

Supplementary Information

**HAVANT BOROUGH COUNCIL
GOVERNANCE, AUDIT AND FINANCE BOARD
5 February 2019**

I am now able to enclose, for consideration at next meeting of the Governance, Audit and Finance Board to be held on 5 February 2019, the following supplementary information that was unavailable when the agenda was printed.

Agenda No	Item
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4	Budget 2019/20
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NON EXEMPT

HAVANT BOROUGH COUNCIL

Cabinet

6 February 2019

REVENUE, CAPITAL BUDGET AND BUSINESS PLANS 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY TO 2023/24

Lydia Morrison, Chief Financial Officer

RECOMMENDATION TO COUNCIL

Portfolio: Portfolio Holder for Finance & Deputy Leader Cllr Tim Pike

Head of Service: Lydia Morrison

Key Decision: No

1.0 Purpose of Report

- 1.1. This report is submitted to Cabinet with the proposed 2019/20 Revenue budget, Capital budget and Business Plan, Reserves and Balances, Treasury Management Strategy and Medium Term Financial Strategy (MTFS).

2.0 Recommendation

- 2.1. The Cabinet recommends that Council:
- a) Approves the proposed Revenue and Capital Budgets for 2019/20 including a Council Tax rate of £204.47 at Band D, representing a 2.99% increase on the current charge;
 - b) Approves the budget savings and growth proposals set out in Section 5 of the report.
 - c) Agrees the Capital Strategy, Treasury Management Strategy and Prudential Indicators.
 - d) Agrees the Corporate Strategy and Business Plans 2019-20.
 - e) Agrees the proposed fees and charges increases set out in Appendix I.

3.0 Executive Summary

3.1. The 2019/20 initial budget position for next year is as follows:

	Forecast £'000
Estimated Contribution (Surplus)/Deficit	13,909
Other Operating Income & Expenditure	853
Net Movement in Statutory and Usable Reserves	(1,091)
Net Expenditure	13,671
Council Tax, Business Rates & New Homes Bonus Income	(13,965)
(Surplus) / Deficit	(294)

3.2. It should be noted that the budget is still draft at this stage, and is subject to change. Any material change will be reported at Full Council in February.

4.0 Additional Budgetary Implications

4.1. None

5.0 Background and relationship to the Corporate Strategy and Directorate Business Plan/s

Budget Process and Budget Proposals

- 5.1. The Budget Process for 2019/20 used the 2018/19 base as a starting point and added 5% for pay increments and pay award. Supplies and services budgets were frozen and no increase was assumed for fees and charges, other than any statutory increases and a number of services within Environmental Services (see Appendix I).
- 5.2. Heads of Service and Managers were asked to review their budgets and identify any pressure commitments and realisable savings.
- 5.3. The Finance Portfolio Holder, Chief Finance Officer and Deputy Section 151 Officer reviewed the initial budget submissions in December followed by formal challenge sessions with services in January.
- 5.4. The outcome of these reviews has identified savings of £676K which led to an overall budget surplus of £294K, after allowing for other budget pressures (pay increases) and changes in Government funding.

- 5.5. In addition to the surplus, it is proposed that Council Tax be increased by 2.99% in 2019/20. This would generate a further £242K additional funding.
- 5.6. It is also proposed to reduce the publication of "Serving You" down to one a year. It is recognised that there is still a demand for the magazine, however, there is also an increase in digital media sources from which the residents can gain information about the Council. This change would generate a saving of £25K.
- 5.7. Overall, these proposals would generate a total budget surplus of £561K. This then provides the opportunity to invest in the following key budget proposals:
- Establishment of a new Regeneration Team (£400K)
 - Reinstatement of a Playparks maintenance budget (£70K)
 - Creation of a new Inward Investment Officer post (£50K)
 - Council Tax Support for Care Leavers (£41K)
- 5.8. The largest element of these proposals is clearly the establishment of the Regeneration Team. As Members know, the Council's Regeneration Strategy 2018-2036 was approved by Council in November 2018. Clearly, if the Council is to drive forward this new Strategy it must resource it accordingly. As the Council has not previously directly intervened in regeneration there is a requirement for different staffing, specialist resources and a realignment of existing resources to meet this new challenge. The regeneration programme priorities are; Civic Plaza redevelopment, Brockhampton West marketing, Hayling Island development and the wider borough promotion, particularly Havant town centre. Phase 2 projects include wider redevelopment opportunities in Havant town centre, Waterlooville town centre and Leigh Park centre.
- 5.9. The long-term nature of the regeneration programme will require new permanent staffing resource to complement a whole team matrix approach to the mobilisation of existing staff onto the regeneration projects. The staffing requirements are for a regeneration programme manager and three dedicated regeneration project officers to complement the existing head of service and support officer. Whilst these new roles will require job evaluation to assign detail costings, a market review indicates that the new staff will cost in the region of £290,000 p.a. including on-costs. Subject to successful recruitment this cost will begin early in 2019/20 and is a necessary up front cost to create the momentum needed to transform the Council's interventionalist role.
- 5.10. In addition to the staffing costs, budget provision is required for professional fees, including specialist property and legal advice (such as CPO) around £40,000; Marketing and Place branding around £65,000; plus other general office costs of £5,000

(accommodation/travel/IT etc). The total cost is estimated to be £400,000. A further detailed report will be produced for consideration through the Executive Board and if appropriate Cabinet providing detail on the full structure and budget proposal.

Corporate Strategy & Business Plans 2019-20

- 5.11. The Corporate Strategy has been reviewed with an amended version located at Appendix L. The reviewed Corporate Strategy provides an overview of the Mission, Values and Priorities of the Council. Specifically, the Corporate Strategy is focussed on the delivery of the regeneration aspirations of the Council (short, medium and long term), delivering for our customers and ensuring the Council is financially sustainable.
- 5.12. Heads of Service and Managers were asked to review and update Business Plans for 2019/20 based on requested budgets and priorities of the Council.
- 5.13. Our focus for 2019/20 which the business plans have been built around the proposed new Corporate Strategy.

Vibrant, connected and healthy communities: Plans are focussed on progression of our new Regeneration Strategy with the aim of progressing key priority projects which will have the greatest impact on the Borough. In particular in 2019/20 work will focus on our regeneration projects in Havant town centre, the Civic Plaza and Hayling Island. In addition, we hope to retain and attract major employers and inward investments resulting in new jobs being created in the borough and funding secured for our regeneration plans. Our new Local Plan will also be progressed during the year which will allow for future housing and infrastructure growth in the borough.

Services which meet the needs of our communities: We want to shape our services to suit the needs of our customers including the development of a Digital Strategy and Customer Access Strategy making it easier for our customers to access our services.

Being financially sustainable: Our service business plans have been built alongside the budget with the aim of services either increasing income or generating savings in order to deliver the priorities of the Council. This includes innovative ways of delivering services, developing of a new Pricing Strategy and robust contract management of our key contracts in particular our joint venture company, Norse.

Highly motivated and productive staff: Working with councillors to deliver the business plans and attract, retain and train staff to become a high performing and adaptable workforce.

- 5.14. Challenges faced in the building of business plans include the reduction in Government funding, the need to build more homes, rising demand for services, uncertainty around Brexit and extra pressure of higher tier councils which in turns puts pressure at Borough level. Our business plans have sought to address these challenges.
- 5.15. Outline service area business plan activities which capture the above priorities are included at Appendix J.

Medium Term Financial Projections to 2023/24

- 5.16. The Council's Medium Term Financial Strategy (MTFS) has been updated using the results of the budget process as a revised baseline. This is included at Appendix B.
- 5.17. The projections show that by 2023/24 the Council could be facing a budget deficit of £2.442M. This is mainly as a result of the reducing New Homes Bonus which is projected to be gone by 2023/24, and the forecast re-baseline of Business Rates.
- 5.18. Clearly this position is not sustainable for the Council and it must be addressed early. Therefore, the Chief Finance Officer will start engaging with Members and Officers early in the new financial year to develop options for 2020/21 onwards.

Capital Summary and Proposals Received

- 5.19. The current approved Capital position is shown at Appendix C and shows spend of £1.060M against the capital programme, and a forecast spend of £2.228M by 2018/19 year end.
- 5.20. A number of Capital bids have been received in addition to existing unapproved bids and these are attached at Appendix D for consideration. Detailed business cases will be brought to Cabinet for approval for the unapproved capital bids, following which they will be added to the approved programme.

Revenue Reserves Position

- 5.21. A summary of the reserves position is provided at Appendix E.
- 5.22. The reserves position includes the following assumptions:
- Impact from the MTFS and current year on the General Fund demonstrates that the General Fund would hold an estimated £8.9M at the end of the MTFS.
 - Includes the impact of approved capital programmes on reserves.

Treasury Strategy

- 5.23. The Treasury Strategy as adopted by Council on 31 January 2019 is included at Appendix G for reference.
- 5.24. Certain aspects of the Treasury policy, including interest rates and prudential indicators are draft pending the finalisation of the budget position and will be finalised prior to Council.

Capital Strategy

- 5.25. The Council is now also required to produce an annual Capital Strategy setting out amongst other things, the Council's corporate priorities, capital investment ambition, available resources, affordability, capacity to deliver and risk appetite. The Strategy is attached at Appendix H and will apply from 1st April 2019.

6.0 Options considered and reasons for the recommendation

- 6.1. The 2019-20 budget and business plan has been prepared on the following basis which has guided the recommendation:

Council Tax: The budget proposals assume that Council Tax will increase by 2.99% for 2019/20 representing £204.47 at Band D. This also includes a small increase to reflect growth in housing numbers year on year.

Revenue Support Grant and New Homes Bonus: Revenue Support Grant for Havant will cease in 2019/20; the New Homes Bonus is included within the budget and includes an additional £92k above the anticipated level. The updated MTFS projects the grant reducing year on year and ceasing after 2022/23. The New Homes Bonus Scheme is still under consultation and the key points being consulted on are outlined in the risks section below.

Retained Business Rates: Since 2013/14, the Council has been allowed to retain a proportion of Business Rates. The budget estimate for 2019/20 is based on the Council's final NDR1 return, to be submitted by 31st January. Risks surrounding business rates estimates are detailed below.

Fees and Charges: It is a Borough Council function to approve the budget framework and the council tax amount annually after other billing authorities have agreed their charges and in time for annual tax billing. The February Full Council meeting formally exercises this power. The Leader or the Cabinet is empowered to make changes to the Borough Council's fees and charges and to determine the Fees and Charges Schedule, provided the changes and the schedule are

within the budget framework set annually by the Council. The Full Council notes the Fees and Charges Schedule annually. The recommendation is to apply a freeze to fees and charges during 2019/20 for those that are not otherwise constrained by statute or to align with our agency agreements. The exception to this is Environmental Services where a number of inflationary increases have been applied. Details are provided in Appendix I.

