



# NOTICE OF MEETING

<b>Meeting:</b>	<b>Cabinet</b>
<b>Date and Time:</b>	<b>Thursday, 3 October 2013 at 7pm</b>
<b>Place:</b>	<b>Council Chamber, Civic Offices, Fleet</b>
<b>Telephone Enquiries to:</b>	<b>01252 774141 (Mrs G Chapman)</b> <a href="mailto:gill.chapman@hart.gov.uk">gill.chapman@hart.gov.uk</a>
<b>Members:</b>	<b>Crookes (Chairman), Burchfield, Crampton, Evans, Glen, Kennett, Kinnell, Parker</b>

G Bonner  
Chief Executive

CIVIC OFFICES, HARLINGTON WAY  
FLEET, HAMPSHIRE GU51 4AE

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## AGENDA

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

### **1 MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of 5 September 2013 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 MEDIUM TERM FINANCIAL STRATEGY 2013/14 TO 2016/17**

At its meeting on 21 May the Overview and Scrutiny Committee received a report on the MTFFS following a request from Cabinet to “investigate the scope for better Medium Term financial Planning in the Council”. A further report was considered at the Overview and Scrutiny Committee meeting on 17 September and agreed that “Cabinet considers the issues around council tax and the implications long term in zero increases and that the Council continues to look for opportunities to make savings”. **Paper B**

#### **RECOMMENDATION**

That Cabinet consider the contents of the report and the comments from the Overview and Scrutiny Committee.

#### **7 REPLACEMENT OF HART LEISURE CENTRE**

To update Cabinet on the outcome of discussions with a private company over the replacement of the Hart Leisure Centre and the improvement of Frogmore Leisure Centre. **Paper C**

#### **RECOMMENDATION**

That the report be noted.

#### **8 CABINET WORK PROGRAMME**

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

**Date of Despatch: 24 September 2013**

**CABINET**

**DATE OF MEETING: 3 OCTOBER 2013**

**TITLE OF REPORT: MEDIUM TERM FINANCIAL STRATEGY  
2013/14 TO 2016/17**

**Report of: Head of Finance**

**Cabinet Member: Councillor Ken Crookes, Leader**

**I PURPOSE OF REPORT**

1.1 At its meeting on 21 May the Overview and Scrutiny Committee received a report on the MTFs following a request from Cabinet to “investigate the scope for better Medium Term financial Planning in the Council”. The report was intended as an opportunity to commence consideration of how that objective could be achieved and the Overview and Scrutiny Committee agreed that a further report should include:

- Potential impact of actuarial valuations on future pension costs
- Scenario testing on potential impact assuming a change in government grant levels

1.2 The Overview and Scrutiny Committee discussed this further report at its meeting on 17 September and agreed that “Cabinet considers the issues around council tax and the implications long term in zero increases and that the Council continues to look for opportunities to make savings”.

**2 OFFICER RECOMMENDATION**

2.1 That Cabinet considers the contents of this report and the comments from the Overview and Scrutiny Committee.

**3 BACKGROUND**

3.1 A previous report illustrated the reductions in grant that the Council has seen since 2010/11. Cumulatively, the reduction was 49.2% in revenue support grant. Whilst this had been partly offset by New Homes Bonus, the Chancellor’s autumn spending review on 26 June was awaited to see what impact on grant levels was likely in future years. The impact of the Comprehensive Review and assessing the probable effect on Hart is an important plank to future revenue projections.

**4 IMPACT OF COMPREHENSIVE SPENDING ASSESSMENT (CSR)**

4.1 There are four main components of the CSR which are particularly relevant to Hart’s finances for 2014/15, 2015/16 and beyond.

- The revenue support grant (now called Start-Up Funding Assessment) for 2014/15 was provisionally set at £1.957m for Hart. Indicative figures are that this figure may reduce by 1%.
- The Spending Review quotes a “reduction of 2.3% in local government spending for 2015/16”. However because of the amount of ring fenced expenditure, grants to District Councils will fall by significantly more than 2.3%. The Local Government Association has produced an analysis of probable cuts in grants for all Councils, and for Hart the estimate is a reduction of 14% in 2015/16.
- Councils will again be offered a grant to freeze Council Tax. Details are not yet known but it is assumed it could be:  
  
2014/15 – funding for 2 years at 1%  
2015/16 – funding for 1 year at 1%
- The Government has also set the Council Tax referendum threshold at the lower figure of 2%. For the purposes of the MTFS it is assumed Hart will agree to again freeze its Council Tax for these 2 years.

