

3.4 There is a current Dog Fouling Order in place across the District (which automatically converted to a PSPO in October 2017). However, the Order only covers very limited parts of the District as there are a range of exclusions (including carriageways with a speed limit of more than 40mph, land used for agriculture or for woodlands, land which is predominantly marshland, moor or heath, and rural common land). Moreover, the current PSPO will expire in September 2020, therefore, it needs to be reviewed.

3.5 At its meeting on 4 July 2019, Cabinet resolved to undertake public consultation on a draft Dog Fouling PSPO, and to use the consultation as an opportunity to gather evidence about other dog control issues.

4 PROPOSED DOG FOULING PSPO AND PUBLIC CONSULTATION

Consultation

4.1 Consultation on the draft PSPO ran for a 6-week period closing on 11 November 2019. There was a wide notification procedure including all Parish and Town Councils, the Ministry of Defence, SANG (Suitable Alternative Natural Greenspace) owners and managers, the Kennel Club and Dogs Trust, Hampshire Police, Hampshire County Council, Natural England, RSPB, Fleet Pond Society and Basingstoke Canal Society. In addition, all Hart-registered dog walking businesses, local vets and pet shops were notified. A press release was issued and posters were displayed at many open spaces across the district and people were encouraged to reply through an online response form. The Council's website also contained a set of frequently-asked questions to help inform the public, and there was extensive coverage on local social media groups.

Consultation Results

4.2 13 separate responses to specific notification of the proposed PSPO (Appendix A) were received, and 212 additional responses were made on-line (Appendix B). All comments are available on the Councils website at https://www.hart.gov.uk/consultation-dog-fouling-controls. The Appendices only include comments relating to questions on the Dog Control PSPO. Other responses on dog control issues will be considered if any decision is made in the future to add further controls.

5 KEY ISSUES RAISED IN CONSULTATION RESPONSES

5.1 The majority of responses made by those who commented upon the proposed PSPO were in support of the new Order, recognising that it is the responsibility of owners to clear up after their dogs. However, several concerns were raised including some who felt that there was no need for any dog fouling controls.

Notwithstanding these comments, it is considered that there is sufficient justification for the implementation of the PSPO as attached in Appendix C.

Key issues raised

Enforcement

- A significant number of comments related to enforcement of the PSPO. Currently, officers from East Hampshire DC assist with the enforcement role for dog fouling as well as littering. Further commentary on enforcement is made under Section 6 Implementation and Enforcement below.

- Many respondents mentioned the undesirable practice of dog walkers using plastic bags to clear up dog fouling but then leaving the bag on the ground or in trees and bushes and wanted this to be covered by the order. The wording of the order would require bags to be placed in a suitable receptacle or to be taken home for disposal. Furthermore, leaving waste in bags in open spaces would constitute littering which itself could result in the issuing of a Fixed Penalty Notice if witnessed.

Provision of Bins

- Consultation responses suggested that one of the key issues in relation to limiting dog fouling is having sufficient waste bins in appropriate locations. Clearly there would be an additional cost to the Council if further bin provision was made, although this is regularly reviewed on countryside sites that the Council owns and manages. The absence of bins in some public areas does not excuse dog fouling taking place.

Different approach in Rural & Urban areas

- A number of respondents suggested that a different approach should be taken in urban and rural areas with greater control in urban areas and a more relaxed approach elsewhere. Whilst this might have some merit, there would need to be careful definition of any 'urban' and 'rural' areas, and some of the most well used recreational sites may then fall outside of 'urban controls'. It is considered that a consistent approach across the district is both easier for residents and stakeholders to understand and for enforcement of the PSPO.

Other Issues

- There were also comments about how the PSPO would work in practice, including who could report an offence and comments on appropriate fines (which are set by legislation). A series of FAQs were included on the website during the PSPO consultation and it is proposed that these be expanded to cover other clarification issues alongside the PSPO if adopted.

6 IMPLEMENTATION AND ENFORCEMENT

6.1 The proposal is that enforcement of the PSPO will be undertaken by both East Hampshire enforcement officers and the Councils' newly appointed Dog Warden / Animal Welfare Officer. The enforcement contract with East Hampshire is currently being renewed. Under the new contract the Council will retain any Fixed Penalty Notice income and will have greater flexibility as to where officers are located on any particular day, meaning that targeted patrolling can take place.

7 FINANCIAL IMPLICATIONS

7.1 It is inevitable there will be some budgetary impact following the implementation of the proposed dog fouling PSPO. The principal costs will involve the provision of adequate signage and raising public awareness and education. This is estimated to be in the region of £5,000 and will be addressed in a bid at the 2020/2021 budget setting stage. Recent A4 CCTV signs (non-reflective vinyl with graffiti resistant film) cost about £12 each.

7.2 Signage will be focused on the most heavily used public open spaces and as much as possible will make use of existing facilities such as noticeboards. There are about 190 identified publicly accessible open spaces in the District (Hart Open Space Strategy 2016) although some of these may require more than one sign and not all are in the Council's control. Other areas of signage such as heavily used routes to school will also need to be identified. Any signage will need the consent of landowners, including: Parish or Town Councils; Hampshire County Council; and the Highway Authority where relevant.

7.3 Any revenue generated through Fixed Penalty Notices issued by Hart will be retained by the Council. Some legal costs are likely to be incurred in pursuing an individual if they fail to pay a Fixed Penalty Notice fine. It is hoped that these costs can be recovered through the courts. General awareness of dog fouling issues will continue to be raised through the Dog Warden Service.

8 ACTION AND NEXT STEPS

8.1 It is requested that Cabinet adopts the Dog Fouling PSPO and recommends it to Cabinet. If Cabinet agrees to the adoption of the Dog Fouling PSPO officers will progress implementation of this ready for 1 June 2020.

Contact Details:

Mark Jaggard, Head of Place, x4290. Mark.jaggard@hart.gov.uk

APPENDIX A – Summary of Consultation Responses (other than received on-line)

TOTAL NUMBER OF RESPONSES (other than on-line) over 6 week period = 13

Consultee	Area	Summary of response
Taylor Wimpey	Naishes Wood SANG	This is a private SANG, not managed by Hart. Do not consider it reasonable nor within the original aim of a SANG to impose such a PSPO which may discourage its use. The primary aim of a SANG is to encourage its use to exercise dogs "off lead". At Naishes Wood, will operate a "clean up within 1m of the path" rule. Also concerned that the Order has been broadened in definition taking away the right of owner to control its own land.
Dog's Trust	Whole District	Clearing up after your dog is an integral element of responsible dog ownership and the Trust would fully support a well-implemented order on fouling. The Council is urged to enforce the Order rigorously and to consider whether it has an adequate number of disposal points, consider providing free bags, and whether there is sufficient signage in place. Consider that the welfare of dogs will suffer if owners are banned from walking dogs in public spaces such as parks, or if dogs are required to be kept on leads in these spaces. Wish to be informed of the outcome and decisions made on the PSPO.
Landmarc Support Services Limited (maintenance contractor for MoD Training Estate)	Whole District	Support a PSPO as dog fouling and the cost of managing bins is constantly increasing. Forwarded consultation to DIO at Longmoor for a formal response. (NB: The Defence Infrastructure Organisation has been separately consulted)
Hook Pet Supplies	Whole District	Considers it a good move forward. A small minority of dog owners give all a bad reputation.
Hampshire Constabulary -	Whole District	Whilst police officers would authorised to take action under the order, it is highly unlikely that sufficient police officers will be on duty to undertake these

Designing out Crime unit		duties. Therefore, other "authorised officers" will need to be accredited with the powers to do so. The order will raise public expectations that complaints will be deal with in a timely manner. The Police would be concerned if the public use either the 999 or 101 system to report incidents. Raises questions: • Are sufficient resources to be provided to match public expectations? • How are the public to report incidents? • Is a dedicated phone number to be provided and how will it work outside office hours? The Police would be concerned if the order placed an additional burden on resources or created a perception that the police can be called to deal with incidents of dog fouling.
Hampshire Police – Hart Neighbourhood Policing Team	Whole District	Hampshire Police support the introduction of the new order. However, officers will not be routinely or proactivity carrying out enforcement of the order.
Fleet Pond Society	Fleet Pond Nature Reserve	The Fleet Pond Society supports the making of this order, and believe the issue should be tackled more strongly by adding a supplementary clause to deal with bags being left behind: *A person who leaves a bag that any dog faeces have been placed in, within the bounds of the public space and not in a receptacle which is provided for that purpose, or for the disposal of waste, shall be taken to have not removed the dog faeces from that public space for the purposes of this order.*
Basingstoke Canal Society	Basingstoke Canal	The Committee of the Basingstoke Canal Society fully support the proposed PSPO, and are interested to know how the Order can be enforced in a practical way. The Committee also consider the Order should apply to dog owners who hang used plastic bags on trees in the vicinity of the towpath. Additional signage would be helpful.
PARISH COUNCILS		
Blackwater and Hawley Town Council	Whole District	Fully support the strengthened dog fouling controls

Crookham Village Parish Council	Whole District	The Parish Council support the making of such an order.
Ewshot Parish Council	Whole District	Support for PSPO
Greywell Parish Council	Whole District	No comment on the proposed controls
Odiham Parish Council	Whole District	Broadly in agreement. Request that "Hounds for Heroes" be added to the exception list (https://houndsforheroes.com)

Appendix B: Summary of Key Response Issues to On-line Consultation questions (Relating to Dog Fouling only)

TOTAL NUMBER OF ON-LINE RESPONSES over 6 week period = 212
Do you wish to be informed regarding the PSPO? Confirmed: 171

Section 1 About You

1	Do you:					
	Live 111	Work 9	Both 92	within Hart District (tick all that apply)		
2	Are you a dog owner?			Yes 146	No 67	
3	Are you a commercial dog walker?			Yes 9	No 203	

Section 2 Draft Dog Fouling PSPO

4 Please tell us if you have any comments on the proposed dog fouling measures in the Draft Dog Fouling PSPO?

Comments in support of the PSPO:

- *The majority of comments give a considerable level of support for these measures.*
- *More attention needs to be focused on professional dog walkers who allow fouling*
- *Support more being done to restrict dog fouling as responsible owners always clear their dog's waste.*
- *Support the PSPO on school run routes and public parks.*
- *Dog fouling should always be cleared up but do not restrict where dogs can be walked.*

Comments from those who oppose the PSPO:

- *Believed to be an over-reach of powers*
- *Pointless and unenforceable. Sometimes better to leave the waste rather than bag it for landfill. A blanket PSPO is not appropriate in a rural area like Hart.*
- *Use the "stick and flick" approach instead. The waste degrades significantly faster than plastic bags.*
- *The order is a misuse and not in the spirit of the legislation. A single PSPO cannot be applied to the whole district and is unenforceable. Displaying sufficient signage to adequately publicise the PSPO would be impossible across the whole district.*
- *Ensuring dog walkers have appropriate means to pick up dog faeces sounds like a "right of search". Stop and search is quite ridiculous.*
- *Dog walkers may not be aware of fouling if their dog is off the lead.*
- *Dog walkers may accidently run out of bags.*
- *Dangerous dogs are a more serious problem that the Council is not addressing.*
- *Dog fouling is not considered to be a real problem.*
- *Banning dogs and dog owners from sports areas is not supported.*
- *Seen no evidence that this PSPO is required or proportionate.*
- *Preferable for dog owners to clear mess off a track or path, but not necessary to bag it and take it home.*
- *Not needed as current laws cover dog fouling.*
- *The entire district is in danger of becoming a dog unfriendly zone, and will reduce the appeal of the area to potential homeowners.*
- *Suggest there should be a differentiation between urban and rural areas. More environmentally friendly to "flick" in rural areas, whereas needs to be bagged in towns and villages.*

Comment on Enforcement:

- *Needs to be supported with greater and more robust enforcement – need more staff and / or volunteers. No value in additional measures when current measures are not enforced.*
- *Cannot afford to employ more wardens to enforce – just give existing staff additional enforcement powers.*
- *How will this be monitored and enforced?*
- *No need for new rules, just enforce existing.*
- *Why is time and money being spent on this consultation when existing legislation should simply be enforced?*
- *Obtaining proof and evidence will be difficult.*
- *Can a member of the public who has witnessed dog fouling report it to the Council?*
- *Certain public open spaces should be dedicated to dogs only and banned for children, and vice-versa.*
- *Exemptions for disability should only apply if that disability prevents complying with the PSPO.*
- *You have no means to enforce this PSPO.*
- *Leniency should be shown for the young and the elderly.*

Comment on Facilities (Bins, Signage and Bags):

- *All public spaces should have sufficient, conveniently located waste bins that are regularly emptied. Not enough bins at present.*
- *Encourage responsibility by supplying dog waste bags*
- *Needs to cover those who leave dog waste bags hanging on fences and trees. Bagged waste hung from fences is entirely unsatisfactory*
- *Issues with dog fouling occurs where there is a shortage of bins*

Comment on Fines:

- *The fines should be on the spot.*
- *The fine is too low and should be greater at £1,000*
- *The fines should be high enough to fund full time patrols.*
- *Penalties should be harsher such as list offenders on the website. Harsher penalties for commercial dog walkers and ban repeat offenders.*

Other Comments:

- *Dog licensing should be re-introduced too.*
- *Queries on interpretation of the wording of the PSPO.*
- *There should be no exceptions to the policy.*
- *Disabled people who have assistance dogs are excluded but what about those disabled people who have a dog as a pet but are physically unable to pick up the dog's waste?*
- *There are no additional controls in sensitive areas such as SPA or play parks.*
- *The draft PSPO (para.4.5) refers to "a person who ....has a dog in **his** possession". Does this means females are exempt?*

5 Please tell us if you have any other comments about dog fouling?

Comment in support:

- *Dog owners must be responsible for their dogs.*
- *Leaving behind filled waste bags should be an offence.*
- *Fouling on pavements and sports pitches is not acceptable but the "stick and flick" approach is more reasonable off paths in wilder areas.*