Salary budgets: As previously mentioned, the 2019/20 budget assumes an overall increase of 5% for pay award, the living wage uplift, and those who are entitled to pay increments. Pension contributions have also been increased by 1% in line with the rates provided by Hampshire Pension Fund. The MTFS includes increase of 1% per annum for uplifts in pension contributions. Hampshire Pension Fund.

7.0 Resource Implications

- 7.1. The budgets and business plan reflect the aspirations of the organisation for 2019/20 and have been built on the basis of delivering the business plan requirements with the resources required to deliver those plans.

8.0 Legal Implications

- 8.1. It is a Borough Council function to approve the budget framework and the council tax amount annually. The February Full Council meeting formally exercises this power.

9.0 Risks

- 9.1. The 2019/20 Budget preparation has identified the following key corporate risks:

New Homes Bonus: In 2017/18, the government set its housing growth baseline, above which New Homes Bonus is applied, at 0.4%. This baseline has been maintained for 2019-20 but the Government has retained the option of making adjustments in future years in order to remain within the spending limits sets at the Spending Review in 2015. The technical consultation on the Government Finance Settlement has concluded and the results remain unchanged from the Provisional Settlement. The budget estimates reflect the current award communicated through the settlement information.

Business Rates: The Council experienced larger than forecast deficits on the business rates collection funds. This was largely due to a Government review of appeals provision calculation. A continuing high level of appeals would require an increase in provision, reducing the Council's retained income.

- 9.2. The 2019/20 Business Plan preparation has identified the following key corporate risks:

Brexit: The Council has identified a number of risk as a result of a potential no-deal Brexit. A no-deal or hard Brexit could have a negative impact on local government funding and result in a higher demand for services and a loss of EU funding could impact on future projects. Traffic congestion due to the potential disruption at ports and additional traffic needing to access Portsmouth International Port (2nd largest roll-on roll off port after Dover. There are also workforce risks in particular staff being impacted by traffic congestion. The Council has a Brexit team who meet weekly to assess the risks and mitigate as far as possible and our working closely with the relevant Hampshire authorities.

Commercial contracts: A significant standing risk to the council is the risk of our contractors failing to deliver all or part of a contract, leading to non-delivery of services to our residents. There remains a robust process for monitoring our contracts including ensuring that our business continuity plans remain up to date and this will continue during 2019-20.

Staffing: Shortage of employees or appropriately skilled employees or loss of key staff remains a significant risk to the delivery of the business plans. There remains regular and on-going investment in staff, for example through our on-going leadership development programme and availability of a corporate training programme. Going forward the council will strive to ensure that it offers staff an attractive benefits package in order to recruit and retain.

10.0 Consultation

- 10.1. The Budgets and Business Plans have been built in consultation with Directors, Heads of Service, budget holders and Portfolio Holders

11.0 Communication

- 11.1. Next step - following discussion at Cabinet, the budgets will be formally approved, with the Council Tax resolution at Council in February.
- 11.2. Subject to approval by Council, the Budgets and Business Plans will be published on the Council website.

12.0 Appendices:

Appendix A – 2019/20 Proposed Budget

Appendix B – MTFS projections

Appendix C – Capital Summary 2019/20

Appendix D – Capital Bids and current unapproved projects 2019/20

Appendix E – Reserves position 2019/20
Appendix F – CFO Statement
Appendix G – Treasury Management Strategy
Appendix H – Capital Strategy
Appendix I – Schedule of current Fees and Charges
Appendix J – Business Plans 2019/20
Appendix K – Analysis of Business Rates Income and Expenditure
2019/20
Appendix L – Corporate Strategy

Agreed and signed off by:

Monitoring Officer: (date)

S151 Officer: date

Director: (date)

Portfolio Holder: (date)

Contact Officer:

Job Title:

Telephone:

E-Mail:

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Havant Borough Council

Draft Budget 2019/20

Appendix A

	Initial Forecast	Budget Review Changes	2019/20 Budget
	£M	£M	£M
Director of Regeneration & Place			
Head of Planning	0.781	(0.094)	0.688
Head of Environmental Services	4.179	0.017	4.196
Head of Coastal Partnership	0.139		0.139
Director of Operations & Neighbourhoods			
Head of Commercial Development	0.118		0.118
Head of Community Engagement	0.799	0.084	0.883
Head of Development	0.113	(0.021)	0.092
Head of Housing	0.573	(0.036)	0.537
Head of Neighbourhood Support	(0.234)		(0.234)
Director of Corporate Services			
5 Councils Staff and Contract	0.326		0.326
Head of Property	(1.249)	(0.043)	(1.292)
Head of Communications	0.229	(0.005)	0.224
Head of Customer Services	3.469	(0.073)	3.396
Head of Finance	0.968	(0.082)	0.886
Head of Legal	0.352		0.352
Head of Organisational Development	0.883	(0.080)	0.803
Head of Programmes Redesign	3.138	(0.345)	2.794
Contribution (Surplus) / Deficit	14.585	(0.676)	13.909
Corporate Pension Costs			0.853
Movement in Reserves			(1.091)
TOTAL NET EXPENDITURE			13.671
Council Tax			(8.082)
Council Tax Surplus from Prior Year			(0.002)
Retained Business Rates			(2.932)
Business Rates Deficit from Prior Year			0.206
S31 Grants - Small Business Rate Relief			(1.568)
New Homes Bonus			(1.587)
TOTAL FUNDING			(13.965)
BUDGET (SURPLUS)/DEFICIT			(0.294)

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Havant Borough Council
Medium Term Financial Strategy

Appendix B

	2019/20	2020/21	2021/22	2022/23	2023/24
	£M	£M	£M	£M	£M
Director of Regeneration & Place					
Head of Planning	0.688	0.702	0.716	0.730	0.745
Head of Environmental Services	4.196	4.280	4.366	4.453	4.542
Head of Coastal Partnership	0.139	0.142	0.145	0.148	0.150
Director of Operations & Neighbourhoods					
Head of Commercial Development	0.118	0.120	0.122	0.125	0.127
Head of Community Engagement	0.883	0.901	0.919	0.937	0.956
Head of Development	0.092	0.094	0.096	0.098	0.100
Head of Housing	0.537	0.548	0.559	0.570	0.581
Head of Neighbourhood Support	(0.234)	(0.238)	(0.243)	(0.248)	(0.253)
Director of Corporate Services					
5 Councils Staff and Contract	0.326	0.212	0.216	0.221	0.225
Head of Property	(1.292)	(1.318)	(1.344)	(1.371)	(1.399)
Head of Communications	0.224	0.228	0.233	0.238	0.242
Head of Customer Services	3.396	3.464	3.533	3.604	3.676
Head of Finance	0.886	0.904	0.922	0.940	0.959
Head of Legal	0.352	0.359	0.366	0.373	0.381
Head of Organisational Development	0.803	0.819	0.836	0.853	0.870
Head of Programmes Redesign	2.794	2.850	2.907	2.965	3.024
Contribution (Surplus) / Deficit	13.909	14.067	14.348	14.635	14.928
Corporate Pension Costs	0.853	0.853	0.853	0.853	0.853
Movement in Reserves (Capital Charges)	(1.091)	(0.984)	(0.984)	(0.984)	(0.984)
TOTAL NET EXPENDITURE	13.671	13.935	14.217	14.504	14.796
Council Tax	(8.082)	(8.123)	(8.163)	(8.204)	(8.245)
Council Tax Surplus from Prior Year	(0.002)	-	-	-	-
Retained Business Rates	(1.951)	(1.738)	(1.773)	(1.808)	(1.844)
Business Rates Growth	(0.981)	(0.491)	(0.515)	(0.541)	(0.568)
Business Rates Deficit from Prior Year	0.206	-	-	-	-
S31 Grants - Small Business Rate Relief	(1.568)	(1.599)	(1.631)	(1.664)	(1.697)
New Homes Bonus	(1.587)	(0.848)	(0.337)	(0.092)	-
TOTAL FUNDING	(13.965)	(12.799)	(12.419)	(12.309)	(12.355)
BUDGET (SURPLUS)/SHORTFALL	(0.294)	1.137	1.798	2.195	2.442

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Havant Borough Council

Capital Programme Summary

Appendix C

Project	Carry forward from 2017/18	Budget 2018/19	Budget 2018/19 incl carry forward	2018/19 Spend to date	2018/19 Unspent Budget to date	2018/19 Revised Forecast
	£000's	£000's	£000's	£000's	£000's	£000's
Housing						
DFG's - Full Allocation	147	587	734	779	849	1,628
IT Equipment						
Replacement of Noise Monitoring Equipment	22		22	8	14	22
Processing and Management System		350	350		350	-
Asset Maintenance management system		35	35		35	-
Building Control - software		50	50		50	18
Southern Coastal						20
Vehicles and Equipment						
Pest Control vehicles		30	30		30	-
Neighbourhood Quality Fleet Replacement		17	17		17	17
New allotments		135	135		135	-
Refurbishment of HBC equipped play areas		75	75	25	50	75
Land and Buildings						
Front Lawn				114		114
HBC Plaza Development Phase 1						-
Barton Green Pavillion - Grant & S106		80	80	80		80
Redevelopment Front Lawn - Grant & S106		54	54	54		54
Brock						200
TOTAL GROSS PROGRAMME	169	1,413	1,582	1,060	1,530	2,228

2019/20	2020/21	2021/22	2022/23	2023/24
£000's	£000's	£000's	£000's	£000's
1,628	1,628	1,628	1,628	1,628
204				
35				
32				
20				
30				
135				
3,600				
5,684	1,628	1,628	1,628	1,628

	Carry forward ex 2017/18	Budget 2018/19	Budget 2018/19 incl carry forward	2018/19 Spend to date	2018/19 Unspent Budget to date	2018/19 Revised Forecast
	£000's	£000's	£000's	£000's	£000's	£000's
Funding:						
External Grants & Contributions	147	796	943	1,052	899	1,971
Use of Specific Reserves		435	435	-	435	218
Use of Capital Receipts	22	182	204	8	196	39
Borrowing Requirement		-	-	-	-	-
Revenue Funding						
TOTAL FUNDING	169	1,413	1,582	1,060	1,530	2,228

2019/20	2020/21	2021/22	2022/23	2023/24
£000's	£000's	£000's	£000's	£000's
5,248	1,628	1,628	1,628	1,628
271	-	-	-	-
165	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,684	1,628	1,628	1,628	1,628