## **5 SUPERANNUATION – EMPLOYERS CONTRIBUTIONS**

- 5.1 Hampshire County Council administers the pension fund for admitted bodies, including Hart District Council. A statutory financial valuation was undertaken by actuaries as at 31 March 2013 and the results will be available at a specially convened pension meeting on 7 October. Revised pension contributions will be payable for 3 years from 1 April 2014 and it is probable the current rate of 13.1% of employee salaries will increase. A 1% increase would add £50k to the annual revenue costs of the Council. An assumed rate of 16% has been used for the purposes of this projection but that is very much an estimate as the actuaries will not release any advance indications until they have completed the valuation exercise. (The Council also pays a 6% contribution towards past deficits on the fund. No assumptions have been made on whether this will change.)

## **6 GOVERNMENT GRANTS**

- 6.1 The uncertainty of future levels of government grant highlights the risk to the Council’s MTFS. As mentioned earlier, all of the New Homes Bonus is used to support the revenue account. In the event of a new government not continuing with the scheme and not replacing it with additional revenue support then the impact on Hart’s finances would be huge. As can be seen in the attached Appendix, a loss of £886k New Homes Bonus from 2016/17 would require significant adjustments to the Council’s finances.
- 6.2 From 2013/14 business rates income is partially retained by the Council. A proportion of anything raised above what the Government expects the Council to raise (the baseline figure) can be retained by the Authority. Current indications are that the Council is raising above its baseline in 2013/14, but, given the uncertainty around the future economic outlook, the MTFS assumes the Council will collect business rates at the baseline level.

## 7 RENTAL INCOME

- 7.1 The Council has agreed to let part of its spare capacity in the Civic Offices to three local organisations. This will yield additional rental income of £100k for some years to come.

## 8 INFLATION/PAY AWARDS

- 8.1 Inflation is currently running at 2.8% (RPI as at July 2013). Although costs will increase, service managers will be asked to absorb inflation within existing budgets. However, where contractual commitments require uplifts in contracts, full budget provision will be necessary. The total cost of contracts is over £9m per annum, so RPI increases have a large impact on the revenue budget. (The main contracts do not come up for renewal before 2017.)

- 8.2 The national pay award for the public sector in 2010/11, 2011/12 and 2013/13 was 0%. An award of 1% has been agreed for staff below Chief Officer level for 2013/14 (for Chief Officers there will again be no increase.) The following inflation assumptions have been included in the projections of this report:

- |    |                         |                         |
|----|-------------------------|-------------------------|
| 1. | Pay Awards              | – to continue at 1%     |
| 2. | General Inflation       | – 0%                    |
| 3. | Contractual Commitments | – usually RPI           |
| 4. | Fees and Charges        | – uplift annually by 2% |

## 9 INTEREST RATES

- 9.1 The Bank of England base rate has been maintained at 0.5% since April 2009. Mark Carney, the new Governor, has indicated that he expects this rate to continue for some time yet. Currently this Council has no long term borrowing and invests its reserves and cash flow in the money markets. Interest earned in the current year is budgeted at £160k but it will become increasingly difficult to achieve such a return.

## 10 RISK MANAGEMENT

- 10.1 The Council is required to maintain a minimum level of General Fund Reserves that equates to approximately 1% of net expenditure (£900k in Hart's case). For the life of this strategy the reserve needs to be set at a minimum of £900k.
- 10.2 At the end of 2013/14 it is predicted that the reserve will be around £3m, comfortably more than the minimum level required. Although this is a healthy balance there are undoubtedly significant financial pressures to come in future years. The current position provides an opportunity to prepare for those future pressures without the need for sudden reductions in service levels.
- 10.3 Hart Council has a good record in controlling costs over the last few years and it is necessary for that discipline to continue. The greatest risk to the Council's finances is probably the level of future government grant, particularly the New Homes Bonus.

10.4 Every time that council tax is frozen it puts increased pressure on finances as the amount of income lost in perpetuity grows every year.

## **11 ALTERNATIVE SCENARIOS**

11.1 A number of scenarios are possible but the factors that are under the control of the Council are useful in illustrating how the level of reserves required for 2016/17 could change. Appendix 2 shows the impact on reserves (positive) if Council Tax is increased by 2% per annum and (negative) if discretionary charges are not increased annually.

## **12 CORPORATE PLAN**

12.1 It is important to link the Council's priorities as identified in the Corporate Plan, with the financial resources available to the Council. On 26 September the Council will consider the adoption of a new Corporate Plan which include a number of service improvements and new service initiatives. The attached projections do not include any provision for growth and decisions will need to be made on what is affordable and what are the priorities in future service levels.