Comments from those who oppose:

- *Excluding dogs from certain public areas would discriminate against responsible dog owners.*
- *Cat fouling is equally an issue.*
- *Fouling by horses also needs to be addressed.*
- *Urban foxes, cats and other animals also foul public areas. How will you legislate for that?*
- *Ironic that you are concerned about dog fouling when you place cattle in nature reserves that produce far more waste.*
- *There is no evidence to suggest that commercial dog walkers are causing problems of dog control.*
- *If dogs are to be excluded from some sports pitches, an equal and equivalent space needs to be created for dog walking.*
- *Concentrate on education not legislation to correct behaviour*
- *Just enforce the current laws on dog fouling.*
- *Dog fouling is far less of a problem than it was 20-30 years ago. It is a perceived problem on social media.*

Comment on Enforcement:

- *Certain areas would benefit from greater "policing", particularly Fleet Pond.*
- *There needs to be a system put in place to report offenders.*
- *The authority should be held accountable for making reasonable attempts to trace owners and enforce the order.*
- *Policies on exemption need to be able to recognise "hidden disabilities" such as mental health and autism.*

Comment on Facilities (Bins, Signage and Bags):

- *Biodegradable bags should be used, and provide bags alongside bins for those who forget.*
- *More dedicated bins and signage in busy dog walking areas would help.*
- *Bins are often full and need emptying more regularly.*
- *More signs warning of the dangers of dog fouling need to be in place.*
- *Many bags are just discarded in the countryside, even when close to bins.*
- *Providing free waste bags near bins may help.*

Comment on Fines:

- *Please implement fines as soon as possible, especially on pavements and paths.*

Other Comments:

- *There should be a ban on dogs off the lead.*
- *Dog fouling is a problem of irresponsible owners, not the dog. Do not ban dogs.*

APPENDIX C – PROPOSED DOG FOULING PUBLIC SPACE PROTECTION ORDER

DRAFT
ANTI SOCIAL BEHAVIOUR, CRIME AND POLICING ACT 2014
PART 4, SECTION 59
PUBLIC SPACES PROTECTION ORDER (DOG FOULING) 2020

This Order comes into force on the 1 June 2020 and will remain in force for a period of three years from that date unless extended by further order under the Council's statutory powers.

This Order may be cited as the Hart District Council Public Spaces Protection Order 1/2020.

PRELIMINARY

1. Hart District Council ("the Council") make the following order in exercise of its powers under section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014 ("the Act") being satisfied on reasonable grounds that:
2. The activities identified below have been carried out in public places within the Council's area and have had a detrimental effect on the quality of life of those in the locality and that the effect, or likely effect of the activities:
   Is, or is likely to be of a persistent or continuing nature,
   Is or is likely to be, such as to make the activities unreasonable, and
   Justifies the restrictions imposed by the notice.
3. The Council is satisfied that the prohibitions imposed by this Order are reasonable to impose in order to prevent the detrimental effect of these activities from continuing, occurring or recurring, or to reduce that detrimental effect or to reduce the risk of its continuance, occurrence or recurrence.

4. <u>GENERAL PROVISIONS</u>

Definitions

4.1 "Authorised person" means a police officer, an employee of the Council or other person who is authorised in writing by the Council.

4.2 "Interested party" means an individual who lives in the administrative area of Hart District or who regularly works within or visits that area.

4.3 "Prescribed charity" shall include:
(i) Dogs for the Disabled (Registered Charity Number 700454)
(ii) Support Dogs (Registered Charity Number 1088281)
(iii) Canine Partners for Independence (Registered Charity Number 803680)
(iv) Dog A.I.D. (Registered Charity Number 1 098619)
(v) Medical Detection Dogs (Registered Charity Number 1124533)
(vi) Hounds for Heroes (Registered Charity Number 1134359)

4.4 "Public place" means any place in the administrative area of the Authority to which the public or a section of the public has access, on payment or otherwise, as of right by virtue of express or implied permission. The administrative area of the Authority is the land shown in Schedule 1.

4.5 "Person in Charge" - a person who habitually has a dog in his possession shall be taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog.

THE ACTIVITIES

5. The Activities prohibited by this order are:
   (I) Failing to remove the dog faeces from land to which the public or any section of the public has access (on payment of otherwise, as a right or by virtue of express or implied consent).

THE PROHIBITION

6. The activities are prohibited within the area illustrated in Schedule 1.

PERIOD FOR WHICH THIS ORDER HAS EFFECT

7. This Order will come into force on 00:00 hrs on[__________]and will expire at 23:59 on [____________]

8. At any point before the expiry of this three year period the council can extend the Order by up to three years if they are satisfied on reasonable grounds that this is necessary to prevent the activities identified in the Order from recurring or to prevent an increase in the frequency of those activities after that time.

9. WHAT HAPPENS IF YOU FAIL TO COMPLY WITH THIS ORDER?

If a dog defecates at any time on any Public Place in the area illustrated in Schedule 1 of this Order and the person in charge of the dog at the time fails to remove the faeces from the land forthwith, that person shall be guilty of an offence unless:

a) they have a reasonable excuse for failing to do so; or
b) the owner, occupier or other person or authority having control of the Public Place has consented (generally or specifically) to them failing to do so; or
c) that person is subject to the exemptions listed in Article 12.

9.1 Placing the faeces in a receptacle which is provided for that purpose, or for the disposal of waste, shall be sufficient removal from the Public Place.

9.2 Not being aware of the defecation or not having a device or suitable means of removing the faeces shall not be a reasonable excuse for failing to remove it.

10. MEANS TO PICK UP DOG FAECES

10.1 A person in charge of a dog on any Public Space must have with them appropriate means to pick up dog faeces deposited by that dog unless:

a) they have a reasonable excuse for failing to do so; or
b) the owner, occupier or other person or authority having control of the Public Place has consented (generally or specifically) to them failing to do so; or
c) that person is subject to the exemptions listed in Article 12.

10.2 The obligation is complied with if, after a request from an Authorised Officer, the person in charge of the dog produces an appropriate means to pick up the dog faeces.

OFFENCE AND PENALTY

11 An authorised person may issue a fixed penalty notice to anyone he or she believes has committed an offence. The level of the fixed penalty shall be £100, save that if the fixed penalty is paid within 14 days following the date of the notice, the amount payable is reduced to £75. A person committing an offence and failing to pay the fixed penalty may be prosecuted.

12 EXEMPTIONS

12.1 Nothing in this Order shall apply to a person who:

a) is registered as a blind person in a register compiled under S29 of the National Assistance Act 1948; or
b) has a disability as defined by the Equality Act 2010 or its successor and who relies upon an accredited assistance dog trained by an accredited member of Assistance dogs International (ADI) or the International Guide Dog Federation (IGDF) or other Prescribed Charity.

13 APPEALS

13.1 Any challenge to this Order must be made at the High Court by an interested person within 6 weeks of it being made. An interested person is someone who lives in, regularly works in or visits the restricted area. This means that only those who are directly affected by the restrictions have the power to challenge. The right to challenge also exists where an order is varied by the Council.

Interested persons can challenge the validity of the Order on two grounds:

a) that the Council did not have the power to make the Order or to include particular prohibitions or requirements imposed by the Order; or

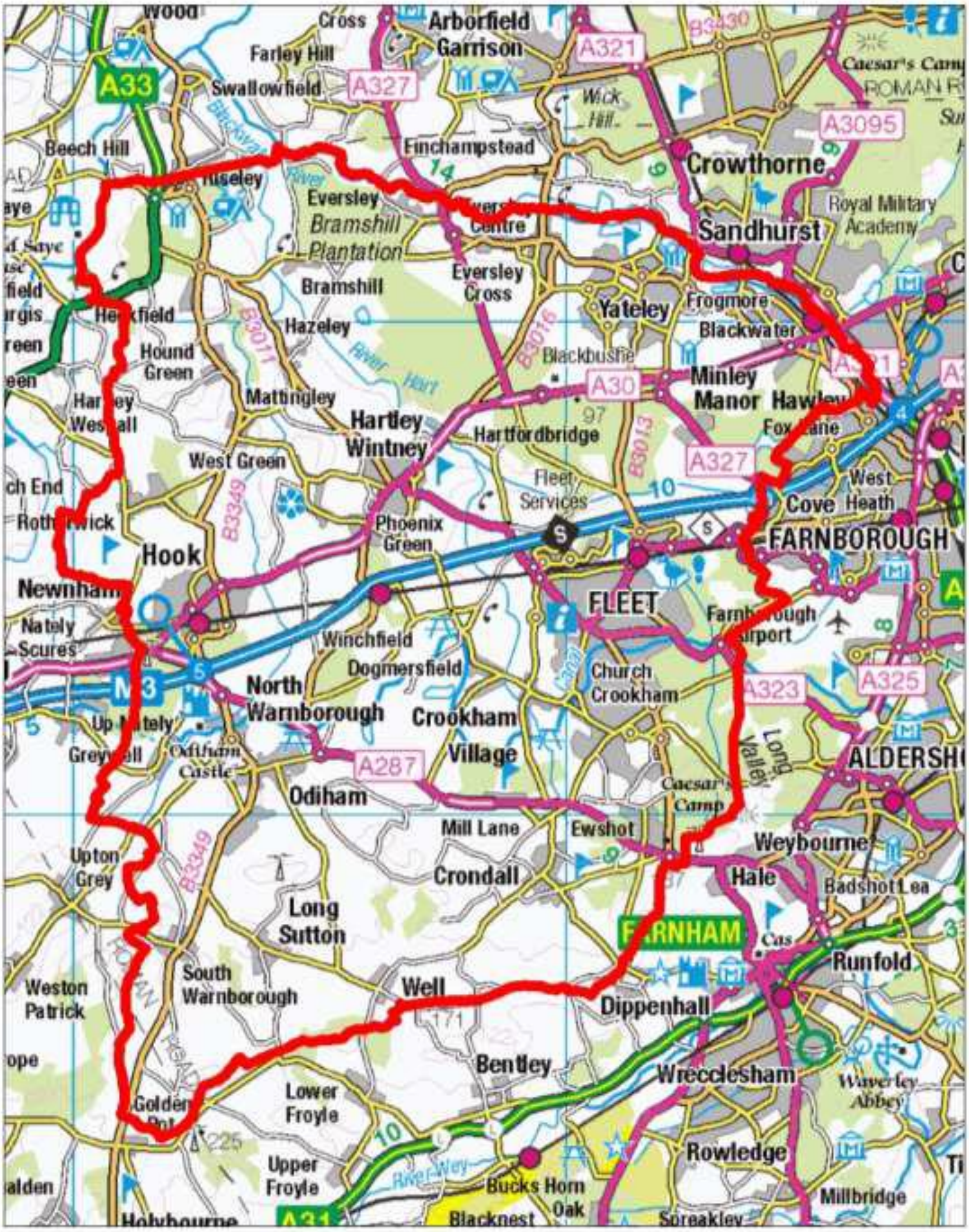
b) that one of the requirements under Chapter 2 Part 4 of the Anti-Social behaviour, Crime and Policing Act 2014 was not complied with in relation to the Order.

Where an application is made, the High Court can decide to suspend the operation of the Order pending the Court's decision, in part or in totality. The High Court has the ability to uphold the Order, quash it, or vary it.

Dated this …….. day of……….. 2020

EXECUTED AS A DEED BY AFFIXING THE COMMON SEAL OF HART DISTRICT COUNCIL IN THE PRESENCE OF:

Schedule 1: Administrative Area of Hart District



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CABINET

DATE OF MEETING: **6 FEBRUARY 2020**

TITLE OF REPORT: **CLIMATE CHANGE ACTION PLAN**

Report of: **Head of Environmental and Technical Services**

Cabinet member: **Councillor Alan Oliver, Environment**

1 PURPOSE OF REPORT

1.1 To seek Cabinet approval for the Draft Climate Change: Carbon Reduction Action Plan.

2 OFFICER RECOMMENDATION

2.1 That the draft Climate Change: Carbon Reduction Action Plan attached at Appendix 1 be approved

2.2 That a 2020/21 budget growth bid be approved to comprise:

a An initial £55k to fund the first stage of the delivery of the action plan.

b £45k to fund consultants to produce a fully costed plan to setup a building insulation grants scheme for residents on low income as proposed in action E3.

3 BACKGROUND

3.1 In response to the national declaration of a climate change emergency in May 2019 and subsequent amendment to the Climate Change Act. At its meeting in September 2019 Cabinet agreed to prepare a Climate Change Strategy and Action Plan based on the Council becoming a net zero carbon emitter by 2040 at the latest.

3.2 A cross party Working Group was established, and this has met 5 times since September with minutes of each meeting being reported to Cabinet. The Action Plan has been informed by this Group as well as by:

- Discussions with internal officers across the organisation;
- A discussion session attended by nine Town and Parish Councils;
- Discussions with other partners including Basingstoke and Deane Borough Council, SERCO and Everyone Active;
- Hampshire wide events, attendance at the Sustainable Business Network and other relevant events by the Sustainability officer.

3.3 Work undertaken by Hart to date to ameliorate against climate change includes:

- Replacing the majority of lighting in the civic offices with energy efficient LED lighting, and increasing the insulation in the roof to improve the buildings heating efficiency.
- Installing solar PV on the roofs of both the council leisure centres.
- Specifying a combined heat and power plant in the design for the new Fleet leisure centre.
- Established two new country parks in the district.
- Making a commitment to reduce carbon emissions from the waste and recycling service by 32% over the course of the next contract.
- Facilitating the installation of two new rapid electric vehicle charger points in Church Road car park, Fleet.
- Supporting the local sustainable business network which enables environmentally committed businesses to share ideas and build working relationships.

3.4 Harts Overview and Scrutiny Committee considered this report at its January 2020 meeting and following debate agreed their support for the report's recommendations to Cabinet.