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Havant Borough Council

Capital Programme Bids

Appendix D

Project
NEW CAPITAL BIDS
Refurbishment of HBC equipped play areas
Langstone Flood and Coastal Erosion Risk Management Scheme
Bus Shelter Replacement
Beach Huts
Animal warden vehicle
Electric vehicle charge points at Plaza
Facilities
Regeneration Strategy - Subject to Business Cases
TOTAL GROSS PROGRAMME

2019/20	2020/21	2021/22	2022/23	2023/24
£000's	£000's	£000's	£000's	£000's
70	70	70	70	70
718	895	895		
70	70	70	70	70
150				
21				
15				
35				
1,079	1,035	1,035	140	140

Funding:
External Grants & Contributions
Use of Specific Reserves
Use of Capital Receipts
Borrowing Requirement
Revenue Funding
TOTAL FUNDING

-	-	-	-	-
-	-	-	-	-
71	-	-	-	-
-	-	-	-	-
70	70	70	70	70
141	70	70	70	70

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Analysis of Reserve Balances 2019/20 to 2023/24

	Projected 2019/20 Opening Balance	Anticipated Movements in Reserves 2020/21	Anticipated Movements in Reserves 2021/22	Anticipated Movements in Reserves 2022/23	Anticipated Movements in Reserves 2023/24	Projected 2023/24 Closing Balance
	£000's	£000's	£000's	£000's	£000's	£000's
CAPITAL						
Useable Capital Receipts Reserve	(1,378)	736				(642)
Capital Grants & Unapplied Contributions	(1,430)					(1,430)
Community Infrastructure Levy & Developer Contributions Unapplied	(6,871)	(508)	(508)	(508)	(508)	(8,903)
Capital Reserve	(130)					(130)
	(9,810)	228	(508)	(508)	(508)	(11,106)
REVENUE						
General Fund	(4,802)					(4,802)
Working Capital Reserve	(2,000)					(2,000)
Contingency Reserve	(500)					(500)
General Fund Earmarked	(622)	271				(351)
Transformation Reserve	(803)	206				(597)
Insurance Reserve	(653)					(653)
	(9,380)	477	0	0	0	(8,903)
Total	(19,190)	705	(508)	(508)	(508)	(20,009)

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STATEMENT ON THE GENERAL FUND BUDGET PROPOSALS BY THE CHIEF FINANCE OFFICER

1. Background

Section 25 of the Local Government Act 2003 requires the Chief Finance Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their precepts. Authorities are required to consider their Chief Finance Officer's report when setting precepts.

2. Summary Opinion

Having considered and taken into consideration the issues detailed within the report, I am able to give a positive opinion on the robustness of the estimates and the adequacy of financial reserves for 2019/20.

This opinion is based on the draft budget proposals to be presented to Cabinet in February 2019. Should any of the assumptions currently included within the proposals change substantially then this opinion will require review.

3. Robustness of the Estimates

Estimates Procedures and Processes

In providing a positive opinion on the robustness of the Estimates and Council Tax procedures I have relied on the assumptions and factors as detailed within the Budget report. These include well established and tested process and procedures and in this financial year a further layer of challenge and risk analysis has been introduced with the Challenge Boards. I can therefore confirm that I am satisfied that the Council has robust procedures in place.

These procedures will be reviewed regularly, in particular in light of the continuing public sector spending constraints.

4. Determination of the level of resources available.

The New Home Bonus for 2019/20 exceeded expectation by £92,000.

5. Affordability of Spending Plans

In assessing this issue the following factors have been taken into account:

- The level of Council Tax considered acceptable both locally and nationally – the Government has uplifted the assumed increased to 2.99% and the Cabinet is making the recommendation for 2019/20 of implementing this uplift.

- The budget process for 2019/20 has been based on council strategic priorities and service business plans.

6. Advice on the level of reserves

The estimated level of the General Fund Reserve at March 2019 is £4.802M. The General Reserve is set aside to smooth the impact of unexpected events and emergencies. The Council has robust monitoring and reporting in place and is key to managing any future financial risk which may arise.

An analysis of earmarked reserves held by the Council has shown that the level currently held in these reserves remains adequate to meet the commitments and forecast expenditure.

7. Key Budget Risks

There are a number of risks which have been highlighted within the main report and with Appendix B, the majority of these are associated with cost reductions and efficiency savings by departments. Robust monitoring and reporting will help to mitigate any risk of failing to deliver these financial targets.

Treasury Management Strategy, Minimum Revenue Provision Strategy and Annual Investment Strategy

1. The CIPFA Treasury Management Code of Practice

- 1.1 The Treasury Management and Investment Strategy has been set in accordance with the CIPFA Treasury Management Code of Practice 2011 and the revised Prudential Code for Capital Finance 2017.
- 1.2 The Council is required to approve a Treasury Management Strategy which establishes the investment and borrowing activities for the Council. The Council's approach to Treasury Management is in accordance with the CIPFA Code of Practice, which requires a 3 year strategy to be agreed annually.
- 1.3 The Prudential Code for Capital requires the Council to set Prudential Indicators for Treasury Management and Capital Expenditure. These are linked to the Strategy and are set out at the end of this document.
- 1.4 The Council is also required to make an annual Policy statement on making Minimum Revenue Provision (MRP) for borrowing, together with the consideration of prudent provision in future financial years.
- 1.5 The Council delegates responsibility for the monitoring and scrutiny of treasury activity to the Governance, Audit & Finance Committee, and delegates responsibility for implementing and administering the strategies, policy and procedures to the Chief Finance Officer. The Council also seeks external advice through Link Asset Services under the outsourced Finance function.

2. Treasury Management Policy 2019/20

- 2.1 The Council may wish to acquire property sites for strategic, operational and investment purposes but would have to borrow to achieve this.
- 2.2 Property acquisitions prior to 2017/18 have been financed through surplus cash. However, this cash is intended to support reserves and General Fund in the longer term and the minimum liquidity has now been reached.

- 2.3 Following the 0.25% increase in Base Rate in August 2018, market indications suggest that there could be further base rate increases in the short term as the Bank of England seek to mitigate increases in inflation that is currently being experienced.

Economic Factors

- 2.4 Factors that influence the Council's Treasury Management Strategy include the Council's overall level of resources, medium term spending plans and the need to finance the future cost of services. It is also influenced by the state of the economy in general, the outlook for interest rates and the credit risk environment.
- 2.5 The Treasury strategy is linked to the Council's medium term financial plans, and are reflected in a net interest cost or yield in the Council's budget. The net cost/yield estimates are updated regularly through the budget setting process and in year forecasting.
- 2.6 The Council's investment strategy gives scope to invest in approved instruments outlined in the approved lending/borrowing list (Schedule 3), but investments in banks and building societies are limited to high quality counterparties only.

Prudential Indicators

- 2.7 The Prudential Indicators were established as part of the Local Government Act 2003 through the Prudential Code. The Code requires the Council to produce indicators to demonstrate that capital financing is prudent, sustainable and affordable. The indicators are set out at the end of this document.

MRP Policy

- 2.8 The Council is required to calculate an amount in relation to its borrowing, and charge this amount as Minimum Revenue Provision to its Income & Expenditure Account in respect of borrowing repayment. The Policy is set out at Schedule 4 to the Treasury Management Strategy.

Officer Approval Limits

- 2.9 The Chief Financial Officer, in consultation with the Executive Board, Asset Management Group Leader, and the Leader/Deputy Leader, will have authority to sign off property purchases, in line with a framework approved by Cabinet.

Risk Management

- 2.10 Minimising risk is a key aspect of treasury management activity. Risk is proactively managed with advice from Link Asset Services (formerly Capita Asset Services) and property investment decisions are subject to detailed business cases. As the Council moves towards a net borrowing position, interest rate exposure is an emerging risk and the timing of any move from short to long term borrowing is closely monitored.
- 2.11 The Finance Team carry out their duties in accordance with internal controls to ensure any day to day investment decisions are made in accordance with the Treasury Management Strategy.
- 2.12 The CFO reports on Treasury activity as part of the monthly financial monitoring.
- 2.13 The Governance Committee will be responsible for the scrutiny of Treasury Management activity & practises.

SCHEDULE 1 – TREASURY MANAGEMENT STRATEGY

The Authority has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code), which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in February 2018 that requires the Authority to approve an investment strategy before the start of each financial year.

This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance. The Authority is proposing to borrow substantial sums of money and, as a result, may be exposed to financial risks arising from changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

As part of the Provisional Settlement the Government launched a consultation into potential updates on Prudential Code and Treasury guidance, specifically to update it to reflect increasing use of borrowing to finance investment purchases. Updated guidance will not be released in time for the 2019/20 strategy, however once the revised guidance is available it will be reviewed and, if necessary, a revised Treasury Strategy will be produced during the financial year.

Havant Borough Council's context

Havant Borough Council anticipates that, by 31 March 2019, £3.4m will be invested short term, and no longer term deposits maturing beyond 12 months. There was external borrowing in place as at January 2019 of £3.5m, which represents the balance of PWLB borrowing for the refurbishment of the Plaza.

The underlying need to borrow is measured by the Council's Capital Financing Requirement (CFR). The Prudential Code recommends that total debt should be lower than the CFR and the Prudential Indicators at schedule 2 demonstrates that this recommendation has been complied with.

Borrowing Strategy

The Council will adopt a flexible approach to borrowing in consultation with Treasury Management advisors, and will keep under review the following borrowing sources:

- Internal borrowing (borrowing against future revenue budgets)
- PWLB
- Other Local Authorities
- Finance Leasing
- Brokers for short term borrowing

Exposure to short dated/variable rate borrowing will be reviewed by reference to the difference between variable rate and longer term borrowing costs. A significant change in this difference will trigger a review of borrowing strategy to determine whether a switch to longer term rates is made or whether exposure to short term rates is maintained.

Capital Finance can also be raised through other debt liabilities, including Finance Leases, Private Finance Initiatives, Sale & Leaseback, or LGA Bonds. Any decision to raise finance through these methods will be subject to appraisal and a separate report to Cabinet.

The Council may take advantage of debt rescheduling (the repayment of loans before maturity to allow replacement with new loans) where it is expected to create a cost saving or significantly reduce interest rate risk to the Council.

Investment Strategy

The Council's overriding objective in relation to the investment of cash is the security of the capital invested, followed by the liquidity of investment. The Council aims to maximise yield given these parameters.

Investments are categorised as specified or non specified investments. Specified investments are sterling denominated investments maturing within 1 year, and non specified investments are effectively anything else.

The CFO has discretion to make investments outside of the Lending list on the advice of Capita. Institutions may be added or removed from the list if credit ratings improve or deteriorate below the thresholds outlined on the List.