## **13 CONCLUSION**

13.1 It is fairly certain that the Council will continue to face serious financial pressures as we know Government financial support will continue to reduce. At the same time local authorities are facing increased pressure not to increase Council tax (and some other charges) whilst still being responsible for a high level of services. The consequences for District Councils such as Hart cannot be definitely stated as yet but it is clear that challenging decisions may be required at soon as 2015/16. The Council will need to develop a service/budget strategy that develops ways of dealing with the financial pressures as and when they arise.

**Contact Details:** Tony Higgins, email: [Tony.Higgins@Hart.gov.uk](mailto:Tony.Higgins@Hart.gov.uk)

### **APPENDICES:**

Appendix 1 - General Fund Revenue Projection to 2016/17

Appendix 2 – Impact on Reserves

### **BACKGROUND PAPERS:**

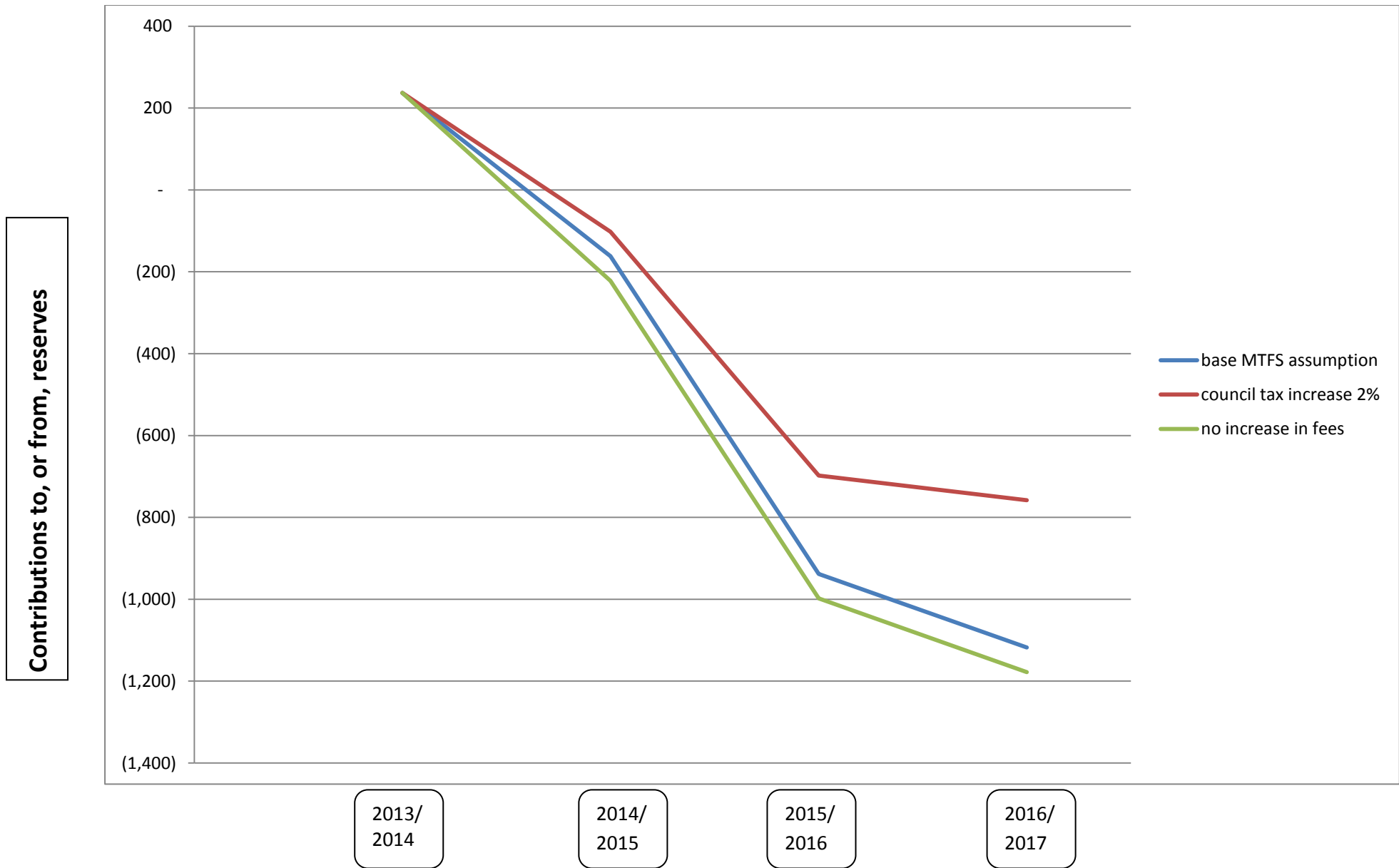
- Various Government Consultation Papers
- Comprehensive Spending Review 2013