4 CONSIDERATIONS

Climate Change Action Plan Scope and Objectives

4.1 The Working Group agreed that the focus of the climate change response should be on reducing the Councils operational carbon emissions. It agreed the following objectives as set out in the Action Plan in Appendix 1:

- To deliver net zero carbon emissions from Hart District Council operations by 2040 at the latest; and
- To provide community leadership to deliver a reduction in carbon emissions across the District.

4.2 This first Action Plan will initially cover a three-year period up to 2023. The first review will be in October 2020 (and October annually thereafter) so that actions can be considered in the Council's budget setting and service planning processes. Work on a Climate Change strategy currently being prepared by Hampshire County Council and any new Government initiatives can also be taken on board at that time.

4.3 Whilst the Action Plan focuses on targets to ensure that the Council's operations are zero carbon by 2040, the Council's wider role in supporting carbon emission reductions across the District are also recognised.

4.4 In the light of the timescales for preparation of this first Plan, a number of first actions relate to establishing baseline data and feasibility studies to establish costs and benefits of initiatives to be undertaken in future years. The options generated by this baseline work will be fed in to the first review of the Plan in October.

4.5 Following agreement to the Action Plan, a stakeholder launch event will take place. This will be followed by individual stakeholder discussions. It is expected that additional actions and amendments to the Action Plan will be proposed from these.

Additional actions will be considered by the Working Group on a quarterly basis for inclusion in the Plan. If these actions can be progressed within the overall budgetary and staff resource constraints to meet our Climate Change objectives, then they will be progressed in advance of the annual review. This is in line with the Working Groups desire for this Action Plan to be a working document that takes best practice and new developments on board in a timely fashion.

Proposed Actions 2020 - 2023

4.6 Actions are set out under a number of themes, although many actions are interrelated. A summary of Actions is set out below:

Strategy
- Embed carbon reduction objectives into all decision-making processes in the Council
- Embed carbon reduction objectives into the Councils procurement process
- Raise staff awareness
- Implementation of relevant Development Plan policies
- Investigation of commercialisation opportunities

Energy
- Energy audit to be carried out on Hart operational buildings
- Feasibility study for self-generation of electricity
- Support energy efficiency schemes through for example raising awareness of grant funding
- Investigate options for 100% renewable electricity supplier

Transport
- Development of the Green Grid Strategy supporting sustainable travel options for modal change
- Costings for HDC vehicles to be zero emission (Infrastructure and vehicles)
- Identify and support grant funding with partners
- Feasibility study for community bus on demand scheme
- Review options for taxi licensing to incentivise zero emission vehicles

Nature
- Site search for greening opportunities (green roofs/walls etc) and pilot project
- Completion of Tree Strategy and tree canopy survey in settlements

Community Leader and Partnership
- Working with our operational partners to minimise carbon emissions
- Working collaboratively with local businesses
- Working collaboratively with Town and Parish Councils
- New climate change webpages/promotion of issues/funding/events

Adaptation
- Preparation of an Adaptation Action Plan

Monitor

- Commitment to annual monitoring of the Action Plan

5 FINANCIAL AND RESOURCE IMPLICATIONS

Is the proposal identified in the service plan?	No
Is the proposal being funded from current budgets?	Part
Have staffing resources already been identified and set aside for the proposal?	Part

5.1 The Action Plan identifies the resources required to initiate the first set of actions. As set out above, further baseline data and feasibility studies are required before more detailed costings can be provided for some of the options that might be taken forwards. This information will be available for the first review in October.

5.2 Delivery of the Climate Change Action Plan will require the additional resources in the form of a new Sustainability Officer post and consultancy support and this report recommends that £55k is allocated within the 2020/21 budget to fund this.

5.3 It is estimated that consultancy support to produce a fully costed plan to setup a building insulation grants scheme, for residents on low income will cost a further £45k. a recommendation of this report is that funding for this will be allocated in the 2020/21 budget.

6 ACTION

6.1 Subject to Cabinet's agreement to the attached Action Plan and Council agreeing a 2020/2021 budget allocation, officers will work with the Climate Change Member Working Group to start implementation. A Climate Change stakeholder event is planned for March to launch the Action Plan and to build stronger collaborative working with an internal briefing for officers also being organised. Climate change meetings with Town and Parish Councils are to be arranged at quarterly intervals.

Contact Details: John Elson, Head of Environmental and Technical Services, x4491 john.elson@hart.gov.uk

APPENDICES

Appendix 1 – Hart Climate Change Action Plan: Carbon Reduction 2020 - 2023

BACKGROUND PAPERS

Cabinet Report: Climate Change Response – 5 September 2019

Draft minutes of Hart Overview and Scrutiny meeting – 21 January 2020

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Appendix 1

Hart Climate Change Action Plan
Carbon Reduction
February 2020 – October 2023

This Hart Climate Change Action Plan sets out the pathway of actions that will be taken in order for the Councils operational carbon emissions to be net zero by 2040 at the latest. From adoption of this Action Plan the Council will embed carbon reduction considerations into the day to day work of the Council including in its decision making process. This Plan is the Councils response to the declaration of a national Climate Change emergency in May 2019. It will be updated annually to cover a rolling three year period.

In addition to the reduction in the Council's own operational carbon emissions, the Action Plan sets out how the Council will work with stakeholders to support reductions in emissions across the District. Whilst this Action Plan focuses on carbon reduction, it identifies further actions to be undertaken to develop an adaptation and mitigation programme.

Background

Following the declaration of the national Climate Change emergency, the Government amended the Climate Change Act 2008 to set a target for the United Kingdom of net zero carbon emissions by 2050. In September 2019 Hart District Council formally recognised the serious impact of climate change globally and the need for urgent action. It was agreed that a Climate Change Action Plan be prepared based on Hart District Council becoming a net zero carbon emitter by 2040 at the latest.

Vision and Objectives

In addition to supporting the national declaration of a climate change emergency, this Action Plan supports the Hart Vision 2040, which is for Hart to become:

> **'The best place, community and environment to live, work and enjoy'.**

Measures to achieve this include enhancing the environment with one of the ways in which this will be delivered being:

> **'Reducing the impact of climate change by building in sustainability to any new developments, encouraging re-wilding and using new technologies to mitigate the impact of climate change.'**

The **Objectives** of the Hart Climate Change Action Plan are:

- To deliver net zero carbon emissions from Hart District Council operations by 2040 at the latest; and
- To provide community leadership to deliver a reduction in carbon emissions emissions across the District.

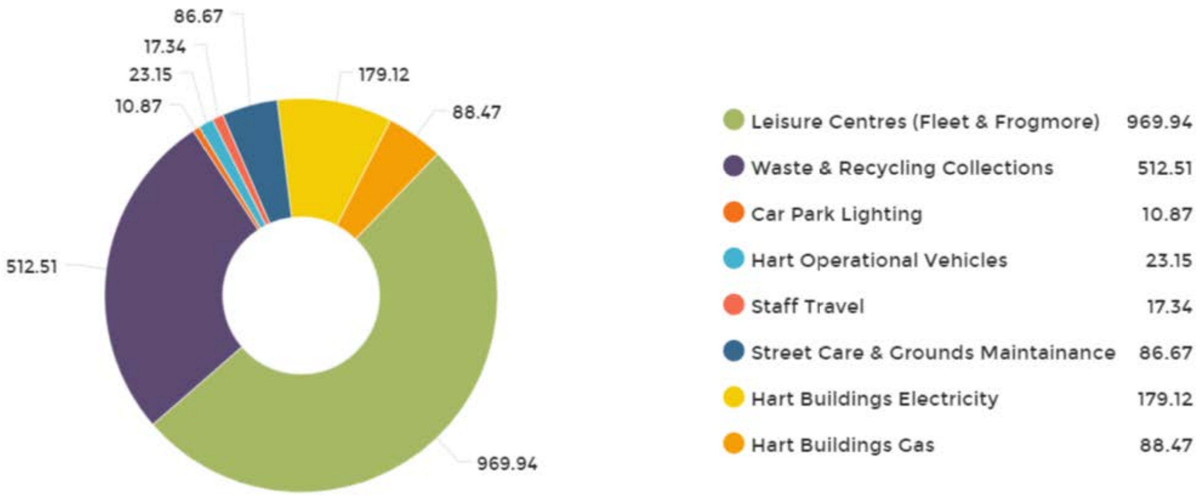
Carbon emissions

The Councils operational carbon emissions (CO_2e) at the time of preparing this Action Plan (2019) is set out in the Figure below and arises from a range of activities including running of the Council offices, staff travel and operation of the leisure centres.

The Council has been tracking its own direct emissions (scope 1) and those created from the energy it consumes (scope 2) over several years, as well as services that are run on behalf of the Council in the district, such as waste and recycling collections, street cleaning & ground maintenance and the leisure centres in Fleet and Frogmore.

Emissions stand at 1888.07 tonnes of carbon dioxide equivalent (tCO_2e) for 2018/19 (latest compiled data, subject to revision). While this data is comprehensive, it does not include emissions from all areas of the Council's activity, in particular the Council's procurement activity.

Hart District Operational Carbon Emissions 2018/19 in tCO2e Total = 1888.07tCO2e



(Figures in tonnes carbon dioxide equivalent)

Council operations only comprise a small proportion of total carbon emissions across the District. Across the District as a whole, carbon emissions have been reducing. Government statistics[1] show the changes in per capita carbon dioxide (CO_2) emissions for each local authority. This reduction is in line with other authorities and with Hampshire as a whole (5.0 tCO_2), but our emissions remain higher than some of our neighbouring authorities and others in Hampshire. The highest contributor of carbon emissions in the District is from road transport followed by domestic emissions.

The Council will work closely with other partners including Hampshire County Council, businesses and local communities to support District wide reductions. Engaging with stakeholders will be a focus of the first 6 months of the Action Plan in order to inform the first review in October 2020.

Monitoring and Review

This Action Plan will be updated annually to include a rolling three year period of actions. The annual review will include information on progress against each action and an update on the reductions achieved in the Councils carbon footprint. It will also include additional actions for the following three year period.

The first review will be in October 2020 and each October thereafter. This allows the actions to be considered in the Councils annual budget and service planning processes. The first review in October 2020 will set a three year rolling carbon reduction target.

The revised Action Plan will be agreed annually by the Council's Cabinet.

[1] UK local and regional carbon dioxide emissions national statistics 2005 – 2017 https://www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-to-2017 , June 2019

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Appendix 1

Action Plan Targets 1-3years (2020 – 2023)

To be adopted March 2020 unless otherwise stated, to be reviewed October 2020

Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
	Strategy					
S1	Analyse different pathways to emission reductions	Calculate annual CO_2e saving and Cost/Payback for each action where feasible.	Populate additional Cost/Payback column in action plan.	First annual review	Staff time External consultants (£5,000 12mth limited budget to support as required)	Sustainability Officer
			Produce costed pathways to meet carbon reductions target.			
			Annual CO_2e reduction target to be set and agreed.			
S2	Maximise opportunities across all areas of Hart District Council responsibilities	Relevant action to be reflected in each service plan with agreed targets	Service plans to be completed.	Service plans to be set by April 2020. To be reviewed annually.	Staff time	Heads of Service
		Identify and if necessary review key Council strategies and policies likely to have an impact on climate change.	Identify key strategies and policies to be reviewed,	Oct-2020	Staff time	Corporate Strategy and Policy Manager
			Polices to be update to be agreed and time date policies	Apr-2021		

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Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
		Embed Climate Change objectives into all new key corporate projects and strategies, including procurement and include as a standard item in the Cabinet decision making process.	Procurement policy updated, to add carbon emission and sustainability as consideration.	First annual review	Staff time	Contracts and Procurement Manager
			Amendment to all report templates	Immediately following adoption of the Action Plan	Staff time	Committee Services Officer
		Organise staff awareness of mitigation measures they can put in place and training for key staff with particular relevance to climate change.	Information in Staff newsletter, promote training events	Sept-2020	Staff time and trainer as required (Approx. £1,000)	Communications and Media Manager & Sustainability Officer
		Use climate action to improve environment, society and economy. Through use of Co-benefits toolkit	Assess additional environmental, social and economic benefits for each action where applicable. Add to action plan where applicable.	First annual review	Staff time	Sustainability Officer
			Staff working group			
		Hart Development Plan (including the Local Plan and Neighbourhood Plans) including policies supporting renewable energy, water & energy efficiency, minimising flood risk and promoting sustainable travel.	To be monitored through the annual Authorities monitoring report.	On-going	Staff time	Planning Policy Manager

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Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
S3	Identify commercialisation opportunities	Identify opportunities that will support climate change targets and put together business plan	EV charge points	2020/21	Staff time (Charge points £10-15,000 per car park for x2 22kW charger, grants available)	Commerciali sation Manager
			Energy Storage	2020/21	Staff time (Approx. £500,000 to £1,000,000 per MWh, Sizes range from 5MWh to 50MWh)	
			PV Solar Installation	2020/21	Staff time (Approx. ~£1,000,000 per 5MW commercial installation)	
			White label energy supply / EV leasing	2020/21	TBC	
	Energy					
E1	Reduce emission from Hart DC operational energy consumption (Operational Emissions)	Energy Audit to be carried out on Hart DC operational buildings.	Create plan identifying potential energy saving with associated costs and timeframe to implement and estimated payback.	Oct-2020	External consultants (Est £1,500 for Civic Offices)	Sustainability Officer

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Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
		Put together and cost plan for rolling program to convert HDC car park light to LED lighting.	All car park light to be LED lights.	Apr-2021	Approx. £40,000 for all car parks (~£360 per lamp including labour)	Infrastructure Manager
		Countryside rangers to trial hand held electric tools and machinery.	All hand held equipment to be electric where practicable.	Oct-2020	Costs included within Countryside budget.	Countryside Manager
E2	Increase % of Hart DC energy consumption from renewable sources (Operational Emissions)	Feasibility study for self-generation: Rooftop Solar PV, Micro Wind and energy storage	Fully costed feasibility study	Oct-2020	Staff time (Approx. Civic Offices rooftop PV ~£50,000 for 50kW)	Sustainability Officer
		Investigate options for 100% renewable electricity supplier	Compare options through current contract	Jan-2020	Staff time (Approx. £TBC extra per year)	Business Support, Facilities & Data Manager
E3	Support reduced emission from energy consumption of residential (Hart District Emissions)	Work with private sector housing and external partners such as Housing Associations to support energy efficiency schemes, such as retrofit schemes in domestic and non-domestic buildings and	Identify external energy efficiency grant funding	on-going	Staff time	Head of Community and Housing
			Produce full costed plan to setup building insulation grants scheme, for residents on low income	Apr-2023	External consultants (Approx. £TBC)	

Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
		encourage take-up of renewable energy.	Assess options for bulk purchase of energy efficiency products, passing on saving to residence			
			Monitor and report uptake of energy efficiency measures, any grants and advice			
		Signpost community groups, businesses and residents to sources of support and funding.	Build webpages to promote energy efficiency information and resources	Oct-2020	Staff time	Communications and Media Manager & Sustainability Officer
	Transport					
T1	Encourage modal shift to more sustainable transport options (Hart District)	Develop a Green Grid Strategy including first stages of implementation to encourage better sustainable transport links between settlements and public transport hubs	Prepare Green Grid Strategy	2020/21	Green Grid Strategy - Officer time/ Consultation costs (Initial consultation already funded)	New Settlement Manager
			Implement Green Grid project between Hartland Park and Fleet Train Station			
T2	Transition Hart DC fleet vehicles to ultra-low / low emission vehicles. (Operational)	Produce a costed proposal covering investment need of both infrastructure and vehicles to introduce zero emission vehicles to HDC fleet. Looking at both associated carbon emission saving and air pollution improvements.	Reduce emission from Hart DC Fleet vehicles	Oct-2020	Consultants, Staff time (EV Charge points at Civic Offices: x2 £12,844.66) x4 £18,802.66)	Sustainability Officer

Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
		Reduce emissions from Grey Fleet (staff vehicles) and commuting	Promote sustainable transport options to staff, such as cycle to work scheme	1-3 years as required	Staff time	Sustainability Officer
			Arrange trials of EVs to relevant departments to identify suitability			
			Staff travel survey			
			Review staff travel policy to consider vehicle emissions, and encourage public transport	Oct-2020	Staff time	Human Resources and Customer Service Client Manager
			Review working from home policy to reduce staff commuting			
			Encourage use of video / telephones for meetings conferences and ensure technology is available with training.	Oct-2020	Staff time, resources to be incorporated within Digital Strategy	Change and Digital Manager
T3	Promote and encourage of ultra-low and low emission vehicles in Hart. (Hart District)	Identify grant funding	Complete application for OLEV grant funding for off-street electric vehicle charging in HDC owned car parks.	Apr 2020 for 2020/21 OLEV grant allocation	Staff time	Sustainability Officer
			Continue to review available grant funding options	1-3 years on-going	Staff time	Sustainability Officer

Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
		Support and promote shared ultra-low and zero emission transport options	Feasibility study for community bus on demand scheme, with available technology options	Oct-2020	Consultants	Infrastructure Manager
			Review and update Low CO_2 emission parking season ticket discount scheme.	Apr-2020	(Current cost ~£500pa, already budgeted)	Infrastructure Manager
			Identify options and locations for ultra-low and zero emission shared ownership/pool cars	Oct-2020	Staff time	Infrastructure Manager & Sustainability Officer
		Use of licensing powers to incentivise the use of ultra-low and zero emission vehicles, and/or rolling phase out of older vehicles through raising of emission standards.	Review taxi licencing conditions	1 year	Staff time (target cost neutral)	Head of Place
	Nature					
N1	Offsetting projects	Planting wild gardens, urban trees, living walls in car parks, green/living roofs.	Survey of HDC owned car parks, sites and building that could be suitable for greening	Oct-2020	Staff time	Countryside Manager
			Creation of plan showing cost, air pollution and carbon reduction, submitted for consideration as a pilot project once suitable site found.	Oct-2020		
		Planting of trees to offset carbon emissions	Identify suitable land/sites and funding. Including completion of	Oct-2020		

Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
			tree canopy mapping in settlements.		Area tree canopy survey £2,500 & Staff time	
			Identification of pilot project	Apr-2021		
			Completion of tree strategy and costing for public tree planting scheme.	Oct-2020		
	Community Leader & Partnership					
P1	Collaborative partnerships (operational)	Engage with operational partners to work towards meeting 2040 target. To be fed back into action plan.	Waste & Recycling (Serco) – Joint working to meet 32% CO_2e reduction by 2026	Oct-2020	Staff time and consultancy support. Energy audit of both leisure centres (Approx. £4,000)	Sustainability Officer
			Leisure Services (Everyone Active) – Joint working to establish costed actions and targets	Oct-2020		Sport and Leisure Manager
			Street care and grounds maintenance (BDBC) – Joint working to establish costed actions and targets	Oct-2020		Countryside Manager
P2	Collaborative partnerships (stakeholders & community)	Identify community climate change groups / champions	Parish councils - Setup collaborative working arrangement	Apr-2020	Staff time	Corporate Strategy and Policy Manager
			Seek expression of interest	Oct-2020		

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Appendix 1

Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
		Hart climate change charter for local businesses and organisations to sign up to	To be agreed by cabinet			Sustainability Officer, Economic Development Officer & Head of Place
		Hart climate change charter for local businesses and organisations to sign up to	Seek collaborative partners through Hart news, press release			Sustainability Officer, Economic Development Officer & Head of Place
		Hart climate change charter for local businesses and organisations to sign up to	Engage with local groups			Sustainability Officer, Economic Development Officer & Head of Place
P3	Strategic Partnership	Link Hart DC Action Plan with Hampshire wide 2050 net zero carbon target.	Establish dialog with HCC regarding 2050 climate plans.	On-going	Staff time	Sustainability Officer
P3	Strategic Partnership	Link Hart DC Action Plan with Hampshire wide 2050 net zero carbon target.	Link in Action plan objectives with HCC for funding/resources	Oct-2020	Staff time	Sustainability Officer
P3	Strategic Partnership	Link Hart DC Action Plan with Hampshire wide 2050 net zero carbon target.	Hart DC to influence where we can through partnerships	On-going	Staff time	All
P3	Strategic Partnership	Engage with the Enterprise M3 activities	Link in Action plan objectives with HCC for funding/resources	On-going	Staff time	Sustainability Officer
P4	Support local businesses to help reduce their greenhouse gas emissions	Raise business awareness through events and information.	Continue to support and promote events through sustainable business network	On-going	£1,000 per annum & Staff time	Sustainability Officer & Economic Development Officer
P4	Support local businesses to help reduce their greenhouse gas emissions	Raise business awareness through events and information.	Engage with local businesses	On-going	Staff time	Sustainability Officer & Economic Development Officer
P4	Support local businesses to help reduce their greenhouse gas emissions	Raise business awareness through events and information.	Meet with partners to explore potential to expand network, and identify Climate Change business champions.	On-going	Staff time	Sustainability Officer & Economic Development Officer
P4	Support local businesses to help reduce their greenhouse gas emissions	Raise business awareness through events and information.	Working with EM3 LEP to deliver the clean growth economy, and support business to access clean grown and energy efficiency grant funding	On-going	Staff time	Sustainability Officer & Economic Development Officer

Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
		Work with local business and suppliers through procurement activities to encourage a lower climate impact.	Through the procurement activities we undertake, encourage local business and suppliers to lower their climate impact.	Dec-2020	Staff time	Contracts and Procurement Manager
P5	Increase awareness of opportunities to reduce carbon emissions across the District	Promote the consumption of food which has a low climate impact	Promote through communications and Hart news	On-going	Staff time, cost of publicity, land for urban gardens	Corporate Communications Officer
			Promote and support urban / community gardens			Countryside Manager
		Sharing advice and expertise with communities	Promoting climate change and sustainability in Hart through improved website / events	Oct-2020	Staff time, cost of publicity	Corporate Communications Officer
		Continuing to raise awareness and education on waste minimisation	Increase recycling rate, and reduce general waste	On-going	Staff time, cost of publicity	Waste & Recycling Manger
P6	Reduce emission of public events	Work with local events to reduce emission and waste from events	Good practice guide	Oct-2020	Staff time	Head of Place
	Monitor					
M1	Monitor Government announcements and initiatives	Create awareness of new initiatives and funding amongst staff, the local community and businesses.	Monthly reviews	On-going	Staff time	Sustainability Officer
M2	Monitor and Report on progress	Produce an annual report on climate change targets and actions and refresh a further 3-year work programme.	Annual	Oct-2020	Staff time	Sustainability Officer
	Adaption					

Ref	Objective	Action	Target	Timeframe to implement	Resources	Lead
A1	Reduce impact of climate change on Hart's operations and the district.	Understand impact to operational and district	Climate change risk assessment to be carried out by each department	Apr-2020	Staff time	Sustainability Officer
			Work with local communities to increase resilience to future impacts of climate change			
			Adaptation action plan			

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CABINET

DATE OF MEETING: **6 FEBRUARY 2020**

TITLE OF REPORT: **BUDGET 2020/2021**

Report of: **Head of Corporate Services**

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

1 PURPOSE OF REPORT

1.1 This report provides a summary of the revenue and capital budget proposals for 2020/2021. The report also includes the statutory statement of the Head of Corporate Services (Section 151 Officer) to Council on the robustness of the estimates and adequacy of reserves. Overview and Scrutiny considered this report at its January meeting.

1.2 This budget has been prepared using information contained in the Provisional Local Government Finance Settlement 2020/2021. A verbal update on any changes in the Final Settlement will be provided at the meeting if necessary.

1.3 It is important to note that the Government has also postponed the Spending Review due in 2019 and instead published a short-term Spending Round. No figures have been made available for local government funding beyond 2020/2021, either nationally or locally. This report therefore cannot give any realistic projections for 2021/2022 or beyond. What this means is that, in substance, any budget to be proposed will only be a one-year budget.

2 RECOMMENDATION to Council

2.1 That the level of Council Tax for 2020/21 be increased by £5 (2.9%) and set at £176.84

2.2 That the summary revenue budget for 2020/2021 as set out (in Paragraph 12 of this report) be approved.

2.3 That the revised capital programme for 2019/2020 and 2020/2021 as detailed in Appendix 2 be approved.

2.4 That no changes be made to the Council Tax Support Scheme for 2020/21.

3 BACKGROUND INFORMATION

3.1 The Government has postponed the Spending Review due in 2019 and instead published a short-term (one-year) Spending Round. The Government's December 2019 draft 2020/2021 local government settlement proposals reflects this. At this time it is proposing to:

- waive the potential for negative Rate Support Grant (RSG) for 2020/2021

- postpone any decision to localise Business Rates until 2021/2022 but it has promised wider changes to the Business Rates system
- postpone until 2021/2022 any Fair Funding Review that would revise the methodology for distributing RSG and business rates across the country
- Commit itself to reviewing New Homes Bonus (NHB) after consultation due in Spring 2020.

3.2 This means it is not possible to given any meaningful assessment of the potential budget position for 2021/2022. This is of some concern given that the Council is facing major and imminent challenges regarding:

- Changes in contracts and inflation; and
- Potential Hampshire County Council imposed changes to the Waste arrangements.

3.3 The broad principles affecting the budget position were reported to Cabinet on 5 December 2019 and these remain the most up to date information except for the data contained in the settlement identified in paragraph 4. Accordingly no updated Medium Term Financial Strategy (MTFS) is included in this report.

4 PROVISIONAL 2020/2021 GOVERNMENT SETTLEMENT FOR HART

4.1 The final finance settlement for 2020/2021 has not yet been confirmed by the Government (it was delayed by the General Election, and the date is not yet known). This budget has therefore been prepared based on the provisional 2020/2021 local government finance settlement that was published on 20 December 2019. It would appear that for this year only the Government is intending simply to roll forward last year's (2019/2020) settlement.

5 COUNCIL TAX

5.1 The Government anticipates, as in previous years, that local authorities such as Hart will increase council tax in 2020/2021 within a referendum principle of up to 2% or £5. Any higher rise will require holding a local referendum. Consequently, the budget proposals included in this report assume a £5 increase in 2020/2021. The financial effect of this increase is to add approximately £200k annually to income.

6 NEW HOMES BONUS

6.1 New Homes Bonus (NHB) remains a crucial part of the Council's budget and the provisional settlement proposes that Hart will receive £2.377m in 2020/21. NHB is wholly used by the Council to support the revenue account. Whilst this provisional NHB is slightly more than predicted in the Medium Term Financial Strategy (£177k extra) this funding stream cannot now be relied upon for the future.

6.2 The Government's 2020/2021 provisional settlement makes it clear that that NHB will be phased out and that there will be no new NHB payment from 2021/2022. In addition, the 2020/2021 payment is to be a one-off payment, with no further legacy payments in the following years.

6.3 There is therefore, a significant future risk to the Council because NHB accounts for 20% of the net revenue budget – the Council could in the future lose over £2m in revenue funding. Whilst the Government has said that it will consult on replacements for NHB in "spring 2020" there is absolutely no certainty as to what this could look like. The Government's intention however, is that whatever replaces NHB must comprise a more targeted approach that only rewards local authorities where they are ambitious in delivering the homes, and which is aligned with other measures around planning performance.

7 COUNCIL TAX SUPPORT SCHEME

7.1 Since 2013, local authorities in England have been responsible for running their own local schemes for help with council tax - Council Tax Support. Councils can choose to either reduce the discount paid to working age claimants or find income to make up the reduction. The Council has always agreed not to reduce the discount (benefits) paid to such claimants but to fund the cost from the revenue account. There are no proposals to change the arrangement for 2020/2021.

8 FEES AND CHARGES

8.1 The budget has been prepared taking account of the following changes to charges in the main service areas:

- Green Waste 5%
- Building Control 5%
- In all other cases, where the Council has flexibility in setting fees and charges, the general intention is to increase them by inflation only unless any individual scheme of delegation allows flexibility to set specific fees and charges.