Overnight funds are held in an overnight fund provided by the Council's bank. Consideration will be given to Money Market Funds in 2019/20 as an alternative to the overnight account, and may be utilised if the CFO is satisfied with the level of risk.

The Council will arrange short term investments through brokers, in order to ensure transactional security and to promote competition to enhance returns. The approved brokers are:

- ICAP Europe Ltd
- Prebon Marshall Yamane UK Ltd
- Tradition UK
- RP Martin

Interest Rate Forecasts

The Council formulates a view on interest rates as part of the budget setting process. This view is formulated on the basis of the Office for Budgetary Responsibility forecasts used for the Autumn Statement. The current view is that interest rates are likely to increase in 2019, and that increases beyond this would be incremental. Although there are inflationary pressures, and the weakening of Sterling since 2016, there is also uncertainty as to how Brexit negotiations will affect the wider economy. The annual FT survey on base rate expectations demonstrates a mixed view over when interest rates will change over the next 12 months. The table below details interest rate forecasts provided.

	2019/20				2020/21			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
OBR Forecast	1.0%	1.0%	1.0%	1.25%	1.25%	1.25%	1.5%	1.5%

It is important to note that although the base rate has changed, the rates that we can get on our investments are based on the London Inter bank Offer rate, which fluctuates depending on other market factors. This explains the differing rates of return of our current investment portfolio.

Creditworthiness Policy

The Council monitors the creditworthiness of the counterparties used. The Council's lending list contains only counterparties of high credit quality. Credit quality is assessed through the size of the asset base of the counterparty, and the credit ratings awarded by independent credit rating agencies such as Fitch.

The asset base of counterparties is monitored on an annual basis when the Statement of Accounts for each counterparty is issued. Credit ratings are regularly monitored and are verified prior to investments being made.

Credit ratings of counterparties are available from credit agencies (Fitch, Standard & Poor, and Moody's). Advice on the credit worthiness of counterparties is also obtained from the Council's Treasury advisors.

If a counterparty on the current lending list is found to be of insufficient credit quality, the Council will not engage with that counterparty until it is satisfied that credit quality has improved. Treasury officers continue to monitor counterparties that are not currently on the lending list, and will add counterparties of high credit quality to the lending list in consultation with the Portfolio Holder for Finance.

The Council has not invested outside the United Kingdom since 2006, and currently no foreign counterparties are contained within the list (with the exception of Santander UK Plc, which is a UK bank under Spanish ownership). Foreign counterparties are monitored, and if sufficient credit quality is proved, may be added to the list in consultation with the Portfolio Holder for Finance.

Sole reliance will not be placed on credit ratings. The Council will continue to monitor reports in the press, market data and information on government support when reviewing credit worthiness. All counterparties on the long term lending list are also covered by the government's Credit Guarantee Scheme.

All Long Term Investments will be carried out in consultation with the Finance Portfolio Holder and the S151 Officer.

Treasury Limits and Prudential Indicators 2017/18 to 2023/24

The revised CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance, in accordance with Section 3 of the Local Government Act 2003, require the Council to determine and review the level of borrowing that it can afford.

The Codes require a number of indicators to be formally set, on a rolling basis, for 2018/19 actuals and forecasts for the following three years. Longer term forecasts, in line with the MTFS, have also been calculated. The Council must have regard to the following when setting these indicators:

- Service Objectives
- Stewardship of Assets
- Value for Money
- Prudence and Sustainability
- Affordability and Practicality

The purpose of these indicators is to ensure that total capital investments and, in particular, the effect of these investments on the Council Tax level is 'acceptable'.

The Prudential Indicators set for 2019/20 are shown in Schedule 2 below. An explanation is provided for each indicator.

SCHEDULE 2 - PRUDENTIAL INDICATORS

1) Ratio of Financing Costs to Net Revenue Stream

The actual ratio for 2017/18, and estimated ratios for 2018/19 to 2023/24 are provided below.

2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
4.8%	2.2%	2.6%	10.9%	18.8%	19.0%	18.9%

The ratio is calculated by comparing the financing cost of all borrowing with the revenue stream through Council Tax, general grants and Retained Business Rates. It is positive as there are existing and potential borrowing costs arising through the Capital Programme, while government grant and tax revenues reduce

2) Approved Capital Expenditure

The Capital Expenditure estimates are summarised below. The estimates come from the approved schemes in the Capital Budget, and does not include unapproved or proposed schemes until they are agreed by the Cabinet or Council.

2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
2,126	2,228	5,684	1,628	1,628	1,628	1,628

3) The Capital Financing Requirement

The Capital Financing Requirement (CFR) is used to assist in deciding whether capital expenditure is affordable, by measuring the underlying need to borrow. The indicator is calculated by matching fixed assets and projected capital expenditure to capital resources applied. The difference between the two, if positive, represents unfinanced capital expenditure to be financed by borrowing. The definition of unfinanced capital expenditure includes finance leases and PFI arrangements. Long Term borrowing should not exceed the CFR.

	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Opening CFR	9,084	9,781	10,233	62,007	109,100
Unfinanced Capital Exp	1,347	557	51,978	48,333	33,333
MRP	(650)	(105)	(205)	(1,240)	(2,182)
Closing CFR	9,781	10,233	62,007	109,100	140,252

The above table reflects the potential impact of the schemes outlined in the Regeneration Strategy approved by Council in November 2018. However, these are not currently approved as they are subject to further business cases.

4) Authorised Limit for External Debt

To ensure good cashflow management, there is occasionally a need to borrow in the short term. Authority for any such borrowing is delegated to the S151 Officer. There are some circumstances where long term borrowing to support the Capital Programme is required to finance major capital projects or investment property purchases. The long term limits set in this report are based on the projected Capital Financing requirement over the period of the Medium Term strategy, and will be the maximum permissible amount of borrowing.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Borrowing Authorised Limit	10,000	15,000	65,000	115,000	145,000
Other Long Term Liabilities	500	500	500	500	500

TREASURY MANAGEMENT INDICATORS

1) Operational Boundary for External Debt

The purpose of this indicator is to serve as a warning that the authorised limit for external debt is close. It has been set at £2M below the authorised limit.

	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Borrowing Operational Limit (Up to 1 Yr)	8,000	12,000	62,000	113,000	143,000
Other Long Term Liabilities	500	500	500	500	500

2) Interest Rate Exposures

Setting upper limits for variable and fixed interest rates provides a range in which the authority manages exposure to fixed and variable interest rates. Although fixed rates bring security to long term returns, variable rate investments can give the flexibility to maximise returns when interest rates are expected to increase. The indicators set will allow this flexibility. Cash and investments maturing within 3 months are considered to be variable rate investments.

Upper Limit for Fixed Rate Exposure

2017/18 Actual	2018/19	2019/20	2020/21	2021/22	2022/23
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Upper Limit for Variable Rate Exposure

2017/18 Actual	2018/19	2019/20	2020/21	2021/22	2022/23
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Principal Sums Borrowed

Principal Borrowed	Outstanding balance	Notes
£4,000,000	£3,488,058	PWLB borrowing to support the refurbishment of the Plaza in 2012-2013. 30 year loan maturing 2042.

Schedule 3 - Borrowing and Lending List 2019/20

Sector Credit Rating	Institution	Maximum duration	Maximum amount (applies to group as well as individually)
	RBS Group		
Blue	Royal Bank of Scotland	364 Days	Lower of £3 million or half of total investments
Blue	National Westminster Bank	364 Days	Lower of £3 million or half of total investments
	Lloyds Group		
Orange	Bank of Scotland	364 Days	Lower of £5 million or half of total investments
Orange	Lloyds Bank	364 Days	Lower of £5 million or half of total investments
	Other Institutions		
Orange	HSBC Bank	364 Days	Lower of £5 million or half of total investments
Red	Standard Chartered Bank	6 months	Lower of £5 million or half of total investments
Red	Barclays	6 months	Lower of £5 million or half of total investments
Red	Santander	6 months	Lower of £3 million or half of total investments
Red	Abbey National Treasury Services	6 months	Lower of £3 million or half of total investments
Red	Close Brothers	6 months	Lower of £5 million or half of total investments
Red	Goldman Sachs International Bank	6 months	Lower of £5 million or half of total investments
	Building Societies		
Red	Nationwide Building Society	6 months	Lower of £3 million or half of total investments
Red	Coventry Building Society	6 months	Lower of £5 million or half of total investments
Green	Leeds Building Society	100 Days	Lower of £5 million or half of total investments
Orange	UBS	364 Days	Lower of £5 million or half of total investments
Green	Skipton	100 Days	Lower of £3 million or half of total investments
Green	Yorkshire	100 Days	Lower of £5 million or half of total investments

Supplementary to the above, investments may be placed under the following criteria:

NatWest Call Account - Up to £5 million may be invested in the National Westminster SIBA account subject to the group maximum and the 50% rule (BLUE rated)

Central Government - Unlimited investments may be placed in the government's Debt Management Office

Local Authorities - Up to £5 million may be invested with any other Local Authority subject to the group maximum and 50% rule (assuming a RED rating for all LAs)

Long term investments will be at the discretion of the Chief Finance Officer.

NO INVESTMENT IS CURRENTLY UNDERTAKEN WITH FOREIGN BANKS

Key to Risk ratings used for Lending List:

Yellow = Stable Outlook, maximum recommended duration 60 months
Purple = Negative outlook maximum recommended duration 24 months
Blue = Negative watch maximum recommended duration 12 months
Orange = Positive watch maximum recommended duration 12 months
Red = Evolving Outlook maximum recommended duration 6 months
Green = Evolving Watch maximum recommended duration 100 Days
White = Rating withdrawn maximum recommended duration 0 months

Schedule 4 – Minimum Revenue Provision Policy 2019/20

MRP on Finance Leased assets prior to 2017

The Council holds assets which are financed through a Finance Lease, as defined by International Financial Reporting standards. Where assets are financed in this way, MRP is charged over the life of the asset or, where this is not practical, over the life of the lease.

Prudential Code debt incurred prior to the year 2019/20 and onwards in relation to operational assets

The Council will calculate the amounts for existing external borrowing using the annuity method, and for existing internal borrowing using the Depreciation method, whereby provision is made in accordance with the standard rules for depreciation accounting, until provision made equals the original amount of debt

Prudential Code debt incurred in the year 2017 and onwards in relation to income generating property acquisitions

The Council will calculate the amounts for MRP for 2019/20 by applying an annuity formula incorporating a PWLB long-term borrowing rate, commensurate in duration to the estimated life of the item purchased/built to the apportionment of the value attributed to each financial year's opening CFR in relation to such income generating capital expenditure where the item purchased/built is expected to have a life of up to 50 years or more.