## APPENDIX 1

## GENERAL FUND REVENUE PROJECTIONS

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Net costs of services	9,420	9,560	9,784	10,008
<b>Less</b>				
Interest on balances	(132)	(120)	(120)	(120)
Council Tax retention scheme	(10)	-	-	-
Homelessness Grant	(178)	(178)	(178)	(178)
Council Tax discount grant	(276)	(276)	(276)	(276)
Elections Grant	(50)	-	-	-
New homes Bonus	(772)	(902)	(736)	(886)
Council Tax Freeze grant	(205)	(265)	(120)	-
	<b>(1,623)</b>	<b>(1,741)</b>	<b>(1,430)</b>	<b>(1,460)</b>
Net budget requirement	<b>7,797</b>	<b>7,819</b>	<b>8,354</b>	<b>8,548</b>
<b>Financed by</b>				
Business rates/revenue support grant	(2,316)	(1,937)	(1,666)	(1,650)
Collection fund surplus	(68)	(60)	(60)	(60)
Council tax Income	(5,650)	(5,680)	(5,710)	(5,740)
Transfer to/(from) reserves	<b>237</b>	<b>(142)</b>	<b>(918)</b>	<b>(1,098)</b>
<b>Balance as at 1st April</b>	3,071	3,308	3,166	2,248
<b>Transfer to/(from) reserves</b>	237	(142)	(918)	(1,098)
<b>General fund balance 31st March</b>	<b>3,308</b>	<b>3,166</b>	<b>2,248</b>	<b>1,150</b>

## Appendix 2: Scenario testing of the central case and alternative assumptions





**CABINET**

**DATE OF MEETING: 3 OCTOBER 2013**

**TITLE OF REPORT: PROPOSED REPLACEMENT OF HART LEISURE CENTRE**

**Report of: Chief Executive**

**Cabinet Member: Councillor Sara Kinnell, Leisure & Recreation**

**1. PURPOSE OF REPORT**

1.1 To update Cabinet on the outcome of discussions with a private company over the replacement of the Hart Leisure Centre and the improvement of Frogmore Leisure Centre.

**2. OFFICER RECOMMENDATION**

2.1 That the report be noted.

**3. INFORMATION**

3.1 Cabinet will recall that at its meeting on 9 May 2013, it considered a report setting out an outline specification for a replacement of the Hart Leisure Centre, to be undertaken within an overall cost of around £12-£14M.

3.2 Prior to that meeting, the Council had received an offer from a private company, who believed that they could meet the Council's specification within the cost envelope, and were willing at no cost to the Council to work up outline proposals and a business case for a replacement centre and for improvements to Frogmore Leisure Centre. Cabinet agreed to accept that offer.

3.3 Since then, the company have done further work looking at the possible replacement of Hart Leisure Centre, but have concluded that they cannot do this within the specification and cost limits identified. On this understanding, the company have been asked to undertake no further work on the proposal at this point in time, whilst other options are considered.

3.4 The Leisure Centre Working Party are now giving consideration to alternative ways forward and a report will be submitted to Cabinet, hopefully within the next 2 months, on this.

**4. FINANCIAL IMPLICATIONS**

4.1 There are no direct financial implications arising from this report.

**Contact:** Geoff Bonner, Chief Executive, x4108, [geoff.bonner@hart.gov.uk](mailto:geoff.bonner@hart.gov.uk)

## CABINET

### KEY DECISIONS/ WORK PROGRAMME AND EXECUTIVE DECISIONS MADE

October 2013

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	Ref (Note 1)	Outline/Reason for Report/Comments	Original Due Date	Revised Due Date	Key Decision Y/?	Cabinet Member (Note 2)	Service (Note 3)
Replacement of Hart Leisure Centre	July 13	Update	Oct 13			SK	L&EP
Medium Term Financial Strategy	Sept 13	Update	Oct 13			KC	F
Fleet Pond Visitor Strategy	July 13	For approval	Nov 13		Y	SK	L&EP
Housing Allocations Policy	Jan 13	Review proposals	June 13	Nov 13	Y	AC	HS
Treasury Management Progress	Twice Yearly	Outturn and Report	Nov 13 June 14			KC	F
Economic Development	Twice Yearly	Progress Report	Nov 13 June 14			KC	CX
IT Strategy Working Party	Jan 12	Progress report	Nov 13			BB	CX
Apprenticeship Scheme	June 13	Update	Nov 13			KC	CD
CCTV – Upgrade/Replacement of Cameras	July 13	Proposal	Nov 13			JK	CS
Discretionary Housing Payments	Sept 13	Report	Nov 13			AC	H
Scrap Metal Dealers Act	Sept 13	Report	Nov 13			JK	EH
Car Parking Enforcement Policy	Sept 13	Report	Nov 13			JG	TS&EM
Surveillance and use of CCTV Cameras	Sept 13	Report	Nov 13			JK	CS