9 GROWTH AND SAVINGS INCLUDED IN BUDGET

9.1 An incremental approach to the budget is being followed in building this budget. It includes identifying areas for further savings, as well as any opportunities to secure new sources of income.

9.2 Appendix 1 attached shows the movement of budgets between 2019/2020 and 2020/2021.

9.3 The following areas represent some of the more significant and on-going pressures for future budget growth:

- Contract changes & inflation increases
- Shapley Heath Garden Community evaluation (£500k over 3 years)
- Proposed Climate Change Action Plan (initial £100k in the first year and will thereafter require on-going funding)
- The introduction of a Committee Services Management system (£30k one off cost but will lead to self-financing savings in later years)
- The introduction of the integrated Planning/Environmental Health/Housing data base project (£200k)
- Potential changes to the Waste arrangements (£850k/annum from 2021/2022)
- Uncertainty over future Planning and Building Control Fee income (this will inevitably fluctuate)

- Commercialisation structure and net income targets including Minimum Revenue Provision contributions (£400k)

10 OUTTURN FOR 2019/2020

10.1 The outturn is expected to balance in 2019/2020.

11 CAPITAL PROGRAMME

11.1 The proposed 2020/2021 Capital Programme is attached as Appendix 2, which also identifies the latest position in respect of the 2019/20 programme. Carry forward amounts are estimated for Treasury Management purposes and these will be finalised at the end of the year when all projects are examined.

11.2 A breakdown of the capital programme is included in Appendix 2 with additional information about slippage below:

- The IT infrastructure upgrade was finalised in December 2019. Rollout in accordance with an agreed project plan is anticipated in 2020/21
- Frogmore Leisure Centre refurbishment is essentially complete with minor works only expected in 2020/21
- Housing minor works grants are demand led and will fluctuate on an annual basis
- Disabled Facilities Grants are demand led and fully financed from a government grant
- The specification for the Dog Warden Van has been changed to an Electric Vehicle and the budget includes the cost of charging points.
- Fleet Pond Green Corridor - additional information presented to Cabinet on 2 January 2020
- Existing Fleet Pond approved projects have been deferred in order to co-ordinate activity with the Green Corridor project.
- Edenbrook projects have been deferred due to timescales for adoption of the park Flood alleviation schemes are grant funded and progress is in line with the agreed project timescales.
- Investment in commercial property commenced in 2019/20 and reflects a holding deposit for the first scheme in Fleet.

12 BUDGET 2020/2001

12.1 The table below summarises the budget for 2020/2021 compared to the approved 2019/2020 original budget

	2019/2020	2020/2021	
	Original Budget		
	£ 000	£ 000	
Net Service Budget	9,765	9,448	
SANG Expenditure	61	258	Funded from allocated S106 receipts
Cost of Service	**9,826**	**9,706**	
Debt Interest	12	12	
MRP	445	469	
New Homes Bonus	-2,283	-2,377	
Pressures	0	944	See paragraph 8.3
Net Expenditure	**8,000**	**8,754**	
Financed by			
Council Tax	-6,994	-7,286	Provisional Local Government Settlement maximum increase
Business Rates Retained	-1,258	-1,280	Provisional Local Government Settlement – Safety Net
Collection Fund – CT Surplus	-24	-31	Collection Fund estimate
Collection Fund – NNDR Deficit	390	154	Collection Fund estimate
S106 receipts	-53	-53	Allocation as per approved expenditure
SANG receipts	-61	-258	Allocation as per approved expenditure
Total Financing	**-8,000**	**-8,754**	

12.3 The major revenue funding issues looking beyond 2020/21 are:

- Spending Review 2020 – may reduce the totality of local government funding
- Fair Funding Review – risk of losing further central government funding as it is distributed elsewhere
- Changes to New Homes Bonus
- 75% business rates retention from 2021/2022

12.4 Major changes to the Cost of Service are summarised into the following areas

- Service income following the Fees and charges reviews as outlined in paragraph 8
- Savings from service reviews and a major change to New Settlement activity
- Unavoidable pressure which is primarily contractual in nature
- Discretionary Expenditure which includes the revised new Settlement activity
- Annual Adjustment to income in Planning and Building control which continues to be under review as per paragraph 9.3
- Pension Deficit repair payments are forecast at zero until 2022 following the Triennial review in 2019
- SANG income contributions allow for management fees and these are currently being examined for potential recharge to projects.

13 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

13.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates and the adequacy of proposed financial reserves.

13.2 The budget has been constructed following a detailed and robust process involving budget holders, finance staff, the leadership team and Members. Account has been taken of identified financial issues and pressures and realistic budget assumptions have been made and key risks identified. Service changes and savings options have been considered by Heads of Service and Members through the service review process.

13.3 Budget risks are managed throughout the year by a comprehensive budget monitoring process, which acts as an early warning of budget issues allowing corrective action to be taken, and via the general fund reserve.

13.4 The Council has limited reserves available to it. The General Fund balance stood at £5.537m at 31st March 2019. The current year outturn projections and proposed budget for 2020/21 would maintain this level.

13.5 The S151 Officer considers that the projected General Fund balance is adequate to help manage the 2020/21 budget risks. While the use of the General Fund balance is for financing unplanned one-off costs and does not underwrite on-going expenditure, the level of the General Fund balance does provide a buffer against the uncertainty of future central government funding.

14 COMMENTS OF THE MONITORING OFFICER

14.1 This report recommends the adoption of a lawful budget and the level of Council Tax for 2020/210. It also outlines the Council's current and anticipated financial circumstances, including matters relating to capital expenditure and resources.

14.2 The setting of the Budget and Council Tax by Members involves their consideration of choices. No genuine or reasonable options should be dismissed out-of-hand and Members must bear in mind their fiduciary duty to the council taxpayers of Hart.

14.3 Members must have adequate evidence on which to base their decisions on the level and quality at which services should be provided. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably. Where a service is derived from a statutory power and is in itself discretionary that discretion should be exercised reasonably.

14.4 Should Members wish to make additions or reductions to the budget, on which no information is given in the report before Members, they should present sufficient information on the justification for and consequences of their proposals to enable the Council to arrive at a reasonable decision on them.

14.5 The report sets out the relevant considerations for Members to consider during their deliberations and members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. They are under an obligation to produce a balanced budget and must not knowingly budget for a deficit. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality and level of services which they consider should be provided, against the costs of providing such services.

14.6 Members are also reminded of Section 106 of the Local Government and Finance Act 1992 which prohibits any Member, who has not paid for at least two months his/her Council Tax when it became due, from voting on setting the Budget and Council Tax.

CONTACT: Andrew Vallance, Head of Corporate Services x4207, email: andrew.vallance@hart.gov.uk

APPENDICES:

Appendix 1 – 2020/21 Budget – Major change analysis
Appendix 2 – 2020/21 Capital Programme and 2019/20 estimated out turn

Appendix 1

Cost of Service Changes

2020/21 Budget - Major Change Analysis

	Core Services	**2020/21**	
		£ 000	**£ 000**
	Original Budget 2019/20		**9,765**
Income	Fees & Charges		(158)
Savings	Winchfield Railway Station	(787)	
	Departmental Efficiencies	(131)	(918)
Unavoidable pressure	Salaries Inflation	120	
	Contractual Inflation	158	
	Essential Maintenance	80	358
Approved Changes	Commercialisation Structure	102	
	Grounds Maintenance Standard	53	
	Street Cleaning Standard	127	282
Discretionary Expenditure	Shapley Heath Development	167	
	Land Charges	20	187
	Net Change - Core Budget		**(249)**
Annual adjustment - Income	Planning - Major Applications	236	
	Building Control	12	248
Annual adjustment - Costs	Pension Deficit	(433)	
	SANG Management costs	117	(316)
	Net Change - one off adjustments		**(68)**
	Net Service Budgets		**9,448**
	SANG Expenditure		258
	Cost of Service		**9,706**

Appendix 2

2020/21 Capital Programme and forecast 2019/20 Out Turn

	2019/20			2020/21	2021/22	2022/23
	Budget	Spend	Carry Forward	Budget	Estimate	Estimate
Corporate Services	847	315	532	361	0	0
Community Services	889	840	49	530	530	530
Place	52	39	13	11	0	0
Environmental and Technical Services	2,849	968	1,761	2,820	397	367
Commercialisation	0	730	0	16,300	10,000	10,000
Total Expenditure	**4,637**	**2,892**	**2,355**	**20,022**	**10,927**	**10,897**

Financed by:

	2019/20			2020/21	2021/22	2022/23
	Budget	Spend	Carry Forward	Budget	Estimate	Estimate
Borrowing	1,124	1,295	579	17,022	10,356	10,000
S106 Contributions	1,505	662	703	1,070	41	367
Grant	666	608	59	1,900	500	500
Housing Capital Receipts	30	15	15	30	30	30
Loan	1,313	313	1,000	0	0	0
Total Financing	**4,637**	**2,892**	**2,355**	**20,022**	**10,927**	**10,897**

Appendix 2
Capital Projects

		2019/20			2020/21	2021/22	2022/23
Service Area	**Scheme**	**Budget**	**Spend**	**Carry Forward**	**Budget**	**Estimate**	**Estimate**
Corporate Services	Upgrade to IT infrastucture	497	0	497	361		
	Frogmore Leisure Centre Investment	350	315	35			
		847	**315**	**532**	**361**	**0**	**0**
Community Services	CCTV-Rushmoor	34	0	34			
	Grants for Affordable Housing Dwellings	325	325	0			
	Private Sector Renewal - Grants	30	15	15	30	30	30
	Disabled Facilities Grants	500	500	0	500	500	500
		889	**840**	**49**	**530**	**530**	**530**
Place	Dog Warden Van	13	0	13	11		
	Printers/Photocopier Purchase	39	39	0			
		52	**39**	**13**	**11**	**0**	**0**
Environmental Maintenance	Fleet pond Nature Reserve Visitor Strategy	12	0	12			
	Odiham Common (S106)	6	6	0			
	S106 Leisure Parish Funded Projects	7	7	0			
	Fleet Pond Access Track	140	0	0			
	Fleet Pond Visitor Enhancements	106	0	106			
	Hazeley Heath Grazing Project	80	0	80			
	Hazeley Heath Notice Boards	15	15	0			
	Hazeley Heath Access Improvments	77	77	0			
	HW Central Common Enhancement	17	17	0			
	HW Central Common Access	80	0	80			
	HW QEII Fields Improvements	35	35	0			
	Edenbrook CP Play Tree	30	0	30			
	Edenbrook CP History Walk	20	0	20			
	Bramshot Farm	1,313	313	1,000			
	Edenbrook CP - Skate/Bike Park	220	0	220			
	Edenbrook CP - Teen Health	65	0	65			
	Edenbrook CP - Visitor Improvements	73	0	73			
	Fleet Pond Fencing	35	18	17			
	Fleet Pond Green Corridor	159	159	0	2,820	391	367
		2,490	**647**	**1,703**	**2,820**	**391**	**367**
Technical	S106 NEHTS Parish	3	3	0			
	Phoenix Green, Hartley Wintney	21	21	0			
	Mill Corner, North Warnborough	35	35	0			
	Church Road Improvements	0	20	0			
	Kingsway Flood Alleviation Scheme	110	51	59			
	Refuse Vehicles	183	183	0		6	
	Repalcement CEO Handheld Units	8	8	0			
		360	**321**	**59**	**0**	**6**	**0**
Commercialisation	Deposit - Initial scheme	0	730	0			
	Acquisition programme				16,300	10,000	10,000
		0	**730**	**0**	**16,300**	**10,000**	**10,000**
	TOTAL CAPITAL PROGRAMME	**4,637**	**2,892**	**2,355**	**20,022**	**10,927**	**10,897**

PAPER H

CABINET

DATE OF MEETING:	**6 FEBRUARY 2020**
TITLE OF REPORT:	**CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY STATEMENT, AND ASSET MANAGEMENT PLAN**
Report of:	**Head of Corporate Services**
Cabinet member:	**Councillor James Radley, Deputy Leader and Finance**

1 PURPOSE OF REPORT

1.1 To present the Capital Strategy and the Treasury Management Strategy Statement for 2020/21, which incorporates the Annual Investment Strategy and Prudential and Treasury Indicators. To also present the Asset Management Plan. This report was considered at the January meeting of the Overview & Scrutiny Committee.

2 RECOMMENDATION to Council

That Cabinet recommend approval to Council of:

2.1 The Capital Strategy

2.2 The Treasury Management Strategy Statement noting the increase in the Capital Financing Requirement (Paragraph 2.2 in appendix 2), the Minimum Revenue Provision statement (Paragraph 2.3 in appendix 2) and the increase of limits to borrowing activity (Paragraph 3.3 of appendix 2)

2.3 The Asset Management Plan.

3 BACKGROUND

3.1 The Local Government Act 2003 ("the Act") and supporting regulations require the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

3.2 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act); these set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3.3 The 2020/21 budget includes provision for the acquisition of commercial property as approved by cabinet in 2018 and all statements have been amended as necessary.

CONTACT: Andrew Vallance, Head of Corporate Services, andrew.vallance@hart.gov.uk

APPENDICES

Appendix 1 – Capital Strategy
Appendix 2 – Treasury Management Strategy Statement and Annual Investment Strategy
Appendix 3 – Asset Management Plan

Hart District Council - Capital Strategy

Purpose and Aims

1 The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy in December 2017. The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal.

2 The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

3 The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long run financing implications and potential risks to the authority.

4 The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

5 This capital strategy sets out a framework for the self-management of capital finance and examines the following areas:

- Capital expenditure and investment plans
- Prudential Indicators
- External debt
- Treasury Management

National Context

6 It is important to set out the external environment in which Hart District Council is currently operating. Some of the key factors that impact directly on the capital programme are outlined below:

- Financial stability and tackling public debt continue to be key drivers for Central Government over this parliamentary term. This is resulting in reduced direct funding for local government, particularly related to revenue support. This has a direct impact on the Council's ability to self-fund capital investment.