Prudential Code debt incurred in the year 2017 onwards in relation to Operational assets

The Council will apply the following methodology for MRP in relation to operational assets:

- Annuity method Asset life - Annuity method, which works on the basis of a mortgage type repayment. (MRP Commencement on operational properties can be postponed until the financial year after asset becomes operational).
- Borrowing where capital receipts are expected to repay borrowing prior to the project becoming operational; MRP will be charged in the year in which capital receipts are received.

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Capital Strategy

Havant Borough Council

2019/20 to 2023/24

1.0 Introduction

- 1.1 The Capital Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources and Asset Management Plans. The strategy reflects the links to other Council plans, in particular the Regeneration Strategy approved by Council on 7th November 2018, as well as the Medium Term Financial Strategy (MTFS). The Capital Strategy is written following guidance included in the Prudential Code (2018) and is required to be approved by Full Council.

The objectives of the Capital Strategy are to:

- Provide an overview of the governance process for approval and monitoring of capital expenditure;
- Provide a longer-term view of capital expenditure plans;
- Provide an overview of asset management planning;
- Provide expectations around debt and use of internal borrowing to support capital expenditure;
- Define the authority's approach to commercial activities including due diligence and risk appetite;
- Defines the available knowledge and skills to the authority in relation to capital investment activities.

- 1.2 Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes. The Council's policy on capitalisation is included in the Accounting Policies of the Statement of Accounts. The policy states that only assets with a value over £15,000 will be capitalised and therefore expenditure under these limits is deemed to be a revenue cost.

1.3 Evaluation and Monitoring of Capital Projects

The Council has a Programmes and Projects Board whose purpose is:

- to act as the Corporate Board for strategic//key corporate projects contributing to the delivery of the Corporate Strategy;
- to monitor the progress of the council's strategic/key corporate projects; including governance arrangements;
- to review and consider resourcing issues on projects.

The function of the board is to be accountable for the success of the key projects which contribute to the delivery of the Corporate Strategy. A “Strategic Project (also known as a “Key Corporate Project”) is defined as – any project which Executive Board have deemed to require strategic oversight and is tracked on the “Strategic Project” list maintained by the Board.

Project Board will be responsible for ‘live’ projects. Any Corporate Project that requires approval will go through the usual mechanism of Executive Board – Cabinet – and/or Council. Once a Corporate Project is approved (including funds) then a decision will be made by Executive Board on whether the project should be managed through Project Board.

In line with Prince 2 management standards, the Programmes and Project Board will:

- Consider recommendations from the projects and provide strategic oversight to ensure continued fit with the business strategy for the Council
- Approve major plans and any major changes on key projects including invocation of Exception status where projects are not progressing to plan
- Allocate corporate funding and resources to key projects
- Ensure corporate-wide communication relating to key projects is relevant and timely
- Ensure appropriate governance and project assurance is in place for key projects and risks are being appropriately monitored and escalated where necessary.

The Programmes and Projects Board will link with the project management structures for each key project. The Business Solutions Unit will ensure appropriate and complementary project governance structures are in place, in line with Prince 2 management standards, to avoid confusion regarding roles and responsibilities. Prince 2-based templates for projects and programmes will be the standard reporting tools for all projects.

The Programmes and Project Board will comprise of ‘Accountable’ and ‘Supporting’ Officers. Supporting Officers attend to offer support and guidance in their respective areas, but will have no voting rights as part of the decision making process. Decisions will only be agreed by Accountable officers, being:

Chief Executive

Chief Finance Officer and Director of Corporate Services

Service Director for Operations and Neighbourhoods

Service Director for Regeneration and Place

1.4 **Current Asset Portfolio**

The Council holds an investment portfolio that supports both its operational activities and non-operational activities from which it receives an element of rental income. For 2017/18 the value was £1.475M which represents a gross yield of 6.3% on the value of the assets held.

Asset Category	Valuation 31/03/18 £000	Rental Income £000
Investment Property	22,476	1,475
Land and Buildings	50,949	537
Vehicles, Plant and Equipment	454	
Infrastructure	1,570	
Community Assets	3,472	
Intangible Fixed Assets	226	0
TOTAL	79,147	2,012

The rental income it receives is used to support Council services and represents 7% of the total income it receives.

Investment Property (Non-Operational)

These assets include Industrial Estates, land held for capital appreciation and rental income.

Property, Plant & Equipment

These are operational properties, land, vehicles, infrastructure and community assets that are used to deliver council services and include Council

Infrastructure (Operational)

These assets include bridges and footpaths.

Community Assets (Operational)

These assets include parks and open spaces.

Vehicles, Plant and Equipment (Operational)

These assets are used in the delivery of Council services and include all Council owned vehicles, IT equipment, play equipment and green spaces equipment.

The assets held on the balance sheet are offset by the long-term debt currently held on the balance sheet. As at 31 March 2018, this totalled £3.786million, which represents a debt cover ratio of 4.8%.

2.0 Financial Principles supporting the Capital Strategy

2.1 Capital expenditure is to be incurred in line with Financial Procedure Rules as follows:

- The Chief Finance Officer is responsible for ensuring that a capital programme is prepared for consideration by the Cabinet before submission to Full Council. New Capital projects should be identified by Heads of Service to the Chief Finance Officer, as part of the Budget Planning Process, for inclusion in the Capital Programme.
- Capital schemes may only be committed after:
 - An assessment in the agreed standard format including an estimate of the associated revenue expenditure and income has been approved by the Cabinet; and
 - Appropriate finance has been made available.
- Where it appears that any scheme in the capital programme will be overspent by a sum of £50,000 or more a report shall be made to the Cabinet. The Chief Finance Officer will advise the Cabinet whether or how requests for additional capital finance can be achieved within the overall capital programme. The Chief Finance Officer is authorised to approve virements within the capital programme as outlined in Standing Order 63.

2.2 The key principles to be applied to the Capital Strategy are set out below:

- Capital resources are held corporately and are allocated according to the priorities set out in the Corporate Strategy (i.e. there is no automatic ring-fencing of resources for specific purposes);
- Capital receipts will be allocated in accordance with Council priorities;

- The Council will seek to maximise the use of grants and external funding;
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through reprofiling of capital receipts and borrowing);
- Revisit the Asset Management Plan to see if any asset can be sold;
- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
 - Fundamental review of existing capital programme to ensure that schemes are still required and are accurate;
 - Maximisation of the use of grants and contributions from external sources;
 - Providing a recurring revenue contribution to the capital programme;
 - Invest to save schemes that can repay the capital investment over a period of time.

Capital Investment Assumptions:

- The current capital programme uses a combination of financing including capital receipts, grants & contributions, reserves and borrowing.
- The 2019/20 proposed capital programme does not currently include the projects outlined in the Regeneration Strategy approved at Council in November 2018 as they are subject to further business cases.
- The Strategy covers key regeneration areas in the borough:
 - Town Centre Redevelopments
 - Havant Strategic Employment Sites
 - Hayling Island Seafront

- The indicative investment cost is estimated at £235M over four years with funding coming from Reserves, Capital Receipts, Grants, Developer Contributions and Borrowing.

2.3 **Havant Borough Council Corporate Strategy and Other Council Strategies, Plans and Policies**

The Corporate Strategy forms part of the Policy and Budgetary Framework for the Council. These frameworks work together to create the strategic framework.

The Capital Strategy must both support and inform the Council's vision for the Havant area and the strategic direction set out in the Corporate Strategy. This is to enable resources to be matched against the agreed priorities and any other supporting needs.

The Capital Strategy takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of resources by the Council. Particularly consideration is given to the following key strategies:

- The Medium Term Financial Strategy, which provides information on the proposed revenue budget and considerations that will impact on future budgets.
- The Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- Local Plan/Local Development Framework.
- Regeneration Strategy.
- There are also a number of strategies, which set out policy direction for other key Council priority areas.
- Service Business Plans will be used to inform the budget setting process and identify key strategic and operational objectives and the resources required to deliver those.

3.0 Capital Expenditure

3.1 Capital Investment Priorities

The Capital Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Havant Corporate Strategy; any such investment in assets is likely to have implications on the revenue budget.

The Capital Strategy must therefore recognise the implications of capital investment decisions and ensure that they are in line with Council priorities and financing requirements are robustly evaluated and understood.

The capital programme does not currently include provision for investment to progress the regeneration in the Havant borough as it will be subject to individual business case approval. However, other capital investment opportunities may present themselves over the lifetime of the MTFS, and each will be subject to further business cases on investment opportunities and the benefits that could be made from those investments.

In recognition of the Council's prioritisation of regeneration, staff resources to deliver the approved programme will be strengthened through the establishment of a new team to deliver the Council's Regeneration Strategy (subject to Budget Council approval). More generally, resources will need to be reviewed on an ongoing basis, to ensure successful delivery.

All business cases will be subject to the usual due diligence to ensure that they afford the best value for money for the Council, align with its core priorities and do not expose the Council to unnecessary risk that could put future delivery of services in jeopardy.

3.2 Capital Expenditure Forecasts

The Council's forecasts for the period 2018/19 to 2023/24 are shown below. Note that this does not include new capital bids for 2019/20 onwards which are still subject to approval at Budget Council.

Project	2018/19 Revised Forecast	2019/20	2020/21	2021/22	2022/23	2023/24
	£000's	£000's	£000's	£000's	£000's	£000's
Housing						
DFG's - Full Allocation	1,628	1,628	1,628	1,628	1,628	1,628
IT Equipment						
Replacement of Noise Monitoring Equipment	22					
Processing and Management System	-	204				
Asset Maintenance management system	-	35				
Building Control - software	18	32				
Southern Coastal	20	20				
Vehicles and Equipment						
Pest Control vehicles	-	30				
Neighbourhood Quality Fleet Replacement	17					
New allotments	-	135				
Refurbishment of HBC equipped play areas	75					
Land and Buildings						
Front Lawn	114					
HBC Plaza Development Phase 1	-	3,600				
Barton Green Pavillion - Grant & S106	80					
Redevelopment Front Lawn - Grant & S106	54					
Brock	200					
TOTAL GROSS PROGRAMME	2,228	5,684	1,628	1,628	1,628	1,628

3.3 Current Resource Forecasts

The Council's capital programme will be financed (or paid for) through a variety of sources and the Chief Finance Officer will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources. The table below shows the proposed capital financing at this time.