<b>Report Title</b>	<b>Ref (Note 1)</b>	<b>Outline/Reason for Report/Comments</b>	<b>Original Due Date</b>	<b>Revised Due Date</b>	<b>Key Decision Y/?</b>	<b>Cabinet Member (Note 2)</b>	<b>Service (Note 3)</b>
ECO Green Deal	Sept 13	Proposal	Nov 13			JG	CD
Quarterly Budget Monitoring	Quarterly	Quarterly monitoring	Nov 13 March 14 Aug 14			KC	F
Setting the Council Tax Base	Annual	Report	Jan 14		Y	KC	F
Treasury Management Strategy	Annual	Update	Feb 14			KC	F
2014/15 Revenue Budget, Capital Programme and Council Tax Proposals	Annual	Approval. Recommendation to Council.	Feb 14			KC	F
Edenbrook Country Park Management Plan	Sept 13	For approval	Feb 14			SK	L&EP
Food Safety Service Plan	Annual	For approval	March 14			JK	EH
Service Plans	Annual	Service Plans 2014/15	April 14				All
Revenue and Capital Outturn 2012/13	Annual	Report on outturn	June 14			KC	F
Outside Bodies	Annual	To confirm representatives on Outside Bodies	June 14			KC	CX
Green Lane Car Park	July 11	Report on future options	Oct 11	TBD		AC	HS

Notes:

1 Date added to Programme

2 Cabinet Members:

KC	Crookes	BB	Burchfield	AC	Crampton	GE	Evans
JG	Glen	JK	Kennett	SK	Kinnell	SP	Parker

3 Service:

CX	Chief Executive	CD	Corporate Director	P&ER	Planning and Environmental Regulation
CS	Community Safety	HS	Housing and Customer Services	L&EP	Leisure and Environmental Promotion
F	Finance	DS	Democratic Services	TS &EM	Technical Services and Environmental Maintenance
SLS	Shared Legal Services	MO	Monitoring Officer	EH	Environmental Health

## EXECUTIVE DECISIONS

10/9/13	Cllr Glen	Transfer of S106 transport contributions to HCC for works at Eversley and Church Crookham.	Not called in.
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## **CABINET**

**Date and Time:** 3 October 2013 at 7pm

**Place:** Council Chamber, Civic Offices, Fleet

**Present:**

## **COUNCILLORS**

Parker (Chair)

Burchfield, Crampton, Evans, Glen, Kinnell

**In attendance:** Councillors Axam, Neighbour, Oliver, Radley JE

**Officers:**

Geoff Bonner	Chief Executive
Tony Higgins	Head of Finance

## **52 MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting of 5 September 2013 were confirmed and signed as a correct record.

## **53 APOLOGIES FOR ABSENCE**

Apologies had been received from Councillors Crookes and Kennett.

## **54 CHAIRMAN'S ANNOUNCEMENTS**

None.

## **55 DECLARATIONS OF INTEREST**

None declared.

## **56 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)**

None.

## **57 MEDIUM TERM FINANCIAL STRATEGY 2013/14 TO 2016/17**

At its meeting on 21 May the Overview and Scrutiny Committee received a report on the MTFs following a request from Cabinet to "investigate the scope for better Medium Term financial Planning in the Council". A further report was considered at the Overview and Scrutiny Committee meeting on 17 September and agreed that "Cabinet considers the issues around council tax and the implications long term in

zero increases and that the Council continues to look for opportunities to make savings". The report incorporated the comments from the Committee.

### **RESOLVED**

That the report be noted.

### **58 REPLACEMENT OF HART LEISURE CENTRE**

Cabinet were updated on the outcome of discussions with a private company over the replacement of the Hart Leisure Centre and the improvement of Frogmore Leisure Centre.

### **RECOMMENDATION**

That the report be noted.

### **59 CABINET WORK PROGRAMME**

The Cabinet Work Programme was considered and amended.

The meeting closed at 7.20 pm