- The Government has chosen to prioritise high-value investment, specifically in infrastructure and innovation that will directly contribute to raising Britain's productivity.

- Mechanisms for distributing government funding continue to evolve through the Government's devolution agenda specifically through the Local Growth Fund (LGF) and the increased role of Local Enterprise Partnerships (LEPs) in the strategic oversight of regional areas.

- The LGF now totals over £12 billion (including devolution deals) of capital investment. This presents both opportunities and risks to existing levels of government service delivery and investment, as LEPs with the strongest Strategic Plans will gain the greatest share.

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

7 The Council approved its "Vision 2040" in September 2019, which sets out a clear direction for the district.

8 "Vision 2040" is structured around three vision statements:

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

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

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

9 The vision will be delivered by changing the way the Council is run. A new operating model will include:
- Developing a new business model for the Council
- Creating welcoming services that are inclusive and engaging
- Developing our staff, training and empowering them to innovate
- Creating efficient services available 24/7
- Building in financial resilience from commercialization

- Developing partnerships to enable delivery

Corporate Plan 2017-22

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

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

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

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

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

4 An Efficient and Effective Council
- Explore options to increase financial self-sustainability

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

What is Capital Expenditure?

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

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

- The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with "proper practices".

- The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

Approach to Capital Investment

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

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

Governance Arrangements Capital Programme Approvals

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

a All capital expenditure must be carried out in accordance with the financial regulations and the Council's Constitution.

b The expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards.

c The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council, the prioritisation of funding and the schemes receiving entry into the Capital Programme.

d All schemes are formally approved into the capital programme by following a process as set out in the financial regulations.

e Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations.

f Each scheme must be under the control of a responsible person/project manager.

g Any agreements (such as section 106) which contractually commit to procure capital schemes will need to follow the same approval process as other capital expenditure before it can be formally incorporated into the capital programme.

h Capital expenditure on Commercial projects may be approved in accordance with the processes laid out in the approved Commercialisation strategy.

Capital Programme Bodies

16 The main internal bodies that are responsible for the governance and management of

the capital programme are the Full Council and Cabinet.

Funding Streams

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

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

b **External Grants** – As an example Disabled Facilities Grants given to residents are funded by external grant allocations from central government.

c **Section 106, SANGs and External Contributions** – Elements of the capital programme are funded by contributions from private sector developers and partners. Growth in Hampshire has resulted in Section 106 and SANGs contributions from developers accounting for significant elements of funding of the capital programme in recent years.

d **Revenue Funding** – The Council can use revenue resources to fund capital projects on a direct basis. However, the impact of austerity on the Council's revenue budget has reduced options in this area and therefore the preference is for Invest to Save options to be adopted where feasible.

e **Capital Receipts** – The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings.

18 The size of the Capital Programme will be influenced by funding sources and financing costs. The main limiting factor on the Council's ability to undertake capital investment is whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government, now mainly through capital grants.

Overview of the Capital Programme

19 Full details of the Capital Programme are shown in Appendix 2 of the Budget Report presented to Cabinet in February 2020

	2019/20	**Estimated carry forward**	**2020/21**	**2021/22**	**2022/23**
Expenditure	**2,892**	**2,355**	**20,022**	**10,927**	**10,897**

2020/21 PRUDENTIAL INDICATORS FOR CAPITAL FINANCE

20 Appendix 2 of this report sets out the prudential indicators and outlines how expenditure will be financed including borrowing in an affordable, prudent and sustainable way.

COMMERCIALISATION STRATEGY

21 Cabinet agreed a Commercialisation Strategy in August 2018.

22 As central government funding is reduced, it is intended that the shortfall of up to £2 million will be made up by commercial income. It is planned that up to £50 million will be invested over 5 years.

23 This investment will be funded from a variety of sources, including developer funding.

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

Hart District Council

TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21

Incorporating the Annual Investment Strategy
And
Minimum Revenue Provision Policy Statement

1 Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

> "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2 Reporting Requirements

1.2.1. Capital Strategy

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

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

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

The Capital Strategy is attached as Appendix 1 of this report.

1.2.2 Treasury Management Reporting

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

a. Prudential and Treasury indicators and Treasury Management strategy (this report) - The first, and most important report is forward looking and covers:
- the capital plans, (including prudential indicators);
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

b. A mid-year treasury management report – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. An annual treasury report – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

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

1.3 Treasury Management Strategy for 2020/21

The strategy for 2020/21 covers two main areas:

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

Treasury management issues
- the current treasury position;

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

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

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury Management Consultants

The Council uses Link Asset Services, independent treasury management consultants as its external treasury management advisors.

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

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 The Capital Prudential Indicators 2020/21 – 2022/23

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

2.1 Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure by Service (old structure)	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Corporate Services	743				
Housing & Customer Services	14				
Leisure	1,231				
Environmental Promotion	3				
Technical Services	392				
Capital Expenditure by Service (new structure)	**2018/19 Actual £'000**	**2019/20 Estimate £'000**	**2020/21 Estimate £'000**	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**
Corporate Services		315	893	0	0
Community Services		840	579	530	530
Place		39	24	0	0
Environmental and Technical		968	4,581	397	367
Total	**2,383**	**2,162**	**6,077**	**927**	**897**
Commercial activities/ non-financial investments *	0	730	16,300	10,000	10,000
Total capital expenditure	**2,383**	**2,892**	**22,377**	**10,927**	**10,897**

Note: Expenditure in 2020/21 is estimated based on an assessment of likely expenditure in 2019/20 and potential carry forward requests post the Financial year end. The 2020/21 estimate includes the Budget for the year of £20,022k and potential carry forward budgets of £2,355k

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

Financing of capital expenditure £m	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Service capital expenditure	**2,383**	**2,162**	**6,077**	**927**	**897**
Financed by:					
Capital receipts	5	15	45	30	30
Capital grants	700	608	1,959	500	500
S106 / SANG Contributions	6,159	661	1,772	41	367
Total financing	**6,864**	**1,284**	**3,776**	**571**	**897**
Borrowing requirement	**(4,481)**	**878**	**2,301**	**356**	**0**

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

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

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

Capital Financing Requirement (CFR)	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Brought Forward	21,165	16,262	17,425	35,557	45,011
Borrowing requirement	**(4,481)**	878	2,301	356	0
Less MRP and other financing movements	(422)	(445)	(469)	(902)	(1,179)
CFR commercial activities or non-financial investment	0	730	16,300	10,000	10.000
Net movement in CFR	**(4,903)**	**1,163**	**18,132**	**9,454**	**8,821**
CFR Carried Forward	**16,262**	**17,425**	**35,557**	**45,011**	**53,832**

2.3 Minimum revenue provision (MRP) policy statement

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

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

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

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- This option provides for a reduction in the borrowing need over approximately the asset's life.
- Repayments included in annual PFI or finance leases are applied as MRP.

However, this does not preclude other prudent methods to provide for the repayment of debt principal.

In addition

- **MRP contributions** will be charged in the year after the asset becomes operational
- **Commercial** acquisitions will be examined annually on an individual basis to determine the most prudent method for repayment of debt with due regard to the asset management plan.
- Capital expenditure in 2020/21 will be generally be subject to a MRP charge in 2021/22 and beyond.

MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The Council has made no voluntary contributions to date.

3 Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current Portfolio Position

The overall Treasury Management Portfolio as at March 2019 is shown below for investments:

Investments / Lending Summary as at: March 2019	Amount Invested (£)	Length of Deposit	Limit (£)	Within Limit Y/N	Terms	Rate (%)
Lloyds	2,000,000	193 days	5,000,000.00	Y	Fixed Term	0.85%
Lloyds	3,000,000	179 days		Y	Fixed Term	1.02%
Standard Chartered	3,000,000	106 days	5,000,000.00	Y	Fixed Term	0.77%
Eastleigh Borough Council	4,000,000	131 days	5,000,000.00	Y	Fixed Term	0.80%
National Bank of Canada	5,000,000	101 days	5,000,000.00	Y	Fixed Term	0.80%
National Westminster Bank Plc	3,000,000	87 days	5,000,000.00	Y	Fixed Term	0.86%
Santander UK plc	3,406,458	Call Account	5,000,000.00	Y	Instant Access	0.40%
Standard Life Ignis (MMF)	4,700,000	Call Account	5,000,000.00	Y	Instant Access	0.69%
Federated Sterling Cash Plus	4,418,604	Call Account	5,000,000.00	Y	Instant Access	0.64%
Barclays Bank plc	3,427,096	Call Account	5,000,000.00	Y	Instant Access	0.45%
TOTAL	**35,952,158**					

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

Borrowing	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Borrowing	13,598	12,337	11,055	9,754	8,439
Other long term liabilities	0	0	0	0	0
Total debt	**13,598**	**12,337**	**11,055**	**9,754**	**8,439**
CFR	16,262	17,425	35,557	45,011	53,832
Under / (over) borrowing	**2,664**	**5,088**	**24,502**	**35,257**	**45,393**

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

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

3.2 Treasury Indicators: limits to borrowing activity

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

Operational Boundary for External Debt	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Borrowing	25,000	25,000	25,000	41,300	51,300
Other long term liabilities	0	0	0	0	0
Commercial activities/ non-financial investments	0	0	16,300	10,000	10,000
Total debt	**25,000**	**25,000**	**41,300**	**51,300**	**61,300**

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

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

Authorised Limit for External Debt	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Borrowing	30,000	30,000	30,000	46,300	56,300
Other long term liabilities	0	0	0	0	0
Commercial activities/ non-financial investments	0	0	16,300	10,000	10,000
Total	**30,000**	**30,000**	**46,300**	**56,300**	**66,300**

3.3 Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The below document and narrative has been prepared and written by consultants at Link Asset Services and the following table and narrative provides their summarised view.

Link Asset Services Interest Rate View	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the Prime Minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% during 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC was likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a "gradual pace and to a limited extent". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC will raise Bank Rate.

Bond yields / PWLB rates. There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. (See paragraph 3.7 for comments on the increase in the PWLB rates margin over gilt yields of 100bps introduced on 9.10.19.) There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government.

Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.
- While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing Strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Head of Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- If it was felt that there was a significant risk of a sharp FALL in borrowing rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then borrowing will be postponed.

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

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

3.5 Policy on borrowing in advance of need

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

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

3.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

If rescheduling was done, it will be reported to the Council, at the earliest meeting following its action.

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

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

3.8 Approved Sources of Long and Short term Borrowing

On Balance Sheet	**Fixed**	**Variable**
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

4 Annual Investment Strategy

4.1 Investment policy – management of risk

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

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

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

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

2. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

3. Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

    - Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.
    - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.

5. Non-specified investments limit. The Council has determined that it will limit the maximum total exposure to non-specified investments as being 50% of the total investment portfolio, (see paragraph 4.3).

6. Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.

7. Transaction limits are set for each type of investment in 4.2.

8. This authority will set a limit for the amount of its investments which are invested for longer than 365 days, (see paragraph 4.4).

9. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 4.3).

10. This authority has engaged external consultants, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

11. All investments will be denominated in sterling.

12. As a result of the change in accounting standards for 2019/20 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

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

4.2 Creditworthiness policy

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

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

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

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

Typically, the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

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

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

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

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

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

	Fund rating	Money Limit*	Time Limit
Money Market Funds CNAV	AAA	£5m	liquid
Money Market Funds LVNAV	AAA	£5m	liquid
Money Market Funds VNAV	AAA	£5m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£5m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink / AAA	£5m	liquid

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

UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), were required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits were exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.3 Other limits

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

a) **Non-specified investment limit.**

b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch.The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

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

- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

4.4 Investment Strategy

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

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

Investment returns expectations

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

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

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

Maximum principal sums invested > 364 & 365 days			
£m	2017/18	2018/19	2019/20
Principal sums invested > 364 & 365 days	£5m	£5m	£5m
Current Investments as at 08.01.20 in excess of 1 year maturing each year	£0	£0	£0

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

4.5 End of year investment report

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

5 APPENDICES

1. Prudential and treasury indicators
2. Interest rate forecasts
3. Economic background
4. Treasury management practice 1 – credit and counterparty risk management
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The treasury management role of the section 151 officer

5.1 The Capital Prudential and Treasury Indicators 2020/21 – 2022/23

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

5.1.1 Capital expenditure

Please see table in Section 2.1

5.1.2 Affordability prudential indicators

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

a. Ratio of financing costs to net revenue stream

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

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Ratio of financing costs to revenue stream (%)	5.75	5.97	6.50	10.07	9.84

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

5.1.3 Maturity structure of borrowing

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

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

Maturity structure of fixed interest rate borrowing 2020/21		
	Lower	**Upper**
Under 12 months	0%	50%
12 months to 2 years	0%	50%
2 years to 5 years	0%	50%
5 years to 10 years	0%	50%
10 years to 20 years	0%	50%
20 years to 30 years	0%	50%
30 years to 40 years	0%	50%
40 years to 50 years	0%	50%
Maturity structure of variable interest rate borrowing 2020/21		
	Lower	**Upper**
Under 12 months	0%	50%
12 months to 2 years	0%	50%
2 years to 5 years	0%	50%
5 years to 10 years	0%	50%
10 years to 20 years	0%	50%
20 years to 30 years	0%	50%
30 years to 40 years	0%	50%
40 years to 50 years	0%	50%

5.1.4 Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 Interest Rate Forecasts 2020-2023

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Bank Rate	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	**0.75%**	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
Capital Economics	**0.75%**	0.75%	0.75%	0.75%	0.75%	-	-	-	1.00%	-	-	-	-	-
5yr PWLB Rate	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	**2.34%**	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.20%	3.20%
Capital Economics	**2.34%**	2.40%	2.50%	2.50%	2.60%	-	-	-	2.80%	-	-	-	-	-
10yr PWLB Rate	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	**2.55%**	2.70%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%
Capital Economics	**2.55%**	2.60%	2.70%	2.80%	2.80%	-	-	-	3.10%	-	-	-	-	-
25yr PWLB Rate	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	**3.07%**	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%
Capital Economics	**3.07%**	3.00%	3.10%	3.20%	3.20%	-	-	-	3.40%	-	-	-	-	-
50yr PWLB Rate	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	**2.90%**	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%
Capital Economics	**2.90%**	3.00%	3.10%	3.20%	3.20%	-	-	-	3.50%	-	-	-	-	-

PWLB forecasts are based on PWLB certainty rates

5.2 Economic Background

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on the economic background. The below narrative has been prepared and written by consultants at Link Asset Services and the narrative provides their summarised view.