	2018/19 Revised Forecast	2019/20	2020/21	2021/22	2022/23	2023/24
	£000's	£000's	£000's	£000's	£000's	£000's
Funding:						
External Grants & Contributions	1,971	5,248	1,628	1,628	1,628	1,628
Use of Specific Reserves	218	271	-	-	-	-
Use of Capital Receipts	39	165	-	-	-	-
Borrowing Requirement	-	-	-	-	-	-
Revenue Funding		-	-	-	-	-
TOTAL FUNDING	2,228	5,684	1,628	1,628	1,628	1,628

3.3.1 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants; for 2018/19 the Council has been allocated £1.628m. There have been changes to the way the grant

is now distributed with the funding being provided to the County Council as the Better Care provider who then allocate funding to the District Councils. Future year's allocations may therefore be subject to change as part of this change in procedure.

3.3.2 Revenue Contributions and Reserves

The capital programme can also be financed through the use of reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget

3.3.3 Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets.

The sales of assets are utilised to support the Capital Programme in the Capital Strategy. Capital receipts totalled £1.4M as at 31 March 2018.

3.3.4 Borrowing Requirement

The borrowing requirement was updated in 2018/19 to reflect the potential financing needs to support the Regeneration Strategy. However, as previously mentioned, progression of the individual projects will be subject to approval of business cases.

4.0 Treasury Management Strategy

- 4.1 The Capital Strategy is an accompaniment to the Treasury Management Strategy. The latter sets out the required Prudential Indicators for Treasury Management and Capital Expenditure, and includes a Policy statement on for the Minimum Revenue Provision (MRP) for borrowing.

5.0 Commercial Activity

- 5.1 Whilst the Council does currently receive income from investment properties it does not actively seek to generate additional revenue income through the purchase of investment properties.

6.0 Knowledge and Skills

- 6.1 The Council utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

6.2 The Council employs professionally qualified legal, finance and property officers who are able to offer advice and guidance when considering any capital investment decisions.

6.3 **Finance**

The Section 151 Officer and Deputy Section 151 Officer are professionally qualified to advise the Council on all financial aspects of capital decisions. They also have the numerous years of experience of how Councils work, and also undertake Continuous Professional Development. In addition, they maintain knowledge and skills through regular technical updates from appropriate bodies. Capita Local Government Business Services are contracted to provide a full range of financial services to the Council including treasury management services, financial management and technical accounting support and advice.

6.4 **Property**

The City Council's in-house property team is made up of a number of Chartered Surveyors who advise the Council on all property matters. They are all members of the Royal Institution of Chartered Surveyors (RICS) and comply with the RICS's rules in relation to Continuing Professional Development. The Property Services Manager is also an RICS Registered Valuer.

6.5 **Legal**

Legal Staff are professionally qualified as either solicitors or legal executives and are regulated by their respective professional bodies (Solicitors Regulation Body/Institute of Legal Executives). The staff undertake Continuing Professional Development and their rules of conduct require that they have an appropriate level of skill and expertise to deal with the particular matter with which they are dealing. All staff are aware of the operational structure of the Council. They maintain knowledge and skills through regular technical updates from appropriate bodies. The Council will also use external specialist legal advice on more complex transactions as and when required.

6.6 **External Advice**

The Council uses external advisors where necessary in order to complement the knowledge its own officers hold. Some of these advisors are contracted on long term contracts or are appointed on an ad-hoc basis when necessary. The main advisors the Council uses are as follows:

- **Link Asset Services** – Treasury Management, including Cash investments, borrowing and capital financing

Havant Borough Council

Fees & Charges Proposals 2019/20

Appendix I

	Actual Price 18/19	Proposed Price 19/20
Sports		
Cricket pitch (Senior 18+) full facilities with attendant	£132.00	£135.00
Cricket pitch (Senior 18+) full facilities without attendant	£76.00	£78.00
Football pitch (Senior 18+) full facilities with attendant	£86.00	£88.00
Football, rugby & cricket pitch (Junior <18) full facilities with attendant	£45.00	£46.00
Cricket - Evening matches any venue (with attendant)	£67.85	£70.00
Cricket - Evening matches any venue (without attendant)	£60.65	£62.00
Rugby pitch (senior 18+) full facilities with attendant	£86.00	£88.00
Slipway - key deposit (refundable)	£77.00	£79.00
Bulky Waste		
Hire of bin for domestic Use - 660l	£154.00	£158.00
Hire of bin for domestic use - 940l	£159.00	£163.00
Hire of bin for domestic use 1100l	£170.00	£174.00
Household bulky waste price - per item	£31.00	£32.00
Household bulky waste - oversized item	£46.00	£47.00
Household bulky waste -per cubic metre (Max 4m³)	£57.00	£58.00
Cemeteries		
Persons under 16 years	No Charge	No Charge
<i>Person 16 years or over:</i>		
New grave (single)	£874.00	£895.00
New grave (double)	£874.00	£895.00
Reopen existing grave	£627.00	£642.00
Children's Section		
<i>Exclusive right of burial/earthen grave (Inc. certificate):</i>		
50 Years		£300.00
Adult Section		
<i>Exclusive right of burial/earthen grave (Inc. certificate):</i>		
50 Years		£800.00
Internment of cremated remains	£257.00	£263.00
To transfer exclusive right of burial	£41.00	£42.00
Right to erect a memorial	£154.00	£158.00
Right to place a stone vase	£62.00	£63.00
Memorial and full kerb (HM only)	£180.00	£184.00
Replacement of existing kerb set	£129.00	£132.00
Exhumation of remains	At Cost	At Cost
In Old Garden of Rest		
Internment of cremated remains - first casket including Exclusive Right of Burial.	£411.00	£421.00
Exclusive right of burial for 50 years		£300.00
Right to place a plaque	£51.00	£52.00
Internment of additional casket	£257.00	£263.00
New Garden of Rest		
Exclusive Right of Burial	£257.00	£263.00
Right to erect memorial for 10 years	£154.00	£158.00
Five Year top up admin fee	£51.00	£51.00
Burial of subsequent cremated remains	£257.00	£263.00
Natural Burial Area		
Under 16 yrs.	No charge	No charge
Single depth grave	£756.00	£774.00
Internment of ashes (no casket)	£257.00	£263.00
Contribution to planting in natural burial area	No Charge	No Charge
Memorial cleaning	£21.00	£22.00
Memorial plaques	£206.00	£211.00
Other licencing fees		
Control of sex establishments licence fee	£4,400.00	£4,400.00
Dangerous wild animals licence	£96.00	£160.00
Keeping animal for Exhibition (3 year licence)		£225.00

Havant Borough Council

Fees & Charges Proposals 2019/20

Appendix I

	Actual Price 18/19	Proposed Price 19/20
Animals Boarding Establishment Act 1963	£115.00	£233.00
Home boarding of dogs		£188.00
Domestic dog day care		£188.00
Dog Boarding Franchise Licence (1 named Location)		£257.00
Dog Boarding Franchise Licence (2 named Locations)		£425.00
Dog Boarding Franchise Licence (3 named Locations)		£665.00
Dog Boarding Franchise Licence (4 + named Locations)		£850.00
Commercial Day care for dogs		£240.00
Breeding of Dogs Act	£115.00	£257.00
Pet Animals Act 1951	£100.00	£256.00
Riding establishments licence (1 - 9 horses)	£167.00	£310.00
Riding establishments licence (10 - 19 horses)		£340.00
Riding establishments licence (20+ horses)		£370.00
Request for re-rating		£100.00
Licence Variation: £30 min +£25p/hr for additional work as agreed		Min £30
Appeal Cost associated with unsuccessful appeal		£89.00
Traffic Management		
Temporary road closure by order	£1,300.00	£1,700.00
Emergency Road Closure by Order (Plus advertising cost) - Traffic Regulation Orders		£2,000.00

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

Neighbourhoods & Operations	
Neighbourhood Support	
Objectives	Outcomes and success measures
<p>Develop and introduce policies covering:</p> <ul style="list-style-type: none"> • Civil Penalties for Housing Offences • New Animal Welfare licensing legislation • Management of Empty Properties • Charging for Food Premises re-inspections • Taxis/Gambling policy review <p>Introduced Safeguarding Training into the Licensing application process</p> <p>Review of Animal Welfare & Licensing service including the consideration of commercialisation for Animal Welfare</p> <p>Deliver 'Eat Out, Eat Well' initiative</p> <p>Review Community Safety structure and priorities including the development of a policy which enables the use of Community Protection Notices and gain Primary Authority status</p> <p>Re-brand and re-launch the parking service, providing a stepping stone for other services to join the 'one team' approach</p> <p>Deliver a new model for on street parking and deliver phase 3 of Parking Strategy taking account of survey outcomes</p> <p>Participate actively in progressing the Design and System Implementation Programme for new IT system</p>	<p>New policies in place to support legislation and improve standards in the sector.</p> <p>Business Plan developed for commercialisation for animal welfare BPR / Capacity Analysis / align processes across 2 LAs / respond to changes in demand / intro of safeguarding training will have resource implications (licensing)</p> <p>Income will be minimal (given the number of re-inspections) the objective is to cover the costs of carrying out this process (support charging for Food Premises re-inspections)</p> <p>Promotes healthy lifestyle (Deliver 'Eat Out, Eat Well' initiative)</p> <p>Based on work already undertaken through Capacity Analysis, two teams become more closely aligned (community safety)</p> <p>Provision of assured advice to external organisations, potential to generate income (minimal) from advice provided (Gain Primary Authority status)</p>
Strategic Commissioning	
<p>Norse South-East</p> <ul style="list-style-type: none"> • Deliver East Hampshire District Council's Environmental Services through our Joint Venture partner, Norse. • Establish a performance framework to oversee the 	<p>Norse South East successfully starts providing waste services for EHDC on 1 October 2019</p> <p>Increase in income to the Council from increases in the quality and quantity of recycling.</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

<p>delivery of our environmental services from Norse South East</p> <ul style="list-style-type: none"> Develop a recycling campaign to increase recycling of appropriate materials. <p>Contracts</p> <ul style="list-style-type: none"> Implement a procurement service that compliments the service delivered by Capita and market it to other councils. Ensure the performance of the Council's commercial contracts delivers maximum income and cost efficiencies. 	<p>Commercial contracts deliver against anticipated income levels.</p> <p>A Contracts Board is established with a clear programme for managing contract performance and which provides accurate information to inform the Council's MTFS</p>
Housing & Community	
<i>Housing</i>	
<p>To implement the new Homelessness and Rough Sleepers Strategy 2019 - 2022</p> <p>To deliver the Year 1 actions from Action Plan 2019-2022</p> <p>To review Hampshire Home Choice Allocations Policy to ensure it reflects best use of stock and local issues and creates more 'churn'</p> <p>To build on the existing innovative ways in which to provide support to the development of affordable housing</p> <p>To deliver the new reduced contracts for Social Inclusion, ensuring that alternatives forms of support are offered to vulnerable customers</p>	<p>Maximise delivery Affordable Housing completions - to exceed 500 homes 18/19-19/20</p> <p>Reduce placement into B&B and recued spend on B&B</p> <p>Revised Allocations Policy in place to reflect local needs</p> <p>Work with Two Saints/EHDC on the providing a new source of temporary accommodation (Brent House)</p> <p>Pilot a pod living project for use of temporary accommodation using AHDCs</p>
<i>Community</i>	
<p>Open Space, Sport& Recreation Strategy delivered</p> <p>Develop Wecock Legacy Project as the LTO</p> <p>Develop the Community Havant Lottery</p>	<p>Increase in lottery ticket sales and increase in good causes signing up to the Lottery</p> <p>Spend of Developers' contributions</p> <p>Review of all community assets including play areas/parks eg leases/budgets</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

<p>Ensuring that Developers Contributions are utilised for relevant community engagement roles within the team</p> <p>Set up a Borough wide Health and Wellbeing Network/submit bids for funding to address health inequalities</p> <p>Review and monitor Council grants to external organisations</p> <p>Advice contract specification written and tendered</p> <p>Regeneration focus - support internal teams to deliver the regeneration strategy</p> <p>Review of community assets, their use and monitoring their offer to the community.</p>	<p>S106 Play contributions allocated</p> <p>Community Infrastructure applications submitted where applicable</p> <p>Sports Infrastructure bid submitted</p> <p>Advice contract awarded by 1st October 2019</p> <p>Leigh park CC - meaningful community engagement on regeneration project</p> <p>Continued support for WeBigLocal in delivery of their plan</p>
Planning & Regeneration	
Planning	
<p>Guiding and shaping Regeneration, new development, jobs and infrastructure within the district</p> <p>Maintain and Develop a Responsive and Effective Service</p> <p>Planning Policy remains accessible and understandable</p> <p>Generate surplus to fund essential services</p> <p>Rationalise costs associated with delivery of Planning Service</p> <p>Maintenance and preservation of natural and built assets</p>	<p>Produce a new Local Plan and assist with Neighbourhood Planning that is successful adopted</p> <p>Regularly review processes to assure delivery of an agile and revenue generating service</p> <p>Review Planning Structure and Implement outcomes of review</p> <p>Communication and customer insight is at the centre of planning</p> <p>Successful preservation of trees and built assets</p>
Economic Development	
<p>Market the borough & secure investor commitment in strategic employment sites</p> <p>Develop a new business partnership for Havant to guide regeneration strategy</p>	<p>Support 20 unemployed local people through construction skills training</p> <p>Secure investor/occupier commitment to Brockhampton West site</p> <p>Engage 50 businesses in Havant Business partnership</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

Secure new training and employment opportunities through employment and skills plans (major developments)	Secure new investment, grant funding unemployed residents receiving training /no of businesses engaged
Regeneration	
<p>Deliver an aspirational vision for Havant Town Centre through a high quality video and master plan framework that complements the Hayling Island seafront vision - to be used as a promotional tool for investors, business and communities</p> <p>Procure a development partner for the phase 1 car park site, achieve planning consents for a high quality development that meets Homes England's requirement for inclusion of Modern Methods of Construction at pace.</p> <p>Budgetary support for strategic Havant town centre acquisitions</p> <p>Establish Brockhamton West and Seafront sites in the Local Plan policies for development and progress planning applications on the sites</p> <p>Establish Business partnership forum(s) with the larger local companies in partnership with Havant and South Downs College (H&SDC)</p> <p>Recruit to the regeneration team appropriate project managers and a new funding bid post (Subject to business case and adequate budget)</p> <p>Establish an asset register and staffing to monitor and manage the wide range of council assets</p>	<p>Complete Fabrik/Munro and Hemingway commissions, publish on updated website and other media – increase of 10%</p> <p>Commission specialist lawyer support to instigate OJEU tender process for development partner and construction of plaza project – planning granted at Civic Car pPark</p> <p>Subject to Business case acquire sites in Havant Town Centre</p> <p>Submit planning application for Brockhamton West and Hayling Seafront and gain permission</p> <p>Economic Development, Communications, Research & Insight and Regeneration Teams collaborate with H&SDC to grow business partnerships as a key focus for the Council – two workshops held</p> <p>Recruitment put in place following successful business case proposition</p> <p>CELT Design and implement income generating schemes (£450,000) throughout Hampshire, successfully gain CIL funding for schemes within the Borough</p> <p>CELT implement a programme of Asset monitoring and maintenance</p>
Building Control	
<p>Meet the council's statutory obligations for Building Control</p> <p>Meet professional standards and delivery public safety by ensuring</p>	<p>Building regulation applications processed within 5 weeks or 2 months with the applicant's agreement</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

<p>buildings are safe, well built, energy efficient and accessible</p> <p>Maintain the delivery of a cost neutral service for Direct Costs (Gross) on fee earning work</p> <p>Launch and consolidate Building Control IT System</p> <p>Develop and consolidate a LABC QMS System</p> <p>Launch the Building Control Local Authority Trading Company by 1 April 2020</p>	<p>Zero unresolved complaints on technical compliance with Building Regulations 2010</p> <p>Accredited LABC ISO 9001 Quality Management System</p> <p>A cost neutral service for Direct Costs (Gross) on fee earning work</p> <p>Full implementation of a new Building Control IT system. Achieve Year 1 business case savings</p> <p>The LATC trading company incorporated and launched by 1 April 2020</p>
Corporate Services	
Customer Services	
<p>Launch and embed the new Customer Access Strategy and ensure customer insight and research is used in our projects</p> <p>Support the implementation of Universal Credit</p> <p>Implement new Business Rates reliefs introduced by the 2018 Budget</p> <p>Ensure our Customer Service contract delivers against its KPIs</p>	<p>Use the data to establish themes behind why our customers contact us including understand our customer wants and needs</p> <p>Successful implementation of Universal Credit and Business Rates reliefs.</p> <p>Maintain collection rates and processing targets and customer response times in the call centre</p>
Coastal Partnership	
<p>To identify and deliver via the Policy, Strategy and Environment Team. Feasibility, option appraisal and EA funding to support future Coastal Projects.</p> <p>The Asset Investment programme (Engineering maintenance and replacement works) to protect our coastline and reduce coastal erosion and flood risk to our residents.</p> <p>Inspection and Survey programme in line with SLA's.s.</p>	<p>Develop feasibility studies and appraisals to outline design of FCERM schemes which will help reduce the risks to people and the developed and natural environment from flooding and coastal erosion.</p> <p>HBC assets will be protected through regular and efficient maintenance as well as delivery of Beach Management activities to reduce flood risk and preserving the environment and residents.</p> <p>The topographic surveys for the Regional Monitoring programme and asset inspections will complete the</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

	<p>maintenance required against an asset investment plan and will proactively contribute to future studies and projects to manage our coastline and help reduce future risks to people and the developed and natural environment from flooding and coastal erosion</p>
Property	
<p>Establish Asset Management and Capital Strategy as drivers to wider activities of the Council.</p> <p>Monitor the assets to seek further performance improvement and asset enhancement.</p> <p>Pursuing the acquisition and development of development sites within the District including involvement in all regeneration projects</p> <p>Enhancing the Energy Efficiency and Sustainability of all Public Assets.</p>	<p>Strategies approved and in place</p> <p>Quarterly reports on asset performance and yearly review of assets report</p> <p>Debt levels under the agreed amount (£100,000)</p> <p>Regeneration projects identified and supported</p>
Organisational Development	
<i>Marketing & Communications</i>	
<p>Develop effective marketing campaigns for major projects including new waste contract, Local Plans, regeneration, Whitehill & Bordon, elections customer access strategy, digital strategy and corporate strategy</p> <p>Develop effective internal marketing campaigns to support culture change, corporate strategy launch and ongoing OD work</p> <p>Develop innovative campaigns to encourage customers to use digital channels to boost channel shift away from telephone/paper and face-to-face interactions</p> <p>Achieve positive, fair and balanced coverage of council issues in the media with a positive reputation of the council being maintained and boosted through branding</p>	<p>Increased access and ease of access to our services for our residents and businesses (dependent on customer access and digital strategies)</p> <p>Increased resident satisfaction (with reports of good experiences) because services are delivered in a convenient way (dependent on service delivery)</p> <p>Reduced costs i.e. digital transactions cheaper than phone or face-to-face</p> <p>Council which wins awards</p> <p>High turnout at elections – across demographics</p> <p>Informed, engaged and motivated employees and councillors (powerful council ambassadors) who understand how their day to day work is delivering the corporate strategy and informed public who speak highly of the council and what it is trying to achieve.</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

<p>Uptake of council services, high levels of satisfaction and people feeling safe in the community, linked to increased pride in the area</p> <p>Awards won for council services and communications</p>	<p>Keeping and attracting quality staff and maximising their potential (increased retention of staff)</p> <p>The council's brand and reputation are actively managed with clear branding and communications in place to ensure high standards and consistency to ensure positive brand recognition.</p>
<i>Democratic Services</i>	
<p>To prepare effectively for the elections process and the influx of new Councillors, ensuring that there is a streamlined induction process in place to support.</p> <p>To work closely with senior management (Executive Board) on the work programmes that are in place including scrutiny to ensure that this work is closely aligned to the outputs of the corporate strategy and the Cabinet Forward Plan.</p> <p>To design and implement a revised Democratic Services structure and offering to ensure that this is fit for purpose for future years</p> <p>Maintain the standards of councillor training and development to meet the ongoing requirements of chartered status and ensure that development opportunities are available to all elected councillors irrespective of political allegiance.</p> <p>Embed the paperless approach to meetings to increase efficiency.</p>	<p>Councillors who have the skills and knowledge needed to oversee the delivery of high-quality public services through their community leadership roles.</p> <p>New Councillors are inducted well and understand their roles and responsibilities along with the way the Council operates.</p> <p>Revised Democratic Services structure which is embedded by the end of 2019/20 with alignment of Council procedures where possible to streamline the offering.</p> <p>Meetings are paperless and savings can be borne from this reduction in paper, both material and time.</p>
<i>Strategic HR</i>	
<p>Support managers to design structures and jobs at all levels of the organisation that will help to ensure organisational objectives are met</p> <p>Resource organisational change programmes with relevant strategic HR experience to mitigate risk to the Council and enhance the solution.</p>	<p>A business like, proactive workforce with the right attitude, working to serve customers in a joined-up way across public service.</p> <p>Highly engaged staff who are proud to be working for the Council and act as advocates of the Council as an employer.</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