UK. Brexit. 2019 was a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the **general election** on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

GDP growth has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another **quarterly Inflation Report,** (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The **MPC meeting of 19 December** repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, in March 2020. The Chancellor also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market,** growth in numbers employed had been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about

2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%.. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy $60bn, whereas it had been reducing its balance sheet by $50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.
However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period.** At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by 'growth friendly' fiscal policy.

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates**.

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.** On this basis, while GDP growth is likely to be subdued in 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

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

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.

- **Other minority EU governments.** Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some $19trn of corporate debt in major western economies,** if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is $15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks,** for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

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

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation,** whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

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

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

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

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

Appendix 2

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

	Minimum credit criteria / colour band	** Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	**100%**	**6 months**
UK Government gilts	UK sovereign rating	£5m	12 months
UK Government Treasury bills	UK sovereign rating	£5m	12 months
Bonds issued by multilateral development banks	AAA (or state your criteria if different)	£5m	6 months
Money Market Funds CNAV	AAA	£5m	Liquid
Money Market Funds LNVAV	AAA	£5m	Liquid
Money Market Funds VNAV	AAA	£5m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	£5m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	£5m	Liquid
Local authorities	N/A	£5m	12 months
Term deposits with housing associations	Blue Orange Red Green No Colour	Colour £5m	12 months 12 months 6 months 100 days Not for use
Term deposits with banks and building societies	Blue Orange Red Green No Colour	Colour £5m	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	Colour £5m	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	£5m	

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

5.5 Approved countries for investments

AAA

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

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Hong Kong
- France
- U.K.

AA-

- Belgium
- Qatar

5.6 Treasury Management Scheme of Delegation

The bodies responsible for various functions are as follows:

Council

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

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

Overview & Scrutiny Committee
- reviewing the treasury management policy and procedures and making recommendations to the responsible body

5.7 Role of the section 151 officer

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, and treasury management, with a long term timeframe

PAPER H
Appendix 3

Hart District Council

Asset Management Plan and Corporate Property Strategy 2020/21

Executive Summary

This Asset Management plan provides an overview of the existing Hart District Council asset portfolio. The portfolio comprises a mix of operational, investment and community assets.

Community assets are those which are managed by the Council for the benefit of all constituents and include the vast and diverse range of Countryside and open spaces in the District.

The Council manage ten car park assets across the district which provide a vital source of income albeit officers are continually reviewing charging rates and locations of charging points to maximise the income from this asset class.

Investment assets are classed as those which are held for investment purposes to provide income and/or capital receipts to the Council. At present the Council has one specific investment asset in Yateley, leased to the Citizens Advice Bureau. The implementation of the Commercialisation strategy will include the purchase of future investment properties for income and/or capital receipts purposes.

The Civic Office building is the largest single asset by floor area owned by the Council. The building is facing numerous challenges due to its age and configuration and current vacancy rate of 14.6% needs to be addressed through efficiencies of Council occupation.

1.0 Introduction

The Asset Management Plan and Corporate Property Strategy (AMP&CPS) is in place to produce a strategic overview of the Council's property assets and the process and systems in place to achieve the efficient, effective and economical management and maintenance of them. It is recommended as best practice under RICS guidance and ensures processes are reviewed regularly to adapt to changes in legal, corporate and market conditions.

The Council is committed to implementing the AMP&CPS in supporting the Council's Service Priorities under the Corporate Plan 2017-2022 and the Council's 2040 Vision – ***'for Hart to become THE best place to live, work and enjoy'.***

The land and building assets provide the facilities to support the operations and services provided by the Council.

With total land and building assets valued at £43m as at 31 March 2018), the need to make the best use of its property assets, for the benefit of the community it serves, is fully recognised by the Council. Land and buildings are a significant part of the property, plant and equipment asset base, accounting for 97.5 % of the Council's assets as at 31 March 2018.

2.0 Structure and Strategy

The council management team comprises two Joint Chief Executives, supported by four Heads of Services and Service Managers. Asset management sits within Corporate Services and comprises the following:

- Strategic asset management undertaken by the newly appointed Corporate & Projects Manager reporting to the Head of Corporate Services
- Maintenance and management of the Council's land and building assets carried out by the Environmental and Technical Services Manager (HOETS) working with the maintenance and technical team.

The Joint Chief Executives meet with the Heads of Services on a weekly basis whilst the entire management team meet monthly, where property asset matters and service requirements can be considered. A strategic overview of property asset management matters is provided by the Board which meets monthly to monitor and make recommendations on the delivery of corporate projects.

The newly appointed Commercial and Projects Manager will be responsible for taking ownership of this asset management strategy and reporting updates / pertinent issues to the entire management team.

An Estate Surveyor is employed one day per week in the Environmental and Technical Services team to deal with day to day property matters. This is supported with the appointment of external consultants as required.

At Member level, responsibility for asset management forms part of the Commercialisation portfolio which sits with the portfolio holder Richard Quarterman. The plan accords with the following:

- Hart District Council corporate strategy
- Government's strategies and policies (e.g. One Public Estate)
- Legal requirements (Health and Safety and statutory compliance)
- Best practice requirements (CIPFA, RICS)

The Council's property assets are categorised as follows:

- **Operational Assets -** These Council assets are primarily held for operational purposes i.e. occupied by Council staff or contractors who provide the services on behalf of the Council.

- **Investment Assets -** The Citizens Advice Bureau at Yateley is the one building currently held for investment purposes. Numerous car parks also provide income although are not consistently operating at maximum capacity.

- **Community Assets** – As part of their role in protecting the natural environment the Council is custodian of considerable areas of amenity and recreational land assets.

3.0 Asset Base and Data Management

The Council's Deeds and Legal agreements relating to property are recorded and stored securely in a Deeds Room at the Civic Offices.

The Council have completed a voluntary land registration program and the Land Registry documents have been linked to the Council GIS system. The Land Terrier is a central source of the Council's land and property information, a copy of which can be accessed by the public through the Hart website.

As the Council's property portfolio is modest, officers utilise a simple excel based database to record details of buildings, sizes, occupiers, rental levels and other pertinent information. Actions are prompted from this database re disposal of surplus space, rationalisations, lease expiries, renewals and rent reviews.

An Asset Register of all the Council's land and buildings is maintained and updated annually by the Council's external financial and valuation advisors in accordance with International Financial reporting Standards (IFRS) based on the Code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Valuations are undertaken in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards. The annual update takes account of enhancements through the Capital Programme, acquisitions and disposals and a 5 year revaluation program. The Asset life is taken as the number of years estimated on the last valuation report and is reviewed as part of the five-year revaluation programme.

A summary of the land and property held from the Asset Register at 31.3.19 is set out below-

Operational Assets	£
Land and Buildings held for Hart DC to operate their services from	38,930,000
Investment Assets	
Land and Buildings held for rental income and /or capital appreciation	70,000
Community Assets	
Land and Buildings that the Council intends to hold in perpetuity, that have no determinable useful life and which may have a restriction on disposal	4,020,000
TOTAL LAND AND BUILDINGS	43,020,000

The value of the Council's assets has overall increased since the last AMP in 2016 which is explained in part by the market, the acquisition of the new Hart Leisure Centre and disposal of the old leisure centre.

Any planned and reactive maintenance programmes are currently procured via Hampshire County Council ensuring we achieve a good service. Officers continue to monitor this as certain items are reactive and at times have to be dealt with swiftly.

4.0 Property Management Policy

Operational Assets

Officers recommend the policy is to retain freehold ownership, keep land and buildings in good repair, performing efficiently, meeting all legislative and Health & Safety requirements and providing a fit for purpose asset from which to deliver the Council services. Each asset is regularly reviewed to ensure it is being used efficiently and where possible officers implement strategies to improve efficiency and income generation as part of the wider Commercialisation strategy.

Investment Assets

The Commercialisation portfolio will consist of investment assets (both existing and future purchases) and be held purely for commercial purposes only, i.e. providing a positive rate of return on the Councils money. This portfolio is held by Councillor Richard Quarterman and jointly managed by the head of Corporate Services and the Commercial and Projects Manager in consultation with the Joint Chief Executives and the Leader of the Council as deputy.

Community Assets

The policy towards **community assets** is to manage and maintain them efficiently for the benefit and use of the community.

Maintenance Projects

Condition surveys of the Council's buildings are arranged on a cyclical basis and inform any maintenance strategies on a single asset basis.

Funding for reactive maintenance of the Civic Offices is managed by the Buildings Manager and funded through the revenue budget. Reactive maintenance of other corporate buildings is included in the estates management budget, which is managed by the HoETS.

Maintenance is prioritised in accordance with corporate policy-

A. Health & Safety
B. New legislative and regulatory requirements
C. Future retention and management for the asset
D. Works to prevent deterioration of the asset
E. Works which if not addressed may effect service or income from asset
F. Works to enhance the value of the asset

Mechanical and Electrical planned maintenance is procured through Hampshire County Council's term maintenance contract. The provision of these services being manged by Hampshire County Council. The option to procure additional maintenance services through this contract is available. The maintenance of countryside sites is tendered for on an as need basis in accordance with the Council's standing orders.

Optimising use of Operational Assets

As part of the Commercialisation strategy, officers have undertaken a review of the Civic Offices and other operational assets, primarily to ensure the continued efficient use of Council property. This is achieved by:

Efficiency
Regular review of the Council's land and building holdings to determine optimum property need to deliver services and report on any surplus space.

The Council will regularly review surplus office space and consider alternative uses.

Where feasible, surplus office space will be offered in preference to organisations the Council works in partnership with or supports so long as an open market transaction is agreed.

A market rent and service charges will be collected on let space. The tenant will be responsible for paying business rates and building insurance. Grant support will be considered on an annual basis when the Council is in partnership or decides to support an organisation in occupation of its buildings.

Tenants will not be permitted to take up occupation until a legal agreement is in place. This includes existing assets where officers are actively seeking to agree legal formalities on any building where a tenant is in occupation.

Disposal
The disposal of any assets in line with the Corporate and Commercialisation strategies (if appropriate and in the best interests of the Council)

Disposals to achieve best value under s123 of the Local Government Act 1972 with preference for the Council to retain freehold ownership.

Where land and buildings are required for ongoing community use, freehold or leasehold transfer to the town or parish councils may be considered but only if the request is submitted under formal Community Asset Transfer procedures and if the outcome is in the best interest of the Council.

Asset and property management advice, including the valuation of land and buildings is provided by external contractors appointed by the Council and in line with RICS guidance.

Where a freehold disposal is approved, the Council may consider a restrictive covenant to retain some control over future use of the land, or compensation for lifting of the covenant.

The Council will consider a buy back option as part of any disposal terms if the land or building is no longer required for the use that was originally agreed under the sale. Lettings will not confer security of tenure and will always be under licence, a tenancy at will or a contracted out lease, after taking legal advice.

Legal Services
Legal Services are currently provided on all property matters through a shared arrangement with Basingstoke and Deanne Borough Council.

The Commercialisation strategy will continually review how legal services are currently procured. In certain circumstances and if the opportunity requires, officers will procure external legal advice if timeframes stipulate a swift legal process which is not able to be met by the current shared service provider.

5.0 Performance Monitoring and Measurement.

The Council is aligned to the Government Estate Strategy 2018 (Cabinet Office publication) where co-location of public services is a driver for greater value and efficiencies both in terms of use of the public estate but also in a collaborative approach to the services provided. The Council strives, "to use its property assets in the most cost effective way to meet the needs and wishes of the community of Hart ".

The broad objectives from government guidance on property asset management have been adopted;

- Minimising cost of use – maximising income where possible
- Managing properties in the most economic, efficient and effective manner
- Optimising the utilisation of land and buildings
- Generating Capital Receipts - limit the burden on the Council Tax payer
- Maximising return on investment
- Continuing to meet the needs of the community - fit for purpose

The majority of office based Hart DC staff operate from the Civic Offices and the table below outlines an overview of the different areas within the Civic offices:

Net Internal Area	3,564 sq.m (38,363 sq. ft.)
Less Council Chambers and Committee Rooms	241 sq m (2,592 sq ft)
Less area occupied by Hart tenants	593 sqm (6,385 sq ft)
Less vacant space (Ground, & 3rd floors)	522 sq m (5,616 sq ft)
Hart DC occupation of office space	2,208 sqm (23,770 sq ft)

Hart staff and consultants total 130 and therefore occupy on a ratio of 180 sq ft per head. The Government Property Unit (part of the Cabinet Office) had set a target for 100 sq ft per full time member of staff for government property.

The minimum space for staff from Regulation 10 of the Workplace, (Health Safety and Welfare) Regulations 1992 is at least 11 cubic metres. In a typical room, where the ceiling is 2.4m high, a floor area of 4.6m* (for example 2.0 x 2.3m) will be needed to provide a space of 11 cubic metres. This will not always give sufficient unoccupied space, as required by the Regulation. Rooms may need to be larger, or to have fewer people working in them, than indicated, depending on such factors as the contents and layout of the room and the nature of the work. Where space is limited careful planning of the workplace is particularly important.