<p>Review, revise and embed the behavioural competencies across the employee lifecycle.</p> <p>Review and revise the performance management frameworks to enhance productivity and effectiveness.</p> <p>Continue to engage staff in the development of a positive working environment (including all aspects of wellbeing); providing staff with a platform to input and provide feedback on their experience of the workplace.</p> <p>Continue to provide leadership development to enhance the skills of our leaders and ensure everyone can perform to the best of their ability.</p> <p>Maintain the standards of councillor training and development to meet the ongoing requirements of chartered status and ensure that development opportunities are available to all elected councillors irrespective of political allegiance.</p>	<p>Informed, skilled and motivated employees who understand how their day to day work is delivering the corporate strategy.</p> <p>Keeping and attracting quality staff and maximising their potential (increased retention of staff, loyal staff and associated cost savings)</p> <p>Staff and Councillors effectively using 'self-serve' methods to access all types of services and manage people issues appropriately.</p> <p>Building leadership capacity through our talent management processes to provide the opportunity for development and succession from within the council.</p> <p>Councillors who have the skills and knowledge needed to oversee the delivery of high-quality public services through their community leadership roles.</p>
<i>Health & Safety, Emergency Planning & Business Continuity</i>	
<p>To actively promote the need for the Council and its' contractors to comply with all aspects of H&S legislation.</p> <p>To provide the relevant training across the Council to ensure the responsibilities of H&S, BC and EP are understood by all and the Council is able to respond effectively should a disruption/emergency arise.</p> <p>To implement any key actions/interventions as identified from the H&S Audit 2018/19 and BC Assurance Process 2018/19 to further strengthen the systems and processes in place and mitigate risk.</p> <p>To further embed the wellbeing strategy and raise the importance of health and</p>	<p>Rigorous monitoring of all contractors to ensure compliance with all aspects of H&S, escalating through the relevant channels where necessary if compliance falls short of minimum regulatory standards.</p> <p>Employees with the necessary skills to maintain the highest standards of H&S and to respond effectively in the event of a BC/EP incident</p> <p>Interventions from the H&S audit and BC Assurance process are implemented and embedded to improve safe systems of working and improve Council's ability to respond – consideration of BC/EP is the norm.</p> <p>Wellbeing strategy embedded, consideration of wellbeing is the norm.</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

<p>wellbeing amongst the staff and councillor group.</p> <p>To upskill managers in emergency response and recovery ensuring that the Councils' responsibilities are fully understood and to fully understand the threats to the delivery of critical services</p>	
Programmes, Redesign & Quality	
<i>Business Solutions & Digital Design</i>	
<p>Provide design, programme and project management services to major corporate projects:</p> <ul style="list-style-type: none"> • Design and Solution Programme including Building Control, Planning and Environmental Health • Norse Waste 2019 Programme <p>Digital investment plan - business case and commence implementation</p> <p>Review legacy information systems and solutions to create better value and more creative, and secure ways of working</p> <p>Work with IT supplier to ensure IT services are resilient and in line with business needs</p> <p>Establish a collaborative HLOWLA network for digital design</p> <p>Strengthen contribution to cross-cutting initiatives e.g. workspace design, customer access strategy objectives.</p> <p>Provide project management services to other Councils where capacity allows</p>	<p>Building Control are able to deliver services using a shared efficient process in any location and foundation of development of Building Control service to LATC is in place</p> <p>Progression to procurement for other project areas in the Design & Solution Programme.</p> <p>Norse 2019 - seamless transition to providing waste services for EHDC</p> <p>Digital investment business case approval</p> <p>Progression of digital initiatives - outcomes, measures and milestones to be tracked via Digital Plan, once approved</p> <p>Income generation through provision of services to others</p> <p>Engagement in working group and training and with the Business Solutions Unit.</p>
<i>Workspace & Logistics</i>	
<p>With Digital Design, review workstyle definitions for services to inform digital investment and a Workspace Plan</p> <p>Formulate a Workspace Plan and re-cast use of space within the Public Service Plaza in light of workstyle changes enabled by digital and the</p>	<p>Agreed accommodation plan</p> <p>Council use of space is optimised to be tracked via workspace plan, once approved.</p> <p>Deliver workspace projects – outcomes, measures and milestones to be tracked via workspace plan, once approved</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

<p>requirements of new and existing partners In conjunction with Property Services complete review of accommodation strategy</p> <p>Review engagement with One Public Estates service transformation initiatives, and commit resources where there is benefit in doing so</p>	<p>Options appraisal and business case regarding FM service offer</p>
Governance Hub	
<p>Performance management system - business case, procurement and commence implementation</p> <p>With Democratic Services, process review and re-design around decision making end to end.</p> <p>Design and implement Cabinet early engagement on policy analysis and intervention plans and develop a joined up approach with research and insight</p> <p>Risk management- further embedding of Framework taking into account 2018 Audit recommendations</p> <p>Commence joining up of resources to deliver effective bidding approach by 2020</p>	<p>Performance management system - implementation Phase 1 - Enforcement Services, which will be used to plan further deployment of performance management tools across the Council</p> <p>Council decisions are well documented and evidenced but not unduly delayed and clarity for services to progress ideas and plans</p> <p>Visual Management as a performance tool - enforcement services</p> <p>Implementation of Corporate Risk Management Audit outcomes (2018)</p> <p>Increased joint working with research and insight team</p>
Information Governance	
<p>Development of policies, protocols and standards.</p> <p>Review resourcing and approach to management of Information Requests</p> <p>Design and implement a suite of communication and awareness campaigns, with a focus on everyone's responsibility as a custodian of data</p> <p>Support and advise on the development of the Information Solutions plans and other relevant digital initiatives - outcomes, measures and milestones to be tracked via Digital Plan, once approved</p>	<p>Records management and retention policies refreshed including delivery of staff-wide awareness campaign with approved suite of policies</p> <p>Documented campaign plan for information management with high uptake of training</p> <p>Clear processes to manage and process information requests, resulting in upturn in performance (information requests responded to within time >95%).</p> <p>Embed network of Information Champions</p>

BUSINESS PLAN OBJECTIVES & OUTCOMES 2019-20

<p>Fine tune the Register of Processing Activity (ROPA), taking account of updated guidance and/or case law/lessons learnt</p>	<p>Digital plans clearly lay out considerations of GDPR and data protection principles</p> <p>The Register of Processing Activity (ROPA) is a live reflection of how personal data is handled.</p>
<p><i>Finance & Legal</i></p>	
<p>Ensure continued service delivery from Capita Finance which meets the needs of the Council in including monthly Executive Board reports and Quarterly Cabinet updates</p> <p>Support colleagues in all services in the development and refinement of business cases and capital bids</p> <p>Progress Legal Services Review</p> <p>Support colleagues in all services with legal requirements ensure robust and efficient legal advice is provided when needed</p>	<p>Monthly AP reports produced and statutory deadlines met, monitored through the contract KPIs</p> <p>Managers deliver strong and clear business cases</p> <p>Legal Services being delivered differently and savings secured</p>

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Analysis of Business Rates Income & Expenditure

	2019/20 Estimate £'000
Business Rates Yield	
Base Yield	(34,997)
Transitional protection payment	570
Business Rate Yield	(34,427)
Distribution	
Central Government (0.50)	17,146
Hampshire County Council (0.09)	3,086
Hampshire Fire (0.01)	342
Havant Borough Council baseline (0.4)	13,717
Total	34,291
Reallocation of prior yr balance - HBC	(206)
Reallocation of prior yr balance - Other major preceptors	(309)
Total Distribution	33,776
Collection Fund (Surplus)/Deficit B/Fwd	2,286
In year movement on collection fund.	(2,071)
Collection Fund C/Fwd	215

Havant Borough Council	2019/20
Retained Business Rates calculation	Budget
	£'000
Havant Borough Council baseline	(13,717)
Tarriff paid to Central Government	9,805
Levy for safety net paid to central Government	981
Retained Business Rates	(2,931)
Section 31 Grants	(1,568)
Retained Business Rates Prior year deficit	206
Total Business Rates Retention	(4,293)

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Our Mission

- To support and encourage Team Havant to be innovative and creative in the design and delivery of exceptional frontline services

Our Values

- Customer focus
- Delivering results
- Fairness and integrity
- Taking responsibility
- Respect and support
- Change and innovation

Our Priorities

- Ensuring that the Council is financially sustainable.
- Understanding the future needs of our residents, businesses and visitors and designing our services to meet those needs.
- Demonstrating strong leadership in the council and throughout our communities.
- Supporting our most vulnerable residents
- Identifying the key areas of the Borough where regeneration will have the greatest impact.
- Stimulating the regeneration of the Borough to create a modern and attractive place to attract national and international businesses, supporting a vibrant economy with a broad range of job opportunities, diverse housing market and provides excellent leisure and retail facilities.
- Ensuring that our services support a cohesive society and a high-quality environment for future generations.
- To deliver the frontline services

Outcomes to be delivered by 2026

Place Making

Short-term

- Review the 'Local Plan' to 2036.
- Regenerate the Civic Plaza as a mixed used development
- Regenerate Hayling Island seafront
- Retain and support major employers in the Borough through collaborative and partnership working.
- Lever in funding for regeneration where it's available from external sources and generate further funding by developing our own assets, for example Brockhampton West, and reinvest the proceeds in the Borough.
- Attract inward employment investment
- Championing sustainable transport solutions that achieve modal shift and are accessible to all communities.

Medium-term

- Attract a major distribution company to create jobs in the Borough.
- Review all potential models of delivery to maximise opportunities to help meet our target to provide 30% of new developments as affordable housing for rent and purchase in the Borough.
- Diversify our housing market and the methods of construction to be part of a model that makes the area a leader in the field of modern methods of construction including modern factory-built homes.
- Regenerate Hayling Island seafront

Long-term

- Deliver a minimum of 9,400 new homes whilst protecting our heritage, environment and our communities.
- Create local job opportunities
- Regenerate Havant town centre

Our Customers

- Develop and deliver a customer access strategy that enables customers to access the services they need conveniently, reducing our costs and increasing customer satisfaction
- Develop a clear pricing strategy that distinguishes between essential services and those provided to fund the Borough's social responsibilities.

Financial Sustainability

- We will deliver financial sustainability through partnership working to reduce overheads and increase economies of scale.
- We will secure a major public-sector client for the Norse South East partnership to generate income for the Joint Venture Company and reduce costs for the Council.
- We will increase commercial activity through our joint venture with Norse SE, including trade waste and MOT services, to generate income to support the delivery of essential services to the vulnerable people in our communities.
- We will monitor our costs and focus our limited resources on our priorities.
- We will encourage recycling and reduce our impact on the environment.
- Ensuring our major contracts are performing effectively

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