Other efficiency monitors and benchmarking to be considered: -

1. Cost per person
2. Cost per sq m (rent, rates, maintenance etc.,)
3. CO2 per person/per sq m
4. Water consumption per person
5. Management practice score
6. Facilities score
7. Compliance and flexibility score
8. Workplace environmental score
9. Health and safety score
10. Functional suitability score

'For information, the BCIS benchmark for annual running cost of non-air-conditioned office block is nearly £130 per m2 of net internal floor area.

The BCIS benchmarks are based on a survey of published data, reports from individual properties and BCIS life cycle cost plans for typical buildings (Occupancy cost Plans). They are BCIS best estimates based on available data £ per m2 net internal floor area per annum at H2 2019 UK mean location. A summary of the BCIS costs and comparative costs of the Civic offices is below.

	BCIS Cost (£ per sq m)	Hart costs for Civic Offices (£ per sq m)
Fabric maintenance	£5.66	TBC
Services maintenance	£7.00	£31.11
Cleaning	£4.10	£11.78
Utilties	£15.00	£24.84

<u>Carbon Reduction</u>
Carbon reduction target proposals will be considered by Hart's Cabinet in 2019, and an Energy Audit is proposed for 2019/20. The Climate Change working group are tasked with creating the Hart Climate Change Strategy & Action Plan for consideration in early 2020. Officers are working closely with the working group and will welcome any ideas put forward regarding real estate assets and specifically the Civic offices.

6.0 Action Plans

As at November 2019, the major building assets retained by the Council and the Action Plans for each are detailed below. Certain assets do not require immediate attention and are therefore detailed in the table at the end of this section.

Civic Offices, Harlington Way, Fleet

- Estimated rental value if refurbished and leased to open market £10 per sq ft
- 5,616 sq ft currently vacant in the building representing total void cost of £151,632 per annum (£10 psf rent, £5 psf business rates and £12 psf service charge inclusive)
- Current occupancy ratio of operational sections of building is 180 sq ft per person
- Comparing to modern occupancy rates, HDC can employ a further 70-80 staff without needing to expand into existing vacant space

Issue	Solution	Cost Saving or Income	Responsibility	Target Date
Ground floor Vacant	1,978sqft lease to external occupier	£15 psf inclusive £30,000pa	Corporate	June 2020
Ground floor Hart4Business – Under utilised	Encourage staff to use for meeting purposes. Investigate membership rates & expose on social media	TBC dependent on membership rates	Corporate	June 2020
3rd floor Vacant	3,640 sq ft Lease to like-minded organisation	£15 psf inclusive £54,600pa	Corporate / HoETS	2020
Civic Campus Regeneration	Work with FTC to find a solution	TBC	Corporate	Ongoing

Harlington Centre, Fleet

- HDC are responsible for repairs and maintenance including central plant / boiler
- Central plant / boiler also services Fleet library which is owned by HCC

Issue	Solution	Cost Saving or Income	Responsibility	Target Date
Agree leasehold occupational arrangement with FTC	Work with FTC to formalise agreement as soon as possible	Nil	Corporate / HoETS	March 2020
Civic Centre Regeneration	Civic Regeneration working group will inform future plans for the Harlington Centre	TBC	Corporate	Ongoing

CAB, Royal Oak Close, Yateley

- CAB currently occupying on a tenancy at will
- HDC currently responsible for all repairs and maintenance
- CAB also occupy premises at Civic Offices, Harlington Way, Fleet

Issue	Solution	Cost Saving or Income	Responsibility	Target Date
CAB legal agreement now expired.	Work with CAB to agree new Lease. Take advice from office agents	Nil	Corporate / HoETS	March 2020

Remaining Assets

Operational Asset	Action Plan	Commercial Opportunity	Responsibility	Target
Frogmore Day Care Centre, Yateley	Leased to the Trustees of Frogmore Day Care Centre who provide day care.	Community use campus	HoETS	Ongoing
Crossbarn, Odiham	Premises leased to local management committee to provide facilities for local	Community use- potential change of use if community use ceases	HoETS	Ongoing

	community. Hart support Listed Building maintenance costs. Additional freehold parking to support the facility acquired in 2018.			
Hart Leisure Centre, Fleet	New LC built and operated by appointed Contractor from 2017.	Community use	Corporate Services	Ongoing
Frogmore Leisure Centre, Yateley	New capital project to improve existing Squash Court area. Ongoing	Community use	Corporate Services	Ongoing
Southwood Sports Ground and Pavilion, Fleet	Football club occupy under Tenancy at Will. Lease to be considered along with other options for managing the premises.	If facility no longer viable as sports facility, consideration given to adding to existing SANGs.	Corporate Services	Ongoing Sept 2020
Public Conveniences at Fleet, Hartley Wintney	PCs at Fleet are closed and let in part for storage to Foodbank. Letting of whole to be considered. On flexible lease to protect any potential for redevelopment. Hartley Wintney PCs are transferred to Parish under lease.	Yes- change of use/redevelopment of Town Centre /Hart holdings- is this an investment asset? Yes – if no longer required for community use.	HoETS	Ongoing
Depots/workshops at Hartley Wintney	Springwell Depot at Hartley Wintney is leased	If facility no longer required or relocated	HoETS	Ongoing

	to the contractor for waste services from a joint contract with Basingstoke and Deane BC.			
Depot Workshop at Fleet	The Workshop at Fleet is used as a base by the Hart grounds maintenance and street care service.	Potential if no longer required as operational asset	HoETS	Ongoing
The Workshop / Old Pumphouse Close, Fleet	Continued use by the Countryside team	Investigate development / change of use subject to relocation of Countryside team activities to an alternative location	HoETS	Ongoing
Car Parks at Fleet (5), Hartley Wintney, Hook, Blackwater (2) and Odiham (2)	All car parks are open, used and collect income. Recent improvements to Church Road car park in Fleet have now been completed, condition survey of all Hart car parks to be completed in 19/20 and programme of improvement works agreed.	Yes- if underused/ unviable	HoETS	Survey March 2020 Works TBC
Hook ex Public Conveniences	Hook PCs are closed and let on flexible lease to retail tenant. Future redevelopment protected.	Yes – potential redevelopment with car park	HoETS	

7.0 Countryside Open Space and Heath – Community Assets

Hart are committed 'to protecting our natural and environmental assets' as a priority under the Corporate Plan 2017-2022, ensuring Hart remains an attractive place to live and work.

As at 1 April 2019 the major sites of open space owned and managed by the Council and classified as Community Assets are—

- Elvetham Heath Nature Reserve
- Fleet Pond and Nature Reserve
- Hazeley Heath Common
- Odiham Common
- Phoenix Green Common – Hartley Wintney
- Royal Oak Valley
- Ashwells Copse
- Land at Cove
- Land adjacent to Ancells Farm Nature Reserve – Fleet
- Part of Ancells Farm SSSI (Leased to wildlife Trust) – Fleet
- Bramshot Farm Country Park- Fleet
- Central Common – Hartley Wintney
- Causeway Green – Hartley Wintney
- West Green Common – Hartley Wintney
- Dipley common – Hartley Wintney
- Stoken green common – Hartley Wintney
- QE2 Fields – Hartley Wintney
- Cricket Hill Pond – Yateley
- Edenbrook Country Park – Fleet

These sites include many of North Hampshire's important nature reserves and wildlife areas and the majority are open to the public to visit and enjoy. Fleet Pond is Hampshire's largest freshwater lake and other sites include very significant and important areas of heathland, woodland, wet meadows and marshes.

Management Plans are in place for the Nature Reserves and more important habitats. Three Green Flags have been awarded - a benchmark for excellence and the highest of environmental standards being maintained.

The Countryside team within Environment and Technical Services also provides an advisory and inspecting role of sites transferred to the Town and Parish Councils to manage e.g. Oakley Park Woods, Basingbourne Heath and Hunts Common at Hartley Wintney

SANGs

Hart District Council (Planning) adopted an Interim Avoidance Strategy in 2010 to facilitate residential development in areas of Hart affected by the Thames Basin Heaths Special Protection Area (SPA).

One of the elements of the Strategy is the provision of Suitable Alternative Natural Greenspace (SANG) which are areas of open space designed to attract new residents away from the SPA, particularly dog walkers , thereby protecting the fragile heathland habitat found in the SPA.

Currently two Hart owned SANGs are available to developers in Hart and they contribute by way of a financial tariff per proposed dwelling. The contributions are ring- fenced for capital investment and maintenance of the particular SANG.

Hart DC own existing open public space which can be put forward for the provision of SANG and developer contributions would be held against that asset for future investment.

Public Open space maintained but not owned by Hart DC

The Council are maintaining many areas of public open space under agreements with housing developers who have retained the freehold or where the land is currently unregistered.

The Council are reviewing these areas with a view to considering if it is in the public interest to acquire the freehold interest of these areas at a nominal sum.

CABINET

KEY DECISIONS/ WORK PROGRAMME, AND EXECUTIVE DECISIONS MADE

February 2020

Cabinet is required to publish its Key Decisions and forward work programme to inform the public of issues on which it intends to make policy or decisions. The Overview and Scrutiny Committee also notes the Programme, which is subject to regular revision.

Report Title	Date item agreed for report	Outline/Reason for Report/Comments	Original Due Date	Revised Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Inform-ation
Draft 2020/21 Revenue Budget, Capital Programme and Council Tax Proposals	Annual	Post consideration by Overview & Scrutiny Committee, to agree to recommend to Council the 2020/21 Revenue Budget, Capital Programme and Council Tax Proposals.	Feb 20			JR	F	
Draft 2020/21 Capital Strategy, Treasury Management Strategy Statement and Asset Management Plan	Annual	Post consideration by Overview & Scrutiny Committee, to agree to recommend to Council the 2020/21 draft Capital Strategy, the 2020/21Treasury Management Strategy Statement and Asset Management Plan	Feb 20			JR	F	

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Report Title	Date item agreed for report	Outline/Reason for Report/Comments	Original Due Date	Revised Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Inform-ation
Climate Change		To consider a Climate Change Action Plan, post consideration by Overview & Scrutiny Committee	Feb 20			AO	E	
Public Space Protection Order - Dog Fouling	Aug 19	To consider a District wide Dog Fouling Public Space Protection Order (PSPO) post public consultation.	Jan 20	Feb 20	Y	SK	P	
5 Councils Contract	Jan 20	To receive feedback from the Five Councils Corporate Services Joint Committee	Feb 20		Y	JR	F	Y
Budget Monitoring	Quarterly	Post consideration by Overview & Scrutiny Committee, to consider a report on Quarterly Budget Monitoring	Mar 20 Sept 20 Dec 20			DN	F	
Community Infrastructure Levy (CIL)	Aug 19	To consider if it is beneficial to introduce CIL rather than retain the current S106 arrangements	Feb 20	Mar 20		GC	P	
Crondall Neighbourhood Plan	June 19	To consider the examiners' report.	Nov 19	Mar 20		GC	P	

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Report Title	Date item agreed for report	Outline/Reason for Report/Comments	Original Due Date	Revised Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Inform-ation
Local Plan - Inspector's Report	Jan 20	To consider the Inspector's recommendation and recommend to Council that the Plan be adopted	Mar 20			GC	PP	
Allotments/Community Gardens	Jan 20	Tpo consider the release of funding to deveop Edenbrook Community Gardens, post consideration by Overview and Scrutiny	Mar 20			AO	E	
Service Plans	Annual	Post consideration by Overview & Scrutiny Committee, agree the 2019/20 Service Plans	April 20			DN	All	
Update on Peer Review further to revisit of LGA	Dec 18	Post consideration by Overview and Scrutiny - to consider the outcomes of the revisit of the LGA.	Jan 20	June 20		DN	JCX	
Planning Management Development Peer Review	Aug 19	To consider the Action Plan for Planning Management post the Peer Review	Feb 20	June 20		GC	P	

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Report Title	Date item agreed for report	Outline/Reason for Report/Comments	Original Due Date	Revised Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Inform-ation
Outside Bodies	Annual	Post consideration by Overview & Scrutiny Committee of the effectiveness of the Council's involvement outside bodies, to confirm the Council 2020/21 representatives.	June 20			DN	JCX	
Food and Health and Safety Service Plan	Annual	Recommend to Council that the annual Food Safety Plan be adopted	July 20			SK	RS	
Revenue and Capital Outturn 2019/20	Annual	Post consideration by Overview & Scrutiny Committee, to consider the Annual report on outturn.	Aug 20			DN	F	
Treasury Management 2019/20 (Annual Report)	Annual	Post consideration by Overview & Scrutiny Committee, to consider the Annual report on Treasury Management Activities 2019/20	Aug 20			JR	F	
Medium Term Financial Strategy	Annual	Post Consideration by Overview and Scrutiny to consider the Medium Term Financial Strategy	Dec 20			JR	F	

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Report Title	Date item agreed for report	Outline/Reason for Report/Comments	Original Due Date	Revised Due Date	Key Decision Y? Note 1	Cabinet Member (Note 2)	Service (Note 3)	* This item may contain Exempt Inform-ation
Treasury Management 2019/20 (Half Year Report)	Annual	Post consideration by Overview & Scrutiny Committee, to consider a Half Year review report on Treasury Management Strategy 2019/20	Dec 20			JR	F	
Crookham Village Neighbourhood Plan	June 19	To consider the examiners' report.	Nov 19	TBC		GC	P	

Note 1
A "key decision" means an executive decision which, is likely to -

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

Note 2
Cabinet Members

DN	Leader	SA	Digital	RQ	Commercialisation (Cn)	SB	Community (Cy)
SK	Regulatory	AO	Environment	JR	Finance and Corporate Services	GC	Place

Note 3
Service:

JCX	Joint Chief Executive	CS	Corporate Services	P	Place Services

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CSF	Community Safety	PP	Planning Policy	TS	Environmental & Technical Services
F	Finance	H	Community Services		
SLS	Shared Legal Services	MO	Monitoring Officer		

Note 4
*** This item may contain Exempt Information -** Regulation 5 of the Local Authority (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

EXECUTIVE DECISIONS

27/02/20	Cllr Neighbour	Release of S106 funding to Winchfield Parish Council for construction of two defibrillators	